

# The Impact of Bonding and Bridging Social Capital on Economic Well-being: An Individual Level Perspective

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12<sup>th</sup> Society of Social Work and Research Conference  
Washington D.C. January 17-20, 2008



# Why This Study?

- Prevalence of social capital studies (92-1024)
- To provide empirical evidence for the claimed functional difference between bonding and bridging capital on economic well-being
- Social capital building as a strategy of poverty reduction
- Key elements of social capital have long been the concern of social work research

# Social Capital Definition

- Definition variance
- Social capital usually refers to trust, norms, and networks
  - Trust: trust in individuals or institutes
  - Norms: reciprocal principle, legal systems, etc.
  - Networks: social connections

# Bonding Capital vs. Bridging Capital

- This pair of concepts was raised by Gittel and Vidal (1998), and developed by Putnam (2002)
- Bonding capital: networks of people with homogeneous backgrounds (networks of kin and friends)
  - Inward-looking and self-interest motivated
  - Function: help people “get by”

# Bonding Capital vs. Bridging Capital (cont.)

- Bridging capital: networks of people with heterogeneous social and economic backgrounds (memberships of voluntary organizations)
  - Outward-looking, both self and public interest motivated
  - Function: help people “get ahead”

# Aggregate Capital vs. Individual Capital

- Aggregate social capital
  - view it as a collective belonging
- Individual social capital
  - View it as a personal belonging
- Linkage between aggregate and individual capital
- Majority of studies treat social capital as an aggregate entity. Individual social capital needs more attention.

# Social Capital's Impact on Economic Well-being: Theories

- Theories: social capital and economic capital are convertible
- Why social capital matter for economic well-being? -- Granovetter (2005)
  - deliver qualified information
  - maintain market order by rewarding and punishment mechanisms
  - enhance trust to facilitate action

# Social Capital's Impact on Economic Well-being: Evidence

- Many empirical studies have shown that:
  - Aggregate social capital is positively associated with GDP growth, investment rate increase, and community residents' economic well-being
  - Individual social capital is important for job search, position promotion, asset accumulation



# Social Capital's Impact on Economic Well-being: Evidence (cont.)

- A few studies have suggested the functional differences between bonding and bridging capital
  - Beugelsdijk & Smulders (2003): impact difference of aggregate level bonding and bridging social capital
  - Briggs (1998): “get by” vs. “get ahead” social capital in a housing mobility program



# Limitations of Existing Studies

- The impact of individual social capital on economic well-being does not receive adequate attention
- Among the existing individual social capital studies, outcomes concerned are mainly job search, career promotion, and the sample sizes are small
- Few studies have examined the functional difference between bonding and bridging capital with respect to income-related outcomes

# Research Considerations

- Data and sample
  - The National Survey of Families and Households (NSFH) wave 1 (1987-88) and wave 2 (1992-94)
  - Sample: primary respondents aged 19-59 non-students (n=7680)
- Descriptive analysis: bonding and bridging capital's distribution among various populations
- Regression analysis: bonding and bridging capital's impact on economic well-being



# Features of This Study

- Look at individual social capital
- Make distinction between bonding and bridging capital
- Exam social capital's impact on Income-related well-being

# Measurement of Social Capital

- Social capital measures vary in empirical studies
  - “[w]e cannot examine the effects of what we mean by social capital, only the effects of what we measure (Narayan & Pritchett, 1997).
- Sources of measurement variance
  - Multiple dimensions of social capital (trust, norms, & networks)
  - Various proxies for these dimensions

# Measurement of Social Capital: Examples of Empirical Studies

	Brehm 1997 <sup>(1)</sup>	Rosenfeld 2001	Kawachi 1997	Paxton 1999	Xu 2000	Kim 1998	Boisjoly 1998	Knack 1997	My study
<b>Dataset</b>	GSS	GSS	GSS	GSS	NSFH	NSFH	SIPP	WVS	NSFH
<b>Sociality activities</b>				×		×			×
<b>Help to and/or from others</b>					×				×
<b>Perceived supports in emergency</b>						×	×		×
<b>Group membership</b>	×	×	×	×		×			×
<b>Trust in individuals</b>	×	×	×	×				×	
<b>Trust in institutes</b>	×			×					
<b>Civic engagement</b>		×							

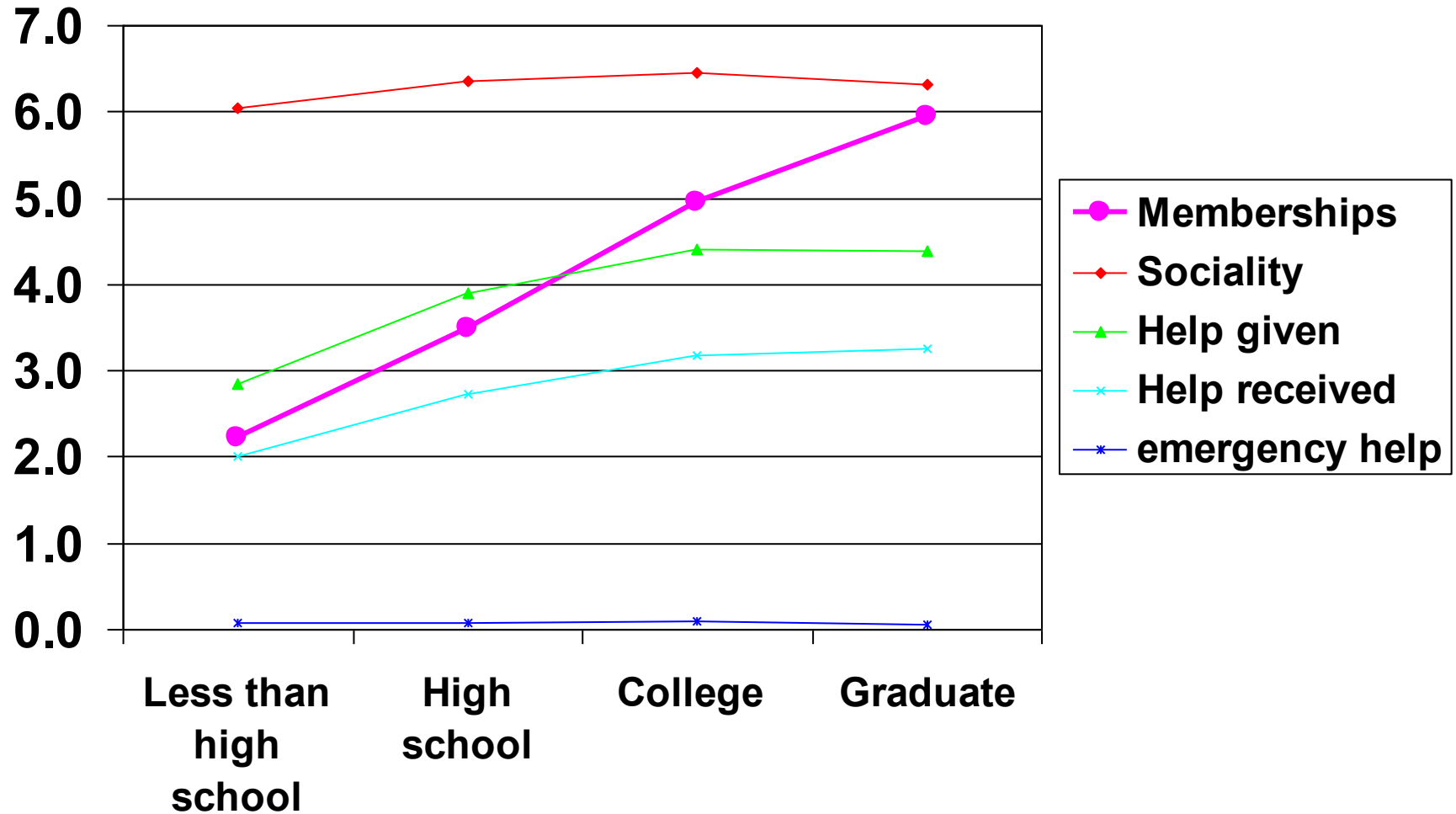
Note (1): for studies with more than one author, only the first author is shown. **14**

# Variables for Analysis

Variables	Description
<p><b>Dependent Variables:</b></p> <ul style="list-style-type: none"> <li>-Income (ln)</li> <li>-Income-to-needs ratios(ln)</li> </ul>	<p><u>(Measured at wave two)</u></p> <ul style="list-style-type: none"> <li>--logged R's annual income (wave 2)</li> <li>--logged R's income-to-needs ratios (wave 2)</li> </ul>
<p><b>Independent Variables:</b></p> <ul style="list-style-type: none"> <li>-Memberships</li> <li>-Sociality activities</li> <li>-Help given</li> <li>-Help received</li> <li>-Emergency help</li> <li>-Other control variables</li> </ul>	<p><u>(Measured at wave one)</u></p> <ul style="list-style-type: none"> <li>-- an index of R's frequencies of attending 15 types of voluntary organizations' activities (0-45)</li> <li>--an index of R's frequencies of socialites (0-28)</li> <li>--an index of giving various helps to kin and friends (0-23)</li> <li>--an index of receiving various helps from kin and friends(0-20)</li> <li>--an index of perceived supports in emergency of time of needs (0-3)</li> <li>-- demographic variables, R's income in wave one (ln), health, public assistance history, etc.</li> </ul>

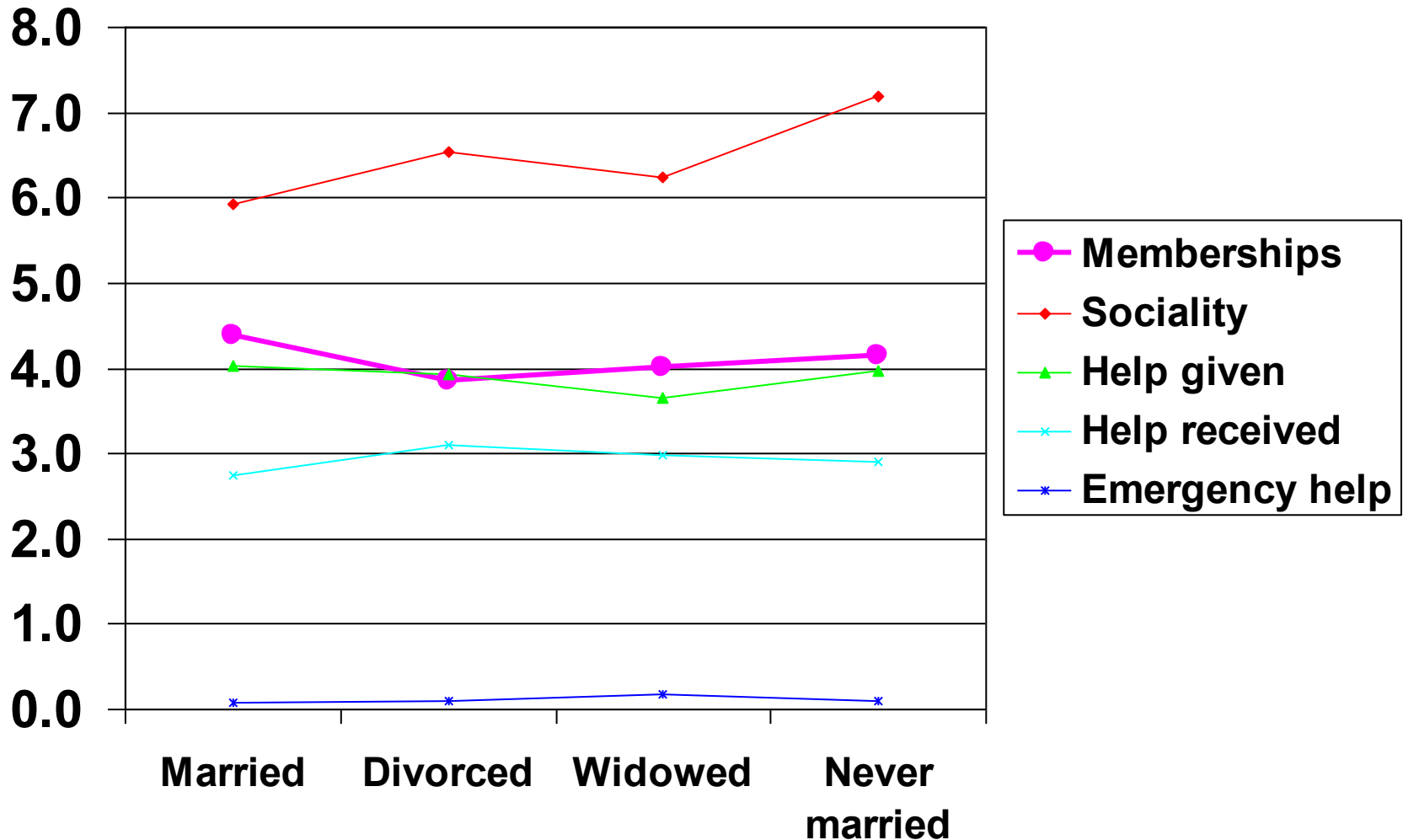
# Social Capital by Education

(Bold pink line represents bridging capital (memberships). The same in the following graphs)

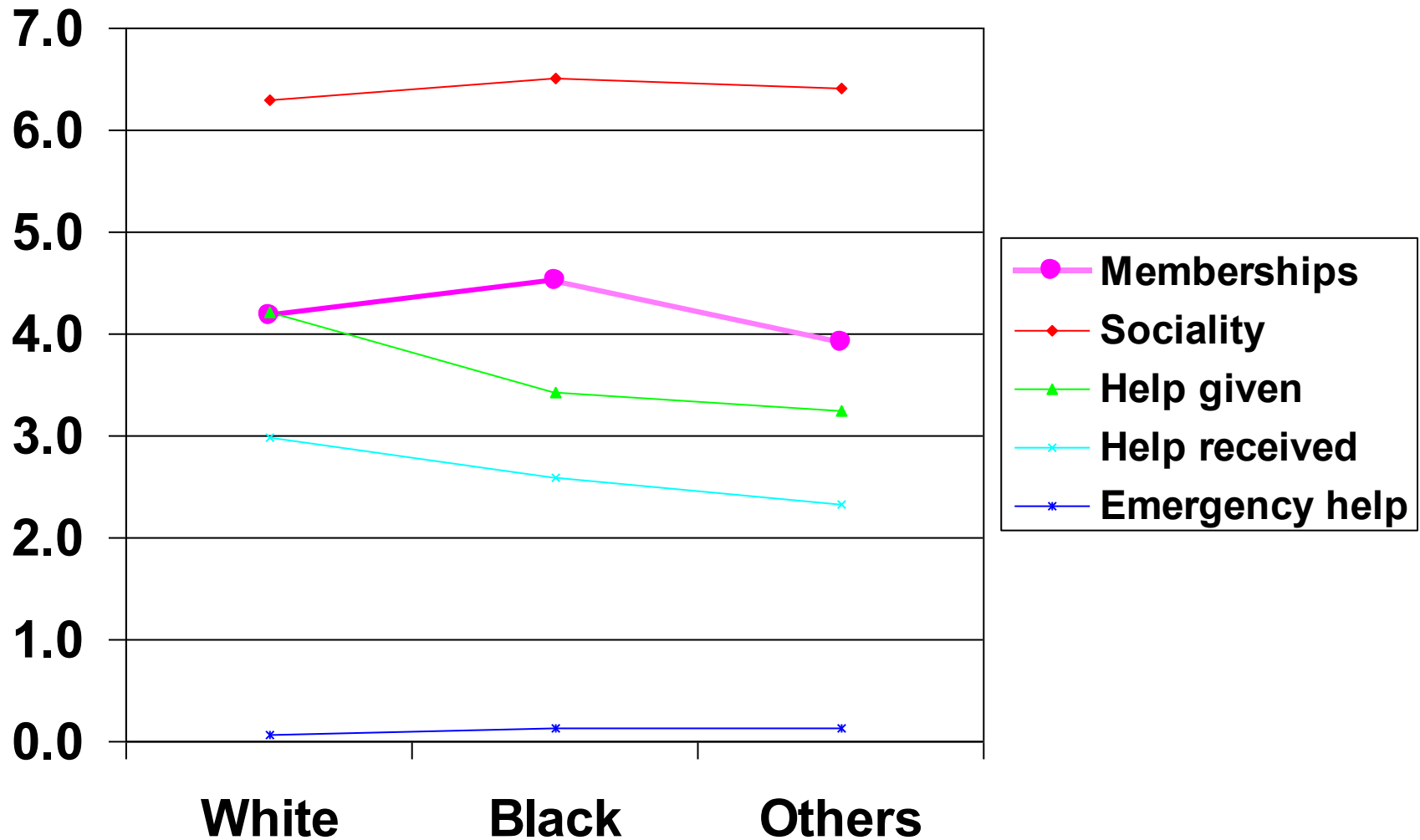




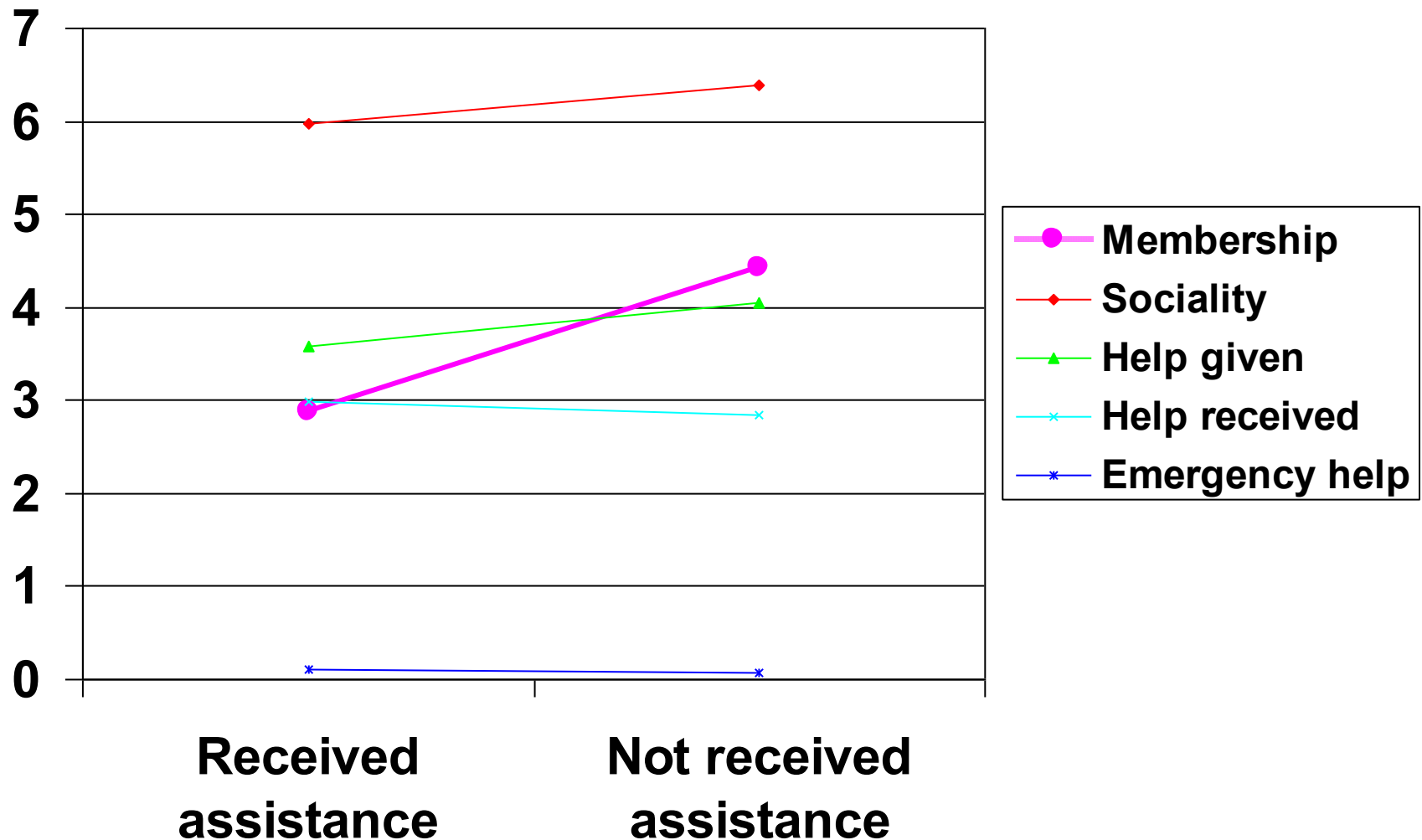
# Social Capital by Marital Status



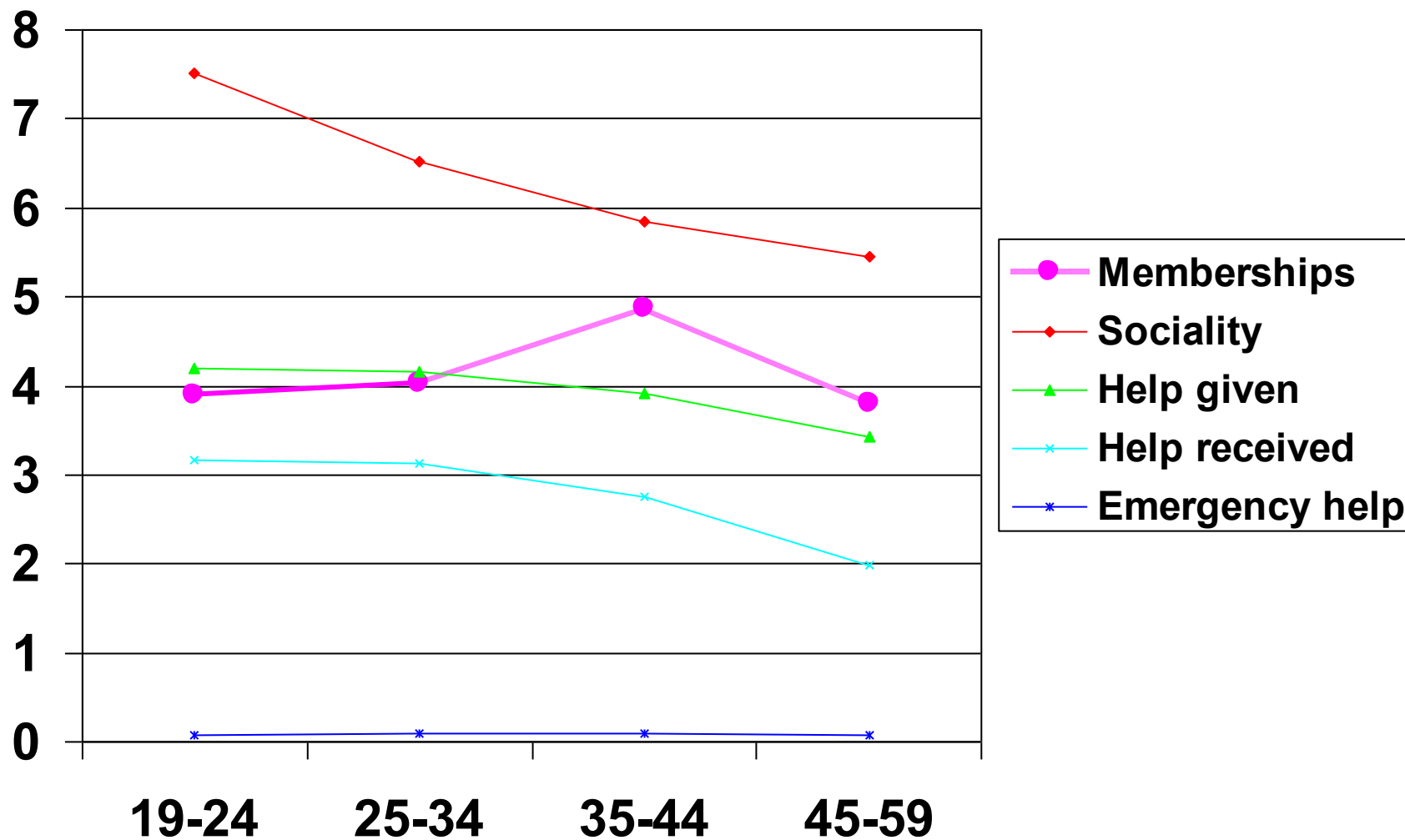
# Social Capital by Race



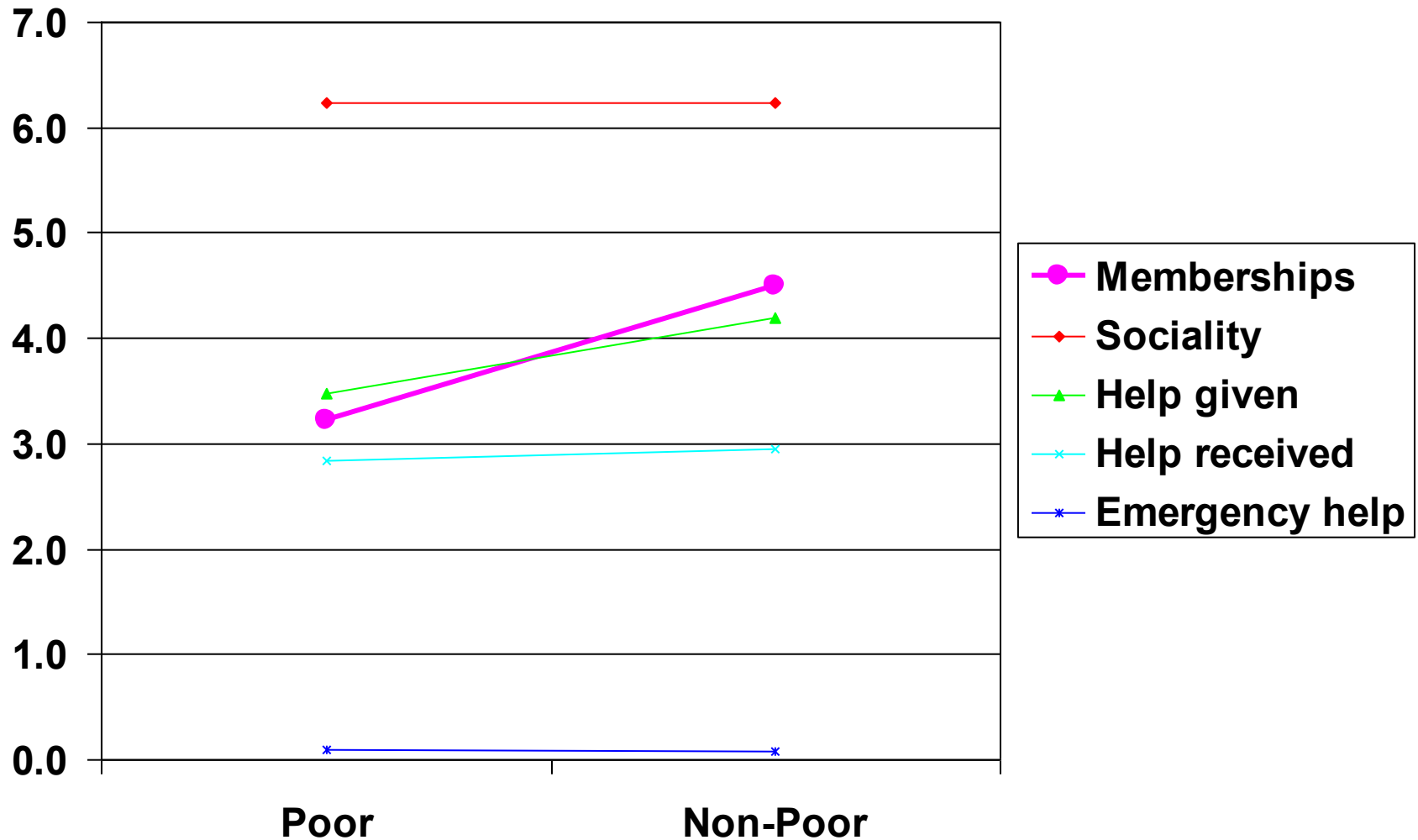
# Social Capital by Public Assistance



# Social Capital by Age



# Social Capital by Poverty Status



# Regression Results: Income (ln) as Dependent Var.

Variable	Estimate	P-value
Bridging capital: -Membership	0.0073	0.0324
Bonding capital: -Sociality	-0.0022	0.5519
-Help given	0.0003	0.9580
-Help received	0.0116	0.1098
-Emergency help	-0.0082	0.8225
Control variables	Previous income, employment, age, education, race, gender, marital status, work limitation, children in family, public assistance history, perceived health status, region	
Adjusted R-square	0.34	<.0001
F-value	79.24	
df	26	

# Regression Results: Income-to-Needs Ratios (ln) as DV

Variable	Estimate	P-value
Bridging capital: -Membership	0.0104	0.0002
Bonding capital: -Sociality	-0.0008	0.8547
-Help given	-0.0001	0.9787
-Help received	0.0020	0.7403
-Emergency help	-0.0231	0.4538
Control variables	Previous income (ln), employment, age, education, race, gender, marital status, work limitation, children in family, public assistance history, perceived health status, region	
Adjusted R-square	0.38	<.001
F-value	89	
df	26	

# Conclusions and Implications

- More educated, black, married, not receiving public assistance, and non-poor persons are more likely to have higher amounts of bridging capital (memberships) compared with their counterparts; but there is no or only small differences with respect to their bonding capital.
- Individual bridging capital promotes people's income and income-to-needs ratios. However, no such impact is found with respect to bonding capital.



# Conclusions and Implications (cont.)

- It may be meaningful to encourage low-income persons to build bridging capital to promote their future economic well-being.
  - Poor community revitalization programs incorporate social capital
  
- Future research
  - Pathway of bridging capital's impact on economic well-being
  - The combination of aggregate and individual social capital on economic well-being



Thank you!



# Contact Information

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