Social Capital in Marketing and Its Implication to the Social Outcome

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Abstract

Social capital refers to economic resource involving elements such as norms, trust and social network that facilitate society’s action. From marketing perspective, social capital mediates the experience of the individual, organization and the entire society via enabling shared values to spread through social connections, hence generating social outcome. Nonetheless, conceptualization of social capital within marketing paradigm has been inadequate despite some empirical works. Consequently, elements of norms, trust and social network which signify long term establishment of a business, has often been neglected. In this study, analyses are performed on existing scholarly published papers to gauge the conceptual and empirical findings from existing studies pertaining social capital in marketing as well as its implication towards the society’s outcome. In this regards, we identify the contributions of social capital which mediates the relationship between marketing strategies and its performance. Subsequently, we characterize how social capital in marketing affects the social outcome in the contemporary world. The study proposes that social capital is a useful and appropriate resource to enhance marketing performance that would engender benefits at the societal level. However, social capital could also hinder the performance should it is not being properly acknowledged and assessed. Ultimately, the study will stimulate more efforts to emphasize on social capital among marketers and the community as a means to further enhance the desired social outcome. Additionally, this study will also serve as guidance for future researchers to extend the finding into more profound studies in the area of social capital in marketing.

Keywords: Social capital, marketing, social outcome

1 Introduction

Social capital refers to the value of relationships (Coleman 1988; Baker 1990) which enable an organization or an institution to work effectively. Recently, social capital has been used to explain the performances within diverse key economic areas such as entrepreneurship (Kim & Aldrich, 2005; Stam & Elfring, 2008) organizational management (Moran, 2005; Li et. al, 2014) and supply chain resilience (Johnson et. al., 2013; Göğecİ & Kührulainen, 2020). From the macro perspective, social capital has received critical attentions with regards to its important roles in economic growth (Dinda, 2002) and socioeconomic development (Han et. al., 2014). Nonetheless, the significance of social capital in explaining marketing effectiveness are still lacking.

According to Pratono & Pudjibudojo (2016), social capital serves as complementary mediator which supports marketing capability consequently enhance an organization’s performances. While the term social capital existed for quite some time, the role it plays in influencing marketing capability and performance still has not been appropriately examined. On the other hand, social capital has not always been a good mediator since there is a tendency for excessive amount of it which could lead towards wrong decisions (Prusak & Cohen, 2001). Meanwhile, the contemporary reviews are mostly restricted to presenting comprehensive literature survey covering numerous definitions and measurement approaches for social capital, with lack of attempt to specify the analysis within marketing environment. As such, relevant indicators and analysis on social capital in marketing, especially pertaining conceptualization of the double-edge mediating roles it has, is yet to be extensively studied.

Therefore, this paper seeks to address the above-mentioned issues, specifically with regards to the contradictory yet instrumental roles that social capital has to influence marketing behaviour and actions, which consequently create a certain outcome at societal level. It is worth mentioning that this paper does not in fact discuss social marketing but rather assess social capital as an instrument in contemporary marketing practices. The main departure is that, while social marketing focuses on influencing the marketers and consumers towards positive behaviour and actions (Kotler & Levy, 1969), social capital have the possibility of creating contradictory outcomes, in which at one point the implication could become the means of wellbeing, yet in another circumstances bring adverse implication to the

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marketplace and the society.

2 Literature Review

2.1 Social Capital

Social capital is a resource with economic and moral values. Generally accepted as a goodwill (Adler and Kwon, 2002) and inherent in the social structures, social capital is derived through social connections (Nahapiet & Ghoshal, 1998; Villalonga-Olives & Kawachi, 2017) and anchors on the non-material and intangible resources engendered through shared and cooperative occurrence in relationships among individual and social units (Coleman, 1988). In fact, social capital is mutually owned by both parties in the relationship, the important characteristic which make it distinctive from other types of capitals (Burt, 2000). More importantly, social capital plays the role in influencing people’s behaviour and actions subsequently foster their performance.

Essentially, Bourdieu (1986) categorized three (3) dimensions of capital which is economic, culture and social. Within the social dimension, trust has become the influential tool to overcome conflicts of power function and to gain designated outcome from an exchange. On the other hand, Coleman (1988) examined three (3) elements which forms the social capital, namely obligations and expectations, informational channels and shared social norms. While people normally feel obligated to the relationship that they built, they will also have certain expectation from the relationship. In addition, an expectation which is also the desired outcome is more impactful when there is appropriate channel for information as well as norms which is shared unequivocally by the network.

Meanwhile, Putnam (1995) has characterized social capital into three (3) components which is norms, trust and social networks. While norms are associated with moral obligations, trust is a social value which is reciprocal, hence it refers to mutual trust. On the other hand, social networks entail association between people in their respective kind of relationship. Furthermore, Putnam (1995) has also contextualized social capital into two (2) distinctive types, namely bonding capital and bridging capital. The former emerges from strong social ties between family members, neighbours, friends, or within the same religious or cultural circle. In this regard, bonding capital could easily generate a particular type of trust and norms as adhered between the members within their network, while non-members may face high barriers in relationship. Nonetheless, Cleaver (2005) cautions on the drawback of bonding social capital as it could be highly negotiated or challenged. Although social capital enhances the exchange performance and reduced inter-organizational conflict, improperly managed social capital which could easily derived from bonding type of social capital may lead to mismanagement, wrong direction of decision, consequently long term destruction towards the relationship. In the context of this paper, Putnam’s conceptualization which involved the distinctive two (2) types of social capital and its fundamental three (3) elements as shown in Table 2 and Diagram 1 respectively shall be used for further analysis.

On the other hand, bridging social capital involved diverse social groups and classes such as between different races, religions, cultures, positions or any other sociodemographic or socioeconomic characteristics (Putnam, 1995; Woolcock, 1998). This type of social capital emerges from weak social ties across society and much more open to relations. Van Staveren & Knorringa (2007) asserts that bridging capital enables the economic transactions between strangers and help reduce the inevitable costs of uncertainty. However, bridging capital heavily relies on generalized trust among loosely connected people, hence it establishes only a minimum level of trustworthiness that needs to be occasionally assessed through looking at updated reputation of the members as well as ongoing involvement in the relationship. Consequently, bridging social capital have the tendency to be destroyed during crisis and the possibility for this is perhaps higher than the bonding capital.

Hence, social capital is an important factor in the social dynamics of decision-making (Stevenson & Radin, 2009). Indeed, social capital is a multidimensional occurrence which involved interpersonal relationship within and between organizations or networks that are complex to measure. Indeed, theory of social capital suggests that norms, trust and social networks are the valuable inherent resources which mediate better accessibility towards the tangible economic resources, consequently facilitate in achieving desired outcomes (Bandari and Yasonobu, 2009). Nonetheless, the excessive or improperly managed amount of social capital may lead to adverse implication and hence attention. Table 1 below shows the summary descriptions of social capital from its vast literatures.

2.2 Social capital in marketing and its relevance in the society’s outcome

Marketing is a social as well as managerial process in which the objective is to facilitate exchange of product information and acceptance between the marketer and consumer. According to Kotler & Armstrong (2013), marketing enable individuals or groups to obtain what they desire by creating, offering and exchanging products of value with other parties. Meanwhile, social capital elements such as norms, trust and network (Putnam, 1995) plays significant role to mediate the exchange. The conception of social capital as a resource indicates that it is meant for enabling something greater in the values desired and hence should be promoted within rational and positive paradigm.
Table 1: Summary Descriptions of Social Capital

<table>
<thead>
<tr>
<th>Authors</th>
<th>Description</th>
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<tbody>
<tr>
<td>Bourdieu (1986)</td>
<td>Social capital is made up of social obligations through connections which is convertible and can be institutionalized.</td>
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<tr>
<td>Burt (1997)</td>
<td>Social capital involved friends, colleagues, and general contacts through whom you receive brokerage opportunities in the network.</td>
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<tr>
<td>Coleman (1990)</td>
<td>Social capital consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure.</td>
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<tr>
<td>Fukuyama (1997)</td>
<td>Social capital is a certain set of informal values or norms shared among members of a group that permit cooperation among them.</td>
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<tr>
<td>Inglehart (1997)</td>
<td>Social capital involved a culture of trust and tolerance, in which extensive networks of voluntary associations emerge.</td>
</tr>
<tr>
<td>Nahapiet &amp; Ghoshal (1998)</td>
<td>Social capital is the sum of the actual and potential resources in the network of relationships possessed by an individual or social unit.</td>
</tr>
<tr>
<td>Putnam (1995)</td>
<td>Social capital features includes networks, norms and social trust that facilitate coordination and cooperation for mutual benefit.</td>
</tr>
<tr>
<td>Woolcock (1998)</td>
<td>Social capital refers to the information, trust, and norms of reciprocity inherent in one’s social networks.</td>
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Source: Authors’ compilation and evaluation based on literature findings

Table 2: Bonding Capital vs. Bridging Capital

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<th>Bonding Capital</th>
<th>Bridging Capital</th>
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<tr>
<td>Definition</td>
<td>Created as a result of strong social ties</td>
<td>Created as a result of weak social ties</td>
</tr>
<tr>
<td>Advantage</td>
<td>Pre-existence of relationship which the social capital easily created and utilized since the members share common characteristic</td>
<td>Linking the members from diverse background to works together regardless of differences, hence facilitate exchange between strangers</td>
</tr>
<tr>
<td>Disadvantage</td>
<td>High barriers to non-members, and for the member, it may lead to excessive and unregulated amount of social capital which could produce society’s undesirable decisions</td>
<td>Involved minimal level of trust and norms in a newly made-up networks hence the social capital is fragile during crisis</td>
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Source: Authors’ compilation and evaluation based on literature findings

For example, a consumer chooses a product through knowing the information of the product or its brand. Subsequently, should the consumer acquire favourable experience i.e. feeling upon consumption match the expectation imbued by marketing strategies prior to the consumption, it will engender more trust and reciprocity tying up the marketers or the brands with the customer, hence leading to not only loyalty, but also satisfaction and happiness upon consumption. While the satisfaction and happiness are mainly the objective for consumer side of the society, the consumer loyalty part is presumably enjoyed more by the business side, if not equal, to how much the consumer would enjoy.

With regards to Putnam’s (1995) distinction between bonding capital and bridging capital, the bonding capital occurs when the marketers have a strong tie with the customers which makes it convenient for them to socialize and achieve an outcome such as ability for the marketers to gain the customers attention and acceptance. On the other hand, the bridging capital in which involves marketers’ relationship with customers who does not really know each other very well. The social capital generated through weak ties within the association between both sides of the party could engender a mutual trust consequently desired benefits.

In both of the cases i.e. bonding and bridging social capital, both parties doesn’t have the same objective, since the marketer’s priority has always been to get their brand known and their products consumed, while from the customers’ side, they look for satisfaction and price-worthy products, along with an esteemed brand.

On the other hand, contemporary yet complex society with highly connected global marketplace necessitates resilience (Johnson et. al., 2013; Gölgeci & Kuivalainen, 2020) for a business to sustain. In this regard, and the ability to endure and adjust to the complex scenario requires more than just quantitative monetary measures. Hence, the marketing strategy looks beyond building a network of relations which will engender social capital for the brand, as well as on the long term outcome desirable not only to the specific individual but also the society. Nonetheless, little is known on the appropriate mechanism to derive and apply social capital into the relationship between marketers and customers. Coleman, (1988) views that social capital is the special tool for mechanism of social enforcement, in which from marketing point of view, it links marketing behaviour and actions embedded with social enforcement such as built commitment between the marketers and the customers. In this context, social capital provides the explanatory power to the marketing performance.

Ideally, social capital refers to connections and relationship that businesses have with the individuals outside of its firm (Pennings, Lee & van Witteloostuijn, 1998, in which both main objectives may be different but must be reciprocal. Indeed, it is remarkable that marketing is one of the contemporary occurrence for social capital inclusion. In this regard, social capital is viewed as intangible assets for brands which are created via associations between marketers and customers. In addition, social capital facilitates the behaviours and actions of both the marketers and consumers to achieve sustainable marketing and society’s desirable outcome respectively. The societal outcome refers to the quality of life i.e. the risk and benefits distributed across the society. It is also referred as something desirable or not desirable in the society. By convention, the desired societal outcome means to achieve favourable situation such as being healthy, safe, well-informed, comfortable, capable as well as having job and freedom of choice (Diener & Suh, 1997). On the other hand, the unintended outcome could be anxiety, hostility, bankruptcy, depression or increase in number of crimes. Within marketing perspective, it is the society’s favourable outcome to be well-informed of the product they are consuming, have freedom of choice and capable.
to evaluate their own means of purchase, and vice versa are the undesirable ones.

3. Methodology and Data Sources
The study is evaluative in nature and conducted via desk research approach which involve collecting information from existing secondary resources obtained via books, journals, development reports, discussion papers, conference papers and articles. The resources were selected based on its relevancy to the main keywords which is social capital, marketing and social outcome. Within the selected resources, identification using the content analysis method were made pertaining the contribution of social capital as mediating resources to influence marketing performance. In addition, the identification of how the influence of social capital in marketing affect the social outcome were also reviewed, which finally leads to the study’s result and conclusion.

4. Critical Analysis on Social Capital in Marketing

4.1 Social capital as mediator in marketing implementations
It is without a doubt that the relationship between social capital and marketing performance has not been adequately examined. Although there are scholars who have attempted to prove the significant effect of social capital in marketing, most of them failed to provide consistent result to show the clear direction of relationship between social capital and marketing behaviour. Nonetheless there are small number yet still significant finding which conclude the existence of positive relationship between social capital and marketing. For instance, Sholekhah et. al. (2020) asserts that social capital directly affects marketing performance although does not directly affect marketing strategy. Additionally, Felzensztein et. al. (2014) implied that social capital should be built as the new predictors of collaboration in strategic marketing activities, since it has a significant effect on marketing performance.

Indeed, both strong and weak ties in a relationship are the ingredients of social capital. Whereas the strong ties provide unique capabilities and social interconnection such as strong sense of belonging and deep connectedness within the network, the weak ties provide access to novel ideas and a diverse set of resources (Jackson & Young, 2016). In this regard, the strong ties, which are also the pre-requisite for bonding social capital (Putnam, 1995; Woolcock, 1998) provides marketers who have the existing connection with the consumer, some guarantee that the product will be acknowledged and accepted. On the other hand, the weak ties which instigate the bridging social capital (Putnam, 1995; Woolcock, 1998), provides marketers with opportunities to widen the background of the customers, hence widen acknowledgement and acceptance towards the marketed products.

Within contemporary marketing environment, social networking services (SNSs) have been an important platform to generate social capital. In this regard, the SNSs can also provide firms and marketers with an immense range of opportunities for extending and preserving relations they have with customers using various technologies and marketing tools which is more cost efficient and effective. Therefore, social capital is created when marketers integrate online interactions with consumers in their marketing communication mix, as this actively influence offline interactions and consumer behaviour (Wellman et al., 2001). For example, techniques such as buzz marketing (Kotler, 2012; Kotler & Armstrong, 2013) is effective to maximize the potential of a particular product to be further acknowledged and accepted.

As such, as illustrated in Figure 2, there is indeed a mediating role of social capital in leading marketing towards enhancement of society’s outcome. This is due to the fact that social capital explains the reason for the relationship between marketer and consumer in generating the observed result. While social capital refers to be valuable resource, which can contribute to both private and public entity, it contains both positive and negative influence which is either promoting or hindering the marketing performance, consequently the desired outcome.

4.2 Social capital in promoting the marketing performance

The social capital theory suggests that various kinds of relationships enable the associated members to gain access into various kinds of resources that accrue to them (Gabbay & Leenders 1999). The amount of trust and norms of reciprocity determines how much both sides shall mutually benefit from the engagement. From the marketer’s standpoint, it creates loyalty and good branding for sustainability of business. Meanwhile, from the consumer’s side, social capital enhances their perceived value and satisfaction. This eventually create a consumer-generated marketing in which the brand exchanges engendered by consumers themselves as the shape their own brand experiences and those of other consumers (Kotler, 2012; Kotler & Armstrong, 2013).

In fact, the most important aspect of social capital is the role of trust in gluing the network together, as high levels of social capital is closely aligned with the ability of business (Batt, 2008). Trust in a brand is positively related to brand loyalty hence building the social capital of a brand in a network is an investment to the brand loyalty. For example, when there is a trust between the marketer and the consumer, the society’s gain as a whole can be generated in terms of satisfaction and freedom to choose. Similar outcome does occur from the side of the firms. When the social capital mediates a purchase that is desirable, the marketer consequently do well not only in short term but also for sustainable marketing strategy. This will promote positive marketing outcome which is desirable to the society such as accuracy of information and product detail, freedom of choice and volunteered loyalty. Therefore, confidence is created when there is consistent and dependable behaviour that strengthen mutual trust between the marketers and customers which will be further amplified and extended.

Meanwhile, the social ties in the network of relationships potentially provide access to diverse knowledge and perspective as well as increase speed of exchange (Burt, 1997), hence influencing the effectiveness of exchange combination activities (Nahapiet & Ghosal, 1998; Tsai & Ghosal, 1998). In this regard, social capital improves the marketing performance via enhancing the brand equity and brand positioning in the mind of the consumer. It will
lead to sustainable marketing which is not only desirable but also beneficial to the society. In addition, a well-functioning system will have high integration which subsequently able to lead towards further successful accumulation of social capital between the marketers and the customers. Ultimately, higher social capital will improve social factors, enhance the word-of-mouth influence of friends and other consumers which can have a positive impact on the society as a whole.

4.3 Social capital in hindering the marketing performance

Social capital does not always provide positive implication to the marketing performance. In fact, social capital which is not used wisely may produce negative consequences for economic actors (Hazleton, & Kennan, 2000). A marketing performance not only look at whether the products were acknowledged and accepted by the consumer, but also the consumers’ points of view as this will be the antecedents for sustainable marketing. For example, social capital, especially the bridging capital, facilitate marketing performance when strangers able to exchange information and product. However, bridging capital may suffer some destructive relationship since it is build based on weak ties. In this regard, there should be any disruption such as negative reviews on the product, consumer may easily change their chosen brand.

However, the case of disruption may create negative outcome in different way for bonding capital. For example, consumer may still maintain the volumes of orders with a supplier at a reasonably low level of risk, as they had already developed a certain degree of trust within their association. This especially damaging for bonding capital due to unnecessary over commitment. Similarly, when there is too much social capital that hinders the marketing capability, it will be detrimental to the choice, for example, when there is bonding capital, the consumers feel like they need to accept the product due to personal commitment in the relationship such as helping their own kin’s business or doing favour for those whom they knew for long time. This adversely affect the social outcome in such a way that the consumer did not ‘freely’ chosen their brand of product and hence low satisfaction or any other undesirable outcome may have occurred. From the side of marketers, too much social capital especially bonding capital in marketing will also make the marketer not being careful to limit the information as not to disclose the information to the competitors through the prospective consumers.

Correspondingly, social capital that hinders the marketing capability since it is also laden with liabilities rooted from over commitment may lead to negative consequences to the relationship and the society as a whole. Pillai et. al. (2017) enumerates that when relationship was not adequately dealt with, it will trigger over-commitment to the established relationship, inhibiting logical and reasonable thinking while engendering unreasonable escalation of engagement, as well as blurring of boundaries especially between marketer and customers. The dependency, and over commitment can sometimes amplify the vulnerability of the relationship between marketers and the customers. Firms engaging in intensive relationships and building strong social capital can face opportunity costs and consequences are influenced by both complexity of interaction. Therefore, it is imperative that the potential negative consequences of social capital are alleviated or transformed into positive force through mutually responsible actions to control the impact of the so-called over commitment.

5. Research Challenge and Future Direction

The expansion of marketing into digital world provide both challenges and future direction in building appropriate social capital in marketing. New technologies have paved the way for more effective two-way customer relationships, where consumers have more power and control. In the contemporary world, marketing strategies has been increasingly focused on the SNSs to expose brands to consumers via interactive communications (Nielsen, 2012; Serdaris, 2014). Hence, digital social capital has to be applicably assessed particularly when handling various comments and reviews from the existing consumers which leads towards creation of norms and trust in the network of involving new and prospective consumers who will develop more social capital when they read the comments and reviews.

Besides new technologies which needs to be properly managed, a proper set of multidimensional indicators to measure and assess social capital should be ascertained. This includes social capital within the relationship at interdimensional indicators to measure, formal or informal, specific location or collaborations, as well as within different marketing methods and practice, to name a few. In addition, the measurement indicators should consider the strength and direction of the implication from social capital towards the society’s desired outcome.

6. Conclusion

Social capital has its costs as well as benefits, due to the fact that it is engendered from social ties which can be a liability as well as an asset (Woolcock, 1998). Specifically, although social capital appears to have positive or negative consequences in marketing performance, yet little is known about how much social capital is promoting or hindering the performance. Nonetheless, social capital still is a game changer in marketing strategies for the current and the next generation. As such, it is imperative in building sustainable solutions for business and society. In fact, although there are conceptual and some empirical papers focusing on very specific indicators such as marketing to address social capital elements, still a lot more efforts needed to ascertain the literature and application of social capital especially in marketing practices and effectiveness.

Based on this study, we establish that social capital provides useful and appropriate element to complement and strengthen the traditional concepts of marketing as to further enhance the societal outcomes. However, it is crucial that social capital elements of norms, trust and network are properly managed in order to assume the role as an effective instrument for marketing strategy. As the social capital is acknowledged and properly managed, it shall influence the marketing performance and consequently engender desirable societal outcome.

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Ethical issue

Authors are aware of, and comply with, best practice in publication ethics specifically with regard to authorship (avoidance of guest authorship), dual submission, and manipulation of figures, competing interests and compliance with policies on research ethics. Authors adhere to publication
requirements that submitted work is original and has not been published elsewhere in any language.

**Competing interests**

The authors declare that there is no conflict of interest that would prejudice the impartiality of this scientific work.

**Authors’ contribution**

All authors of this study have a complete contribution for data collection, data analyses and manuscript writing.

**References**