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Value of Social Capital: A New Arena

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ABSTRACT

This research paper talks about Value of Social Capital. This paper reveals corporate, entrepreneurs are boosting their performances, touching heights by considering social capital as important aspect. Due to nice cooperation among society it results to financial development. It's not just human capital which should be considered but today it is important to consider social capital as well to develop careers. Here we got to know about relation between social capital and Globalization. Information technology has the potential to increase social capital. This paper was reviewed and explained with the help of Secondary data available through various journals, magazines, previous research papers and other useful internet material. Paper presents and attempts to study the concept of social capital, various factors impacting decisions of Human, Economy. Apart from considering importance of Social Capital this paper pays attention to its critical aspect as well.

Key words: Social Capital, Entrepreneur's Decision, Information Technology, Globalization, Social Connection

INTRODUCTION

"The new currency won't be intellectual capital. It will be social capital-the collective value of whom we know and what we'll do for each other. When social connections are strong and numerous, there is more trust, reciprocity, information flow, collective action, happiness, and, by the way, greater wealth."

The modern emergence of social capital concept renewed the academic interest for an old debate in social science: the relationship between trust, social networks and the development of modern industrial society. Social Capital Theory gained importance through the integration of classical sociological theory with the description of an intangible form of capital. In this way the classical definition of capital has been overcome allowing researchers to tackle issues in a new manner.

OBJECTIVES

The study covers the objectives which can be listed as:

- Through the social capital concept we have tried to propose a synthesis between the value contained in the communitarian approaches and individualism professed by the 'rational choice theory.'
- To study whether Bridging social capital focuses primarily on the external direct and indirect links of an actor with other actors beyond the immediate collective.
- To study whether Social Capital facilitate goal realization of the focal actor through informational benefits, enabling identification of fruitful opportunities, favorable negotiations, and placement in positions of power and influence
- To study if there is any critical aspect of Social capital.

RESEARCH METHODOLOGY:

The current study attempts to explain the concept of Social Capital and examine the interplay of various factors in influencing Human Behavior to work in progressive way The nature of research is completely descriptive. It is a conceptual research which is based on review of previously done researches in this area. All the relevant data used in research paper has been collected from secondary sources e.g. e- journals, newspaper, Govt. publications and various e- resources.

CORPORATE VALUE CREATION

"There is a business case for social capital - hard evidence that social capital boosts business performance. Individuals who build and use social capital get better jobs, better pay, faster promotions, and are more influential and effective, compared with peers who are unable or unwilling to tap the power of social capital. Organizations with rich social capital enjoy access to venture capital and financing, improved organizational learning, the power of word-of-mouth marketing, the ability to create strategic alliances, and the resources to defend against hostile takeovers. And social capital is a bulwark of democracy."

FINANCIAL DEVELOPMENT

"Taiwan and South Korea enjoyed rapid growth from the 1960s to the early 1990s in part because of the size, stability, and strength of their financial institutions, and their close association with selected export industries

In a globalized economy, the financial health of a nation is heavily impacted by international capital flows. Attracting and maintaining foreign investments are not solely dependent on interest rates – social cohesion is used by investors as an indicator of fiscal stability and a sound investment climate

RELATIONSHIP WITH HUMAN CAPITAL AND CAREER OUTCOMES

Using data compiled from 111 employees at three financial institutions in Taiwan, - Results showed that the effects of human capital on developmental potential were fully mediated by social capital. Moreover, employees with firm-specific human capital, managerial positions and longer tenure, received higher potential evaluations by their supervisors through their central positions. The success of persons with high human capital in outperforming those with low human capital is due to the social capital generated from the central network position one occupies in organizations. Further, we found that the relationship between human capital and career development potential in the organizations is completed through the effect of social capital.

GLOBALIZATION AND SOCIAL CAPITAL

"Nations do have legitimate reasons for worrying about what globalization does to their norms and social arrangement." For example, when one considers the implications of child labor on trade, and the role that cultural norms play in determining whether or not child labor is an acceptable practice, global integration will require nations and communities to make some adjustments in their current values and practices (to be more in line with status quo) or be left behind economically. This process may improve or degrade cultural practices, depending on the judge.

THE ROLE OF SOCIAL NETWORKS IN ECONOMIC ACTION

Theories of economic development stress the importance of money and machinery, a healthy and skilled workforce and technology. However, development and growth specialists are uncovering the importance of social cohesion for societies to prosper economically and for development to be sustainable . "Social capital...forms the underpinnings of poverty and prosperity." Granovetter (1995) underscores that virtually all economic behavior is embedded in networks of social relations. Social capital and trust can make economic transactions more efficient by giving parties access to more information, enabling them to coordinate activities for mutual benefit, and reducing opportunistic behavior through repeated transactions. Social capital plays a significant part in shaping the outcomes of economic action at both micro and macro levels

INFORMATION TECHNOLOGY

Information technology directly lessens the costs associated with imperfect information. In this way, information technology has the potential to increase social capital – and in particular bridging social capital which connects actors to resources, relationships and information beyond their immediate environment.

LABOR MOBILITY

An increase in labor mobility generates efficiency gains but these may be dominated by the negative externality on the social capital of those left behind. Schiff (1992) demonstrates that increases in labor mobility may result in a decline in the presence of social capital when members of groups and networks move away to find better opportunities elsewhere.

The movement of people differs from the movement of goods and services because people create attachments with those with whom they share social capital, including norms, language, customs, values and culture. The impact of international migration and trade policy on welfare and other relevant variables changes when effects on social capital are taken into account

SOCIAL CAPITAL IN CRIME, CORRUPTION AND CONFLICT

Society pays a high cost for crime, violence, corruption and conflict. According to Moser and Holland (1997), in addition to costs to society's health and economy, crime and violence have direct costs to social capital including:

- disaffection and migration of the urban middle class;
- reduced access to social services;
- dysfunctional families; and
- An overall climate of fear that replaces the spirit of cooperation and participation in community life.

In their recent work in Jamaica, Moser and Holland (1997) underscore the importance of the "violence-poverty-social institution nexus...the relationship between poverty and violence is mediated positively or negatively through social institutions, ranging from the family to informal local associations such as sports clubs and dance halls to formal organizations such as the church, schools, and police."

CRITICAL PROSPECTS

"...Merely having high levels of social solidarity or informal groups does not necessarily lead to economic prosperity. They reported a case study in Kenya where a participatory poverty reduction assessment study recorded more than 200,000 community groups active in rural areas, but most were unconnected to outside resources and were unable to improve the lot of the poor"

Considering Case of Thailand's Social Investment Projects As a result of economic crisis in 1997, the Thai government borrowed USD300 from the World Bank to help alleviate social problems of the Thai population. The main objectives of this Social Investment Project (SIP) were to (a) provide rapid creation of employment opportunities and essential social services to the unemployed and poor, and (b) support bottom-up service delivery through financing locally-identified and managed development initiatives and through promoting decentralization, local capacity building and community development. Precious time was lost for the state to help people who suffered from the economic crisis, or were in need of family help. Facing with the likelihood that the SIF was unable to help people in crisis in a timely manner, the central authorities changed their plan by adding Menu 5 which aims at providing help and welfare to vulnerable groups of people in the community. The emphasis was therefore on transfer payments to the poor rather than investments, thereby expediting distribution of funds. "The World Bank concludes that the SIP seems to have satisfied most of its first objective of responding to the crisis through the rapid creation of employment opportunities – mainly via temporary employment and the provision of other social safety net benefits to the poor and vulnerable. Nevertheless, there were implementation delays and capacity constraints which affected the speed and extent that assistance was delivered, and hence reduce the projects' benefits at the height of the crisis. Although the overall evaluation is satisfactory, this does not take into account the lost in time and opportunities associated with the slowness in project approval and fund disbursements."

CONCLUSION

"The new economy is not just about the exchange of information; it's about the exchange of relationships. To break through the noise, to get your message out, count on personal networks. Relationships are the most powerful form of media. . By nurturing your personal relationships to help people excel, you build exponential impact in the marketplace. Ultimately, their success is your success."

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