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## SOCIAL CAPITAL, INDIVIDUALITY AND IDENTITY

by

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## ABSTRACT

Social capital is seen as a resource both in society, where it is associated with trust and social cohesion, and in business where it may act both as a lubricant and as glue in interfirm relationships. However, there is a dark side to social capital in both these contexts as it might have an excluding and conserving effect that acts in the opposite direction. In this paper we review the literature on social capital and civic society and discuss implications for the development of business relationships from the point of view of trust and identity in society.

Keywords: Social capital, civic society, identity, trust, business development.

## INTRODUCTION

A fundamental distinction in the view on marketing concerns how the marketing actors – producers, sellers, middlemen, customers, users etc. – are considered to be included in various contexts. In pure microeconomic models the actors are considered as atomistic and interacting with each other through their product offers and buying decisions (Hirschman 1970). This approach does not only dominate in economics but also in marketing and competition law, although modifying elements are added more and more, e.g. by taking into account various cultural or relationship-oriented aspects. Quite often a normative aspect is added against the backdrop of the assumed higher social value of the atomistic stance.

The IMP approach favours the opposite normative stance. Innovation, efficiency and stable development are seen to be favoured by firms being embedded in long-term relationships, and these are in turn embedded in business contexts of various character. The identity of the firm is defined by its position in the network, where its individual strengths can be put to use in ways that are favourable both for the individual firms and for the competing and cooperating partners in the business network.

The prevalence of the atomistic view and its competition-oriented corollary in legal regulation and control of marketing and competition is often supported also in political contexts. Law is built on politics. But practice is different. Political efforts to promote business development, e.g. in peripheral regions or regions struck by industrial decline, often focus on strengthening business relationships among companies. This is often done with little understanding of the characteristics of successful business relationships and the fundamental conditions for innovations. Empirical studies of regional strategic networks demonstrate the gap between political decisions and outcomes in actual business (Eklinder-Frick, Eriksson & Hallén 2011, 2012, 2014).

The concept social capital links business relationships and their inherent qualities such as trust, openness, and social interaction to societal characteristics. Most companies operate in a global or at least international setting, but globalisation and internationalisation also affect society in general. The globalisation of business has a strong impact on everyday

life both with regard to consumption, production, information and education, but also other trends affect societies. Amongst these factors migration stands out in a particular way.

Concepts similar to those used in analysing the impact of social capital on business relationships are used in analyses of social development. Wieseltier (1994) makes a distinction between individuality and identity and argues strongly against assumed detrimental social effects of building societies on identity politics, where belonging to a group is seen as more defining for an individual than the individual's multiple group inclusion. This is an argument that has links to the distinction between bonding and bridging social capital applied in the analysis of business relationships, and the normative conclusion is similar.

In political science, similar distinctions are made. National cultures are assessed as being either based on disinterested but widespread trust or on fervent, clan based loyalty (Rothstein 2011, Trägårdh et al. 2013). Due to globalisation such different cultures are increasingly brought into contact with each other not only in international contacts but also nationally.

The purpose of our paper is to review the literature on social capital and civic society and discuss implications for the development of business relationships from the point of view of trust and identity in society.

### SOCIAL CAPITAL AND CIVIC SOCIETY

According to Portes and Vickström (2011) Bourdieu (1979) claimed that social capital is a resource of individuals and families inherent in their network of relationships and capable of being transformed into economic and cultural forms of capital. Portes and Vickström (2011) put Bourdieu's (1979) definition of social capital in contrast to Putnam (1993, 2000) who views social capital as a public good—the amount of participatory potential, civic orientation, and trust in others available to cities, states, or nations. Finally, Portes and Vickström (2011) claim that Coleman's (1988, 1993) definition fell somewhere in the middle, related to the density of social ties and their capacity to enforce the observance of the norms.

Regardless of the conceptual roots of the concept the link between social capital and civic trust and democracy is subject to a lot of research. Putnam (2000) explains the relationship between social capital and democracy by stating that vigorous actions of voluntary associations and civil organizations lead to the generation of trust and cooperation between citizens and a high level of civic involvement and participation. Trust, cooperation and civic involvement further create conducive conditions for social integration, the public sphere, and functioning democratic systems (Yang & Taylor, 2013).

Yang and Taylor (2013) propose that there is a mutually beneficial relationship between

democracy and social capital. Paxton (2002) found that democracy levels affect social capital because a well-institutionalized democracy provides a more conducive environment for social capital than nondemocratic countries. Further, Mansyur, Amick, Harrist, and Franzini (2008) found a strong negative correlation between income inequality and social capital. In countries where there is a high level of income inequality, levels of individual wellbeing and indicators of social capital such as social trust and civil engagement is lower (Yang & Taylor, 2013).

The link between social capital and a well-functioning democracy is hence supported by many studies. However, the role that societal diversity plays in the relation between trust and civil inclusion is also the focus of many studies. Putnam (2007) expressed enthusiasm for the positive social and economic effects of immigration and diversity; still, he reported that diversity in the United States is strongly related to the tendency to withdraw from collective life. Portes and Vickström (2011) propose that instead of the strong, negative relationship between diversity and social cohesion evident in Putnam's (2007) research, many studies find a relationship that is weak and contingent on various individual and contextual factors. Social capital was for instance strongly correlated with test scores at the elementary, junior, and high school levels. States low in social capital have low average scores and those high in social capital report the best results (Portes & Vickström, 2011). Putnam (2000) added, "Not surprisingly, several other factors such as racial composition, economic affluence, inequality, poverty rates, religious affiliations had an independent effect on state test scores and dropout rates, but astonishingly, social capital was the single most important explanatory factor".

In his seminal work *Bowling alone*, Putnam (2000) took further dwelled on the "dark side of social capital." by splitting the concept into "civic" social capital promoting tolerance of diversity and equality, and "sectarian" social capital which leads to intolerance. People living in diverse communities are more likely to experience isolation and declines in social capital, a notion Putnam (2007) called the "hunkering down" hypothesis. Thus, Putnam portrays a somewhat ambivalent stand towards the positive long-term effects of immigration and the corrosive effect on social capital and societal cohesion that the immigration might produce.

Evidence from the Social Capital Community Benchmark Survey (SCCBS), conducted in 2000 with over 29,000 respondents in 41 U.S. communities, supports the argument that the diversity associated with increasing immigration increases social isolation and, with it, a host of negative consequences along the lines described in Putnam's (2007) colorful metaphor, "diversity brings out the turtle in all of us." (Portes & Vickström, 2011).

Since then several researchers have investigated the connection between diversity and social trust and coherence. Stolle et al. (2008) and Uslaner (2010) both find a negative association between contextual diversity (measured as the proportion of residents who are a "visible" minority) and social trust, but Stolle et al. (2008) argue that the effect is greater for majority (white) respondents and that those who regularly interact with neighbors are less susceptible to the negative effects of community heterogeneity. Similarly, Uslaner (2010) finds that the association is somewhat negligible since those living in integrated and diverse communities with diverse social networks are still more

likely to trust others. Laurence (2011) similarly finds a negative relationship between diversity and localized trust in the UK but also concludes that this association is reduced considerably by community-level deprivation (Portes & Vickström, 2011).

On a supranational level Bjørnskov (2007) used the World Values Survey and the Danish Social Capital Survey to show that ethnic heterogeneity across 76 countries is not significantly related to the proportion of a country's respondents identified as trusting. Bjørnskov (2007) did not find any association between ethnic heterogeneity and trust; however, his research lends support to the hypothesis that income inequality is a consistently negative predictor of trust. Delhey & Newton (2005) report a strong negative correlation between ethnic fractionalization and average levels of generalized trust, but the association is significantly weakened in the presence of good government and national wealth signifying that a well-functioning governmental system is more important than ethnic homogeneity in generating trust. Another study of 44 countries using the World Values Survey (Anderson & Paskeviciute 2006) finds that linguistic diversity has a negative effect on civic trust while ethnic diversity has not.

Considering these findings Portes and Vickström (2011) propose that “[t]he discovery that immigration reduces cultural homogeneity and communitarianism is perfectly reasonable. The alarm following that discovery is not warranted since “the presence of strong institutions averts any risk of systemic breakdown.”

Finally, Portes and Vickström (2011) conclude their conceptual analysis of the connection between trust and social cohesion by stating that the arrival of immigrants “does not actually challenge the class structure that, like core institutions, remains the same, but rather alters the composition of the working classes. The diversity created by mass migration in the working population is actually a good thing. As seen previously, diversity is necessary for a complex division of labor grounded on organic solidarity. In the contemporary world, an ethnically homogeneous and aging population poses an arguably greater challenge to the long-term survival of advanced societies than the presence of immigrants (Alba & Nee 2003; Castles, 2004; Massey, 2007)”.

## SOCIAL CAPITAL AND ECONOMIC ACTIVITY

In his seminal works Granovetter (1973, 1983, 1985, 1992) argues that economic activity is embedded in social contexts. Economic geographers have since comprehensively addressed the embedded nature of the economic context (Vorley, Mould & Courtney, 2012), from the institutional turn (Amin, 1999; MacLeod, 2001; Martin, 2000) to the cultural turn (Barnes, 2001; Crang, 1997; Thrift & Olds, 1996), as well as from social inequalities (Gray, Kurihara, Hommen & Feldman, 2007; MacKinnon, Cumbers, Pike, Birch & McMaster, 2009) to social capital and trust (Ettlinger, 2004, 2008; Murphy, 2006). Huber (2009) holds forth the seminal work of Putnam (1993, 2000) as inspirational in the growing use of the concept social capital in economic geography and regional studies (Cohen & Fields, 1999; Cooke, Clifton & Oleaga, 2005; Fromhold-Eisebith, 2004; Mohan & Mohan, 2002). In addition, social capital has been hailed as the

'missing link' (Grootaert, 1999) which goes beyond traditional forms of economic capital and ties relational aspects to value creation (Dasgupta & Serageldin, 2000; Francois, 2002; Isham, Kelly & Ramaswamy, 2002). Indeed, according to Howells and Bessant (2012) the important social and cultural dimension of networks has been an area of ongoing cross-fertilization between researchers in management and geography.

In the current era of knowledge-based economy, the role of social capital for regional innovation and regional knowledge externalities is brought forward as a study object of particular interest (Fromhold-Eisebith, 2004; Maskell, 2000; Tura & Harmaakorpi, 2005). Regional knowledge spillovers in economic agglomerations are treated as features of utmost importance in economic geography, and social capital is often viewed as an integrated part of these processes (Döring & Schnellenbach, 2006). Hence, theories of economic clusters integrate social capital and link it to economic prosperity (Huber, 2009; Porter, 1998; Staber, 2007) and the acquisition of new knowledge (Inkpen & Tsang, 2005; Lowe, Williams, Shaw & Cudworth, 2012).

#### THE POSITIVE AND NEGATIVE INFLUENCE OF SOCIAL CAPITAL

In order to understand and analyze spatially defined networks, the concept of social capital has been applied by scholars to identify the social norms and customs that 'lubricate' the transfer of knowledge (Capello & Faggian, 2005; Hauser, Tappeiner & Walde, 2007; Huggins & Johnston, 2010; Tura & Harmaakorpi 2005). However, Huggins and Johnston (2010) claim that ever since the contribution of Dicken, Kelly, Olds, and Yeung (2001) the networking paradigm has largely considered the practice of networking as inherently positive in new economic geography. Consequently, Huggins and Johnston (2010) believe that economic geographers have not always critically engaged with the concept of social capital, thus leaving the relational networking paradigm underdeveloped, an underdevelopment that was voiced by Falconbridge (2007:929) as a 'need for fine-grained analysis of the social practices and ongoings in relational networks.'

The tendency to consider only one tenet of the effects that relational networks might produce is also a consequence of social capital being conceptually underdeveloped. Grabher (2006) criticizes the networking paradigm because it considers social capital as inherently positive. Similarly Vorley et al. (2012) criticize the associative nature of network practices, claiming that networks do not intrinsically produce positive outcomes. Putnam's influential conceptualization of social capital is commonly seen as suffering from this limitation since it views economic behavior as a collective good that is realized in communal life, hence privileging civic and communal interests over economic interests (Vorley et al., 2012). A consequence of Putnam's interpretation is according to Lin (2001), that such oversocialization devalues the networks of economic relationships through which social capital is mobilized. Although other social sciences that have appropriated the network paradigm are more nuanced in scope, new economic geography has been somewhat slower in this respect (Grabher 2006; Vorley et al., 2012).

Even if most researchers consider social capital as inherently positive, some researchers have questioned the positive effects of the concept and the network paradigm as a whole. Hadjimichalis and Hudson (2006) refer to unequal power relations and hierarchies within networks and to the ‘darker side’ of networks, Markusen (2003) refers to unequal power relationships and the fragility of networks, and Grabher (2006) questions the enduring nature of social relations. Hassink and Klaerding (2012) claim that the socio-spatial context, in terms of shared norms and values and other forms of social capital can either facilitate or hamper interaction among individuals. Or as Malecki (2012) puts it: ‘it can be both a glue and a lubricant’. It can be the glue that binds people together by common norms and values, or a lubricant that facilitates exchanges among individuals because of the trust and reciprocity they develop in relations (Malecki, 2012). Hence, relational assets in one region might be a liability in another (Hassink & Klaerding, 2012; Rutten & Boekema, 2012; Yeung 2005).

#### THE BRIDGING AND BONDING FORM OF SOCIAL CAPITAL

Although different aspects of strong ties are often at the center of social capital research within economic geography and regional studies (Huber, 2009), the importance of weak ties (Granovetter, 1973) or structural holes (Burt, 1992) should not be ignored. Granovetter (1973:1364) introduces the concept of a bridge as ‘[a] line in a network which provides the only path between two points’. Putnam (2000) divides the social capital concept into its bridging and bonding effects to capture the duality of bonding and bridging tie formation. Bonding represents strong connections within homogeneous groups that often exclude interaction outside the group. Bridging, on the other hand, entails interaction between different social groups, and more loose bonds between actors (Eklinder-Frick, Hallén & Eriksson, 2011). Combining different patterns of bonding and bridging of social capital is therefore considered to promote collaboration and the creative potential in networks (Camisón & Forés, 2011; Daskalaki, 2010; Lin, Huang, Lin & Hsu, 2011; Slotte-Kock & Coviello, 2010).

The ego-centric variant of network analysis influenced by researchers in sociology such as Burt (1992) is a precursor to the research in the bridging form of social capital (Adler & Kwon 2002). In a similar fashion to Burt (1992), Granovetter (1983) claims that it is not in the socially dense and cohesive networks that innovative and proactive social connections are made. It is through the so called “weak ties”, e.g. casual acquaintances, that the real significant information flow is created. The ego-centric network analysis that influenced Granovetter tied this research closely to the field of sociology. Granovetter used the term of “bridging” for the usage of weak ties. By “bridging” Granovetter means the notion of creating bridges between an actor’s social context to that of another, thereby broadening the actor’s frame of reference.

Podolny and Page (1998) confirm that inter-organizational networks help firms and individuals gather skills and knowledge. Burt (1992) shows how the bridging form of social capital enables brokering activities that bring information from other actors to the focal actor. If this brokering activity relies on a reciprocal outflow of information the

entire network will benefit from the diffusion of information. Hansen (1999) shows that weak ties enable product development departments to undertake cost effective information research and how this information benefits the whole network in future product development. Individual external weak ties held by the focal actor might therefore be beneficial to the network as a whole. In a similar fashion, Granovetter (1983) claims that it is not in the socially dense and cohesive networks that real innovation and proactive social connections are made. It is through the so called “weak ties”, i.e. the casual acquaintances that real significant information flows are created.

Burt (1992) claims that there are power benefits that accrue to entrepreneurs who bridge disconnected groups, because these entrepreneurs have a say in whose interests are to be served by the bridge. Being the information broker enables them to negotiate terms that influence the future power structure within the network. These power benefits do not only benefit the group since it makes new information available, but also helps in getting things done as a leadership role rests on the information broker (Adler and Kwon 2002). The information broker does not only help to spread information between different groups but also specifies what information is relevant to whom and under what circumstances.

Brokering for informational benefits by individuals or lower-level units within a collective or cooperative group may lead to a “tragedy of the commons” for the broader aggregate (Adler and Kwon 2002). Gabbay and Zuckerman (1998) suggest that in those units of an organization where effectiveness depends on broad sharing of information, excessive brokering by individuals may hinder innovation. The individual brokers might advance their careers by their strategic location, bridging holes in the social network, but there is no guarantee that this leads to inflow of the most valuable information to the subunit as a whole, or to an outflow of information valuable for the organization. Individual weak ties might facilitate a flow of novel information for a collective, but there is no guarantee that this information will be useful for the broader aggregate since the information flow is controlled by the focal actor and not by a common nominator.

Portes (1998) points out that in bringing together dissatisfied actors, associational activity in civil society may deepen social cleavages. Bridging by the means of weak ties might therefore erode a network or a cooperation since a conflict of interest between the focal actor and the broader aggregate might occur. Inter-organizational cliques might form, thereby tearing apart existing organizational structures.

In contrast to the view of social capital as a resource located in the external links of a focal actor, the bonding form of social capital focuses on internal characteristics of the collective actors (Adler and Kwon 2002). The internal structure within a social context is in focus and the collective’s external ties to other external actors are ignored.

Putnam (1993:89) claims that “internally, associations instill in their members habits of cooperation, solidarity and public-spiritedness”. These “habits” then spill over into these members’ involvement with other associations and therefore generate trust. Common denominators keep the members together and a focus on how joint goals can be set. Coleman (1988) puts forward the notion that the power benefits that the exchange of



favors promotes allow the focal actors to strategically manage their networks in order to achieve their goals.

Uzzi (1997) points out that social embeddedness allows firms to exchange “fine-grained” information and that access to inter-organizational networks therefore helps firms in acquiring information and know-how. Strong shared norms hold clan-type organizations together resulting in benefits from lower monitoring costs and a higher transactional commitment (Ouchi 1980). The element of trust reduces the need to predict unforeseeable consequences by actors in the network, thereby reducing the transactional cost in the handling of the risk of making a transaction (Jarillo 1988). This trust in turn facilitates the transfer of more sensitive and richer information since there is a sense of solidarity engendered among the actors in the network (Krackhardt & Hanson 1993).

The bonding form of social capital can therefore be both a means for a focal actor to exercise influence, control and power, and a source of solidarity among the group members (Adler & Kwon, 2002). Moreover, strong bonding social capital facilitates information sharing since a sense of trust minimizes the risk of opportunistic behavior (Dhanaraj & Parkhe 2006). The information shared might also be more relevant to the broader aggregate, since knowledge of common goals might be higher in a close-knit network.

However, the same ties that filter information and serve as knowledge resources can also serve as lock-ins that isolate the organization from the outside world (Grabher 1993, Uzzi 1997, Gargiulo & Benassi 2000, Parra- Requena et al. 2009). Nardone et al. claim that “negative bonding social capital can hinder the achievement of a policy goal by coalescing opponents into an effective coalition” and thereby “oppressing some members of a community from connecting with other communities and organizations” (Nardone 2010:65).

Molina-Morales et al. (2009) call the effect of hindering bonds and ties “overembeddedness” and conclude that the curve that relates the connection between richness in social capital and innovation is an inverted U-shape. Some degree of social capital in the form of information networks within clusters promotes innovation, but innovation is hindered when the information network becomes too dense. Coleman (1990) characterizes a network that is fully connected by an immense quantity of social capital as “closed” and therefore immune to opportunistic behavior.

On the other hand, Coleman identifies “closed” networks as somewhat rigid in their foundation and therefore less innovative than “open” networks. Exposito-Langa and Molina-Morales (2009) claim that close bonds between actors might cause knowledge redundancy since the same knowledge is passed through the network on different occasions. Powell and Smith-Doerr (1994:393) put it as “the ties that bind can also be the ties that blind” in describing the same phenomenon.

Florida (2006) claims that strong bonds between members of homogeneous groups may hinder innovation since these bonds make the members complacent and isolated from impressions from outside of their small circle of social interaction. These strong bonds or

ties therefore generate conformity which according to Florida is a strong obstacle for innovation. Portes (1998) notes that strong bonding social capital in a tightly knit community may create free riding problems and hinder entrepreneurship. If strong norms in a community dictate the sharing of resources between members of a tightly knit group or among family members the incentives for entrepreneurship will be reduced. In tightly knit communities the feeling of obligation and friendship between actors may be so great that a firm becomes a “relief organization” for the other firms in its network (Uzzi 1997). Bonding social capital might therefore slow down the accumulation of capital, since entrepreneurship and economic rationality become subordinate to friendship and obligating norms.

### ANALYTICAL DIMENSIONS OF SOCIAL CAPITAL

Huber (2009) points out that the role of social capital for regional innovation has been highlighted by several studies of the knowledge-based economy (Capello & Faggian, 2005; Fromhold-Eisebith, 2004; Maskell, 2000; Tura & Harmaakorpi, 2005). However, conceptualizations of the knowledge-based economy within the literature have gone through changes in scope and focus (Rutten & Boekema, 2012). According to Rutten and Boekema (2012) in ‘Knowledge Economy 1.0’ the dominating definition of social capital with regard to learning was connected to ‘firms, inter-firm networks and societies’ (Morgan, 1997; Storper, 1993). In ‘Knowledge Economy 2.0’ however, Rutten and Boekema (2012) claim that social capital has evolved to incorporate ‘networks of individuals and is much more diffused as individuals are members of multiple social and professional networks’ (Amin & Roberts, 2008; Gertler, 2003; Westlund, Rutten & Boekema, 2010).

Thus, ‘Knowledge Economy 1.0’ defines regions as bounded territories having a regional culture that indicates that social capital exists and can be defined on a regional level (Asheim, 2012; Hassink & Klaerding, 2012; Moulaert & Sekia, 2003; Rutten & Boekema, 2012). When individuals in a region engage in interactions with ‘spatially sticky’ individuals in their home regions, this gives rise to specific regional norms, values and other forms of social capital that are space specific and adhere to the region itself (Boshuizen, Geurts & van der Veen, 2009; Florida, 2002; Hauser et al., 2007). It might however be more realistic to argue along the lines of ‘Knowledge Economy 2.0’ and claim that ‘regions harbor multiple social contexts and that not all of them need to be equally supportive of learning’ (Rutten & Boekema, 2012). This indicates that studies of social capital in regional development has gone from considering regional cultures towards analyzing relational networks on a micro-level basis.

This notion is embraced by Huber (2009) who proposes that a major reason for conceptual shortcomings in the social capital literature is the lack of understanding and inclusion of individual actors as an analytical factor. Mayntz (2004) also claims that lower-level actors drive social mechanisms and that such mechanisms are best understood from the individual actors’ point of view.

Even if studies of regional development using the concept of social capital have started to involve more micro-level analyses of relational networks, innovation is still often explained as inherent and related to geographical proximity and shared cognitive culture (Coletti, 2010; Leenders & Gabbay, 1999; Putnam, 1993; Semitiel García, 2006). Talking about ‘learning regions’ is thus common in innovation research, and some regions are believed to be more conducive to innovative behavior than others (Florida, 2002; Hauser et al. 2007; Koschatzky & Kroll, 2007; Morgan, 1997). This tendency to investigate different levels of analysis while still using the same concept, often without explicitly defining the analytical intent, has left the concept of social capital strained and stretched. There are thus serious conceptual shortcomings in the literature which obscure the causal role of social capital (Adler & Kwon, 2002; Huber, 2009; Taylor & Leonard, 2002).

The predominant conceptualizations view social capital as a catch-all notion that involves different types of social concepts (Huber, 2009). Differing data sources, sampling designs and wordings make comparing different studies within the discourse problematic. The empirical indicators are also too indirect and do not satisfactorily grasp the studied phenomena (Sabatini, 2007). Social capital remains a nebulous term and the causal mechanisms of specific dimensions are indefinable as long as social capital is treated as an undifferentiated mixture of social dimensions (Hauser et al., 2007). Or as Taylor (2010) expresses it: ‘it is difficult to identify whether social capital is the infrastructure or the content of social relations – it becomes impossible to separate what it is, from what it does’.

Rutten and Boekema (2012) claim that the change from ‘Knowledge Economy 1.0’ to ‘Knowledge Economy 2.0’ has spurred a growing interest in micro-level analysis of relational networks within the economic geography literature. Still, they highlight that the learning region’s concern with relational concepts such as networks and social capital has largely considered these concepts as regional characteristics rather than studying them from a relational view (Rutten & Boekema, 2012; Sunley, 2008). Knobens and Oerlemans (2006) similarly claim that geographical proximity matters less than relational proximity for knowledge links and suggest that empirical analysis concerning spatial embeddedness may benefit from more micro-level research. Hassink and Klaerding (2012) also argue for more research into relations or networks rather than regions as places when investigating culture-based learning processes. Theoretical approaches with micro-perspectives are also necessary in future research focusing on how social networks within the labor market affect knowledge diffusion (Lambooy, 2005). Partanen and Möller (2012) even pose that ‘researchers might need to go ‘back to the basics’ and adopt social network theory into their research frameworks’ to investigate network structures on a micro level.

Some researchers claim that several conceptual shortcomings within the use of the social capital concept have been generated by an analytical leap from the individual to the collectivity (DeFilippis, 2002; Portes, 2000) and it may therefore be important to investigate this leap. Ibarra, Kilduff & Tsai (2005) argue that relatively few attempts have been made to link individuals and their networks to larger network systems. Research has embraced a divide between micro and macro structures. Consequently, few bridges linking these systems have been investigated.

In sum, the concept of social capital is described as an “umbrella concept” (Huber, 2009) or a “catch-all notion” (Taylor & Leonard, 2002) that includes a wide range of definitions and interpretations. It is often cited as a single and implicitly coherent concept whereas in fact it involves multiple meanings. These separate interpretations are usually not made explicit and therefore confuse the debate. Definitions of the concept tend to be non-equivalent and highlight different dimensions, as some of them focus on trust, others on networks or institutions, and yet others on civic involvement (Huber, 2009). These wide arrays of definitions often cause an analytical leap from the individual to the collectivity, which leads to several conceptual shortcomings (Camison & Forés, 2011; DeFilippis, 2002.).

Consequently, crossing different levels of analysis corresponds well with current arguments in the social network literature regarding the need to develop a multilevel understanding of inter-organizational networks (Contractor, Whitbred, Fonti, Hyatt, O’Keefe & Jones, 2000; Hagedoorn, 2006; Slotte-Kock & Coviello, 2010). In an early contribution, Granovetter (1973) attempts to relate micro-level interactions to macro-level patterns with an analysis of social networks. He points out that relationships between people can exhibit either frequent contacts and deep emotional involvement (close friends or strong ties) or sporadic interactions with low emotional commitment (loose acquaintances or weak ties) (Hauser et al., 2007). Granovetter (1973) links the traits of the individual actors’ connections to the density of the whole network, but research linking actor-centered traits to network density in order to empirically investigate the association between performance and social capital have been sparse (Cooke et al., 2005).

Cooke et al. (2005) investigate the performance and social capital used at the firm level and then seek to move beyond the confines of the individual firm in order to relate these ‘firm capabilities’ findings to the meso level. They thereby assess regional economic performance (the meso level) in relation to social capital at the firm level. Slotte-Kock and Coviello (2010) claim that the first step in creating a single framework within social network analysis would be to combine both the dyad and network as units of analysis. To ‘integrate the social network (whole network) and business network (focal firm) analysis to investigate both the macro level of network structure and the micro level of dyadic interactions would benefit research on networks’ according to Slotte-Kock and Coviello (2010).

By considering both the macro-level, in the form of cultural traits within a region, and the micro-level of relational networks, the analytical leap from the individual to the collectivity can be conceptually deliberated. Eklinder-Frick et al. (2014) divide the construct of social capital into three separate dimensions: (1) the socio-economic dimension, where social capital is defined as being created within a geographical region by ‘citizens’ (Maskell, 2000) and a specific ‘culture’ (Coletti, 2010; Inglehart & Baker, 2000); (2) the structural dimension, where social capital is being created within a network (Nahapiet & Ghoshal, 1998; Partanen & Möller, 2012; Putnam, 1995) as a product of the network’s density of ties (Burt, 1997; Lin et al., 2012), its structure (Bourdieu & Wacquant, 1992; Huber, 2009), and its evolution (Daskalaki, 2010; Tunisini & Bocconcelli, 2009); and (3) the actor-oriented dimension, where social capital is created

by a single actor through the formation of weak or strong ties in order to gain access to other social actors' resources (Cousins, Handfield, Lawson & Petersen, 2006; Granovetter, 1985; Knoke, 1999).

Eklinder-Frick et al. (2014) claim that if social capital is only considered as a regional trait (socio-economic dimension) it implies that it is rather hard for an individual to influence it since it is a high order concept. When breaking the concept down to its relational network structure (actor-oriented and structural dimensions) it becomes manageable for individual actors to trace the impact of their actions. Consequently aspects of controlling or influencing the development of social capital can be defined. Social capital has often been viewed as rather rigid or even deterministic when considered on a macro level. Hence, linking individuals and their networks to larger network systems may make social capital considered as manageable (Eklinder-Frick et al., 2014).

#### CONCLUDING REMARKS

As our intention is to tie together the different aspects of the conceptually illusive concept of social capital we conclude the literature review by Table 1, where the three dimensions of social capital identified by Eklinder- Frick et al. (2014) are divided into the bridging and bonding form of social capital, and the positive and negative effects that these forms of social capital might impose on information flows. The information flows form the basis for both social exchange and information exchange and thus for the potential for trust and innovation. This table serves as a guide in conceptualizing the social capital concept by making the concept more operational both in empirical studies and in conceptual deliberations.

The different forms of social capital and their dimensions can be related to identity and individuality, both of firms and of people living in the regions where firms operate. The distinction between identity and individuality is stressed Wieseltier (1994) with reference to social conditions, where identity is an assertion of sameness, being the same as those that are like oneself, as well as an assertion of difference from those that are not like oneself. Individuality refers to the human being's awareness of himself or herself, both spiritually and physically. Individuation implies understanding that you are nobody else and that nobody else is you.

However, as pointed out by Wieseltier, one should not speak of identity but of identities. Individuals are affiliated to many different groups, and stressing a single identity also makes individuals simplified. Identities may be accepted on grounds that are both internal and external to the individual. Based on observations from American society, he means that the thinner the identity, the louder it is proclaimed.

	<i>Bridging form of social capital</i>		<i>Bonding form of social capital</i>	
	<i>Positive</i>	<i>Negative</i>	<i>Positive</i>	<i>Negative</i>
<i>Socio-economic dimension</i>	High adoption of new knowledge and critical thinking. High tolerance for minorities.	Low cultural proximity. Lack off cultural we-ness	High cultural proximity. High sense of shared values and trust	High social conformity and conformative thinking. High exclusion of dissidents.
<i>Structural dimension</i>	Formation of weak ties enables information flows between subgroups. Low network density may cause structural flexibility.	Low density of network structure may hinder information flows. Uneven distribution of network ties may cause high power centrality leaving the network structure vulnerable.	High density of network structure may facilitate information flow. Even distribution of network ties may reduce centrality of power making the network structure stable.	High density of network structure may cause information feedback within subgroups. High density of network structure may cause network rigidity, hindering network evolution.
<i>Actor-oriented dimension</i>	Bridging structural holes enable an actor brokering opportunities of novel information. Knowledge brokering enable an actor to control the information flow bringing favorable power relations.	Weak ties produce flows of information irrelevant to an actor's context. High reliance upon single weak ties makes an actor's knowledge flows vulnerable	Strong network ties secure an actor rich information flows of highly context specific information. High structural equivalence lessens an actor's dependence upon individual ties.	Clustering of an actor's network ties cause structural equivalence eroding the value of its ties. High rigidity of an actor's network configuration hampers its ability to form new ties.

Table 1. *Dimensions of social capital with respect to positive and negative effects of its bridging and bonding forms.*

In recent studies of trust in the Swedish society (Trägårdh et al., 2013) patterns emerge that can be discussed against a similar background. The authors take their starting point in the well-established concepts generalized trust, i.e. trust in people that one does not know very much about, and particular trust, which refers to trust in specific, well-known individuals, e.g. family members, friends, and acquaintances. These concepts are related to different types of social capital. Based on stratified samples of 12 000 respondents (response rate 51 %) they found that neither generalized trust nor particular trust varied with regard to the variables defining the municipalities included in the data base (e.g. share of immigrants, socioeconomic inequality, religious participating, criminality), Their

findings showed hardly any variation at all in particular trust between people from different municipalities when factors such as sex, age, and income were taken into consideration. Neither did they find any differences worth mentioning in generalized trust. About 65 % trusted people in general.

The dichotomy between trust in people that are unknown versus those that are very close is an oversimplification. Therefore an intermediate category was also investigated, termed trust in people in the local community: neighbours and others who live in the same area. Some researchers would refer this to generalized trust (e.g. Putnam 2000), whereas others (e.g. Traunmüller) would refer it to particular trust. But dealing with it separately produces interesting results. Considerable differences were found between small, rural municipalities with high degree of trust in people in the local community, and municipalities in metropolitan areas where people trusted people in their local community considerably less than they trusted people in general.

Trust is generated both out of experience and on narratives mediated through others. It also affects transaction costs. High levels of generalized trust facilitates contacts with unknown people, or in the words of Søren Kierkegaard, “taking a hopeful leap into the unknown”. Trust in the local community facilitates local cooperation but may also exclude cooperation with people who are seen to demonstrate strong identities that indicate belonging to other groups.

The role of social capital in business relationships shows similarities to these observations of trust in society. The disinterested but widespread trust on a general level facilitates openness to new information and new partners, business development and innovation. Particular trust, which in a business context would correspond to trust in well-established long-term business relationship, also favours business development. But trust in the local community might be the most important component. It might be corrupted into fervent, clan based loyalty and build up sectarian social capital, but it could also form the base for understanding the characteristics of the business networks that operate as the engine of innovation. In that sense, all business is local. And whatever the individuality of a firm, it needs to realize that it has several identities.

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Appendix. *Definitions of social capital by positive and neutral connotations*

	Social capital as inherently positive	Social capital as neutral in definition
<p><b>Socio-economic dimension</b></p> <p>Social capital as primarily explained by the shared cognitive culture connected to a specific geographical region.</p>	<p>“This kind of capital (social capital) is represented by norms of reciprocity and trust that facilitate the interaction between inhabitants of a community” (Hauser et al 2007:5).</p> <p>“Social capital, in essence, is the institutions, relationships, attitudes and values governing interactions amongst people and contributing to economic and social development” (Iyer et al 2005:1016).</p> <p>“Social capital can be defined simply as the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them” (Fukuyama 1997).</p> <p>“Those voluntary means and processes developed within civil society which promote development for the collective whole” (Thomas 1996: 11).</p> <p>“Social capital is associated with people’s sense of community, their sense of belonging to a neighborhood, caring about the people who live there, and believing that people who live there care about them” (Portney and Berry 2001: 71).</p> <p>“An instantiated informal norm that promotes co-operation between two or more individuals.” (Fukuyama 2001).</p>	<p>“A culture of trust and tolerance, in which extensive networks of voluntary associations emerge” (Inglehart 1997: 188).</p> <p>“The values and beliefs that citizens share in their everyday dealings and which give meaning and provide design for all sorts of rules” (Maskell 2000: 111).</p>
<p><b>Structural dimension</b></p> <p>Network-based conceptualization of social capital with a focus upon network identities or a holistic network structure.</p>	<p>“Social capital refers to the norms and networks that facilitate collective action” (Woolcock 2001:13).</p> <p>“Social capital refers to aspects of the network structure that encourage collaboration and coordination between friends and between strangers” (Costa &amp; Kahn 2003:103).</p> <p>“The brokerage opportunities in a network”(Burt 1997:355).</p>	<p>“It is the density of relational networks that generates social capital” (Rozenblat 2010:2848).</p> <p>“Social capital is here defined as social, un-formalized networks that are used by the networks’ nodes/actors to distribute norms, values, preferences and other social attributes and characteristics” (Westlund 2006:1).</p> <p>“According to a network-based approach, one can define social capital as resources embedded in social networks which can be potentially accessed or are actually used by individuals for actions” (Huber 2009:164).</p> <p>“The web of social relationships that influences individuals behavior and thereby affects economic growth” (Pennar 1997: 154).</p> <p>“Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure” (Coleman 1990:302).</p>
<p><b>Actor-oriented dimension</b></p> <p>Social capital as a focal actor’s network configuration, consisting of weak or strong ties between the focal actor and its associates.</p>	<p>“The information, trust, and norms of reciprocity inhering in one’s social networks” (Woolcock 1998: 153).</p> <p>“The number of people who can be expected to provide support and the resources those people have at their disposal” (Boxman, De Graaf &amp; Flap 1991:52).</p> <p>“Friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital” (Burt 1992:9).</p> <p>“Investment in social relations for expected returns in the marketplace” (Lin, 2001:19)</p> <p>“The process by which social actors create and mobilize their network connections within and between organizations to gain access to other social actors’ resources” (Knoke 1999:18).</p>	<p>“An individual’s personal network and elite institutional affiliations” (Belliveau, O’Reilly &amp; Wade 1996: 1572).</p> <p>“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 (Nahapiet &amp; Ghoshal 1998:243).</p>