

# **Social Capital and Its Institutional Contingency**

**A Study of the United States, China  
and Taiwan**

**Edited by Nan Lin, Yang-chih Fu and  
Chih-jou Jay Chen**

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the beginning of a very fruitful endeavor to explain and understand the international and interorganizational variations in social connections at workplaces and how they may affect health disparities accordingly.

#### NOTES

1. The conditions and quality of the current job are likely to also be important for the health of people who changed jobs during this time. But the dependent variable asks about respondents' health conditions "during the past twelve months," so it is best to limit the sample in order to ensure the appropriate causal sequencing.
2. This indicator taps into the quantity of social interaction about work and therefore serves as a useful measure of the extent to which individuals are socially integrated in their working environments, which is generally considered to be a positive aspect of job quality. However, the focus on quantity alone fails to address the possibility that some interactions may be undesirable. Unfortunately, the data do not offer information about the quality of those interactions.

## 13 Bright and Dark Sides of Who You Know in the Evaluation of Well-Being Social Capital and Life Satisfaction Across Three Societies

*Lijun Song*

There has been a long tradition of research on the impact of social relationships on health and well-being in sociology since Durkheim's ([1897] 1951) pioneering study on social integration and suicide. Studies have documented the association of diverse aspects of social relationships with various health and well-being outcomes (for reviews, see House, Landis and Umberson 1988; Lin and Peek 1999; Smith and Christakis 2008; Umberson and Montez 2010). We now face two major challenges in expanding our existing knowledge of the effect of social relationships on health and well-being (Berkman et al. 2000; House, Landis and Umberson 1988; Umberson and Montez 2010): the exploration of social mechanisms in the linkage of social relationships to health and well-being and the dark sides of various aspects of social relationships. I argue that social capital conceived as network resources represents a sociological theory that will help us meet these two challenges from a social network perspective (Lin 2001c).

In the past two decades the concept of social capital—one of the most important theoretical contributions from sociologists to the social sciences (Portes 1998)—has grown into one of the most popular relationship-based theoretical tools in multidisciplinary health literature (for recent reviews, see Kawachi, Subramanian and Kim 2008; Song, Son and Lin 2010, 2011). Multiple scholars (Bourdieu 1986; Burt 1992; Coleman 1990; Lin 1982, 2001c; Putnam 2000; Sampson, Morenoff and Earls 1999) have contributed substantially to the theoretical popularity and development of the concept of social capital from different perspectives. This study does not attempt to resolve current debates on these different approaches to social capital (Song, Son and Lin 2010); instead it focuses on one network-based approach to social capital as network resources (Lin 2001c).

Embedded in the classic social stratification tradition, this network-based approach views social capital as a unique stratifier, conceives one's social capital as a collection of resources embedded in one's social connections and measure one's social capital based on the distribution of these network members' socioeconomic positions in the structural

hierarchy (Lin 2001c). This approach primarily adopts a social resource perspective and argues for a positive relationship between one's network-based social capital and socioeconomic achievement. That social resource argument has received substantive supportive evidence across societies (for reviews, see Burt 2000; Marsden and Gorman 2001; Lin 1999b; Portes 1998). Recently the heuristic value of network-based social capital for health inequalities has received growing attention (Cockerham 2007; Pevalin 2003; Song, Son and Lin 2010; Webber and Huxley 2004). The existing literature has documented the positive associations between network-based social capital and diverse health and well-being outcomes in different societies mainly from the social resource perspective (Acock and Hurlbert 1993; Moore, Daniel, Paquet et al. 2009; Moore et al. 2011; Song 2011b; Song and Lin 2009; Song and Chang 2012; Yang et al. 2011). Limited attention has been paid to the negative health and well-being impact of network-based social capital and to its varying effects across societies (for exceptional studies, see Moore, Daniel, Gauvin et al. 2009; Song 2011a).

This study contributes to directly investigating the positive and negative roles of social capital in the social organization of one subjective well-being outcome, life satisfaction, across societies. It integrates social capital theory with relative deprivation theory and institutional theory and examines four hypotheses on the associations between multidimensional social capital and life satisfaction with six domains—marriage life, relationship with children, relationship with neighbors, relationship with one's boss or colleagues, current job and financial situation—across three societies, urban China, Taiwan and the United States. The social resource hypothesis expects those associations to be positive, whereas the relative deprivation hypothesis has the opposite prediction. From a comparative institutional perspective, the relational culture hypothesis proposes that the social resource hypothesis has the strongest explanatory power in urban China, followed by Taiwan and the United States, whereas the inequality structure hypothesis argues that the relative deprivation hypothesis has the strongest explanatory power in urban China, followed by the United States and Taiwan. Findings in this study contribute to refining the theory and methodology of social capital as network resources and extending another three schools of literature, including relative deprivation, institutional theory and social networks.

The rest of the chapter is organized as follows. First, I review the existing literature on social capital as network resources and its association with health and well-being and identify the gaps in research. I then propose hypotheses on the effects of social capital on life satisfaction across societies. Next, I test these hypotheses through ordinal logistic regression analyses of unique data sets simultaneously collected in those three societies. I conclude with the theoretical and methodological implications of this study for future research.

## YOU ARE WHO YOU KNOW: SOCIAL CAPITAL AS NETWORK RESOURCES

As an old axiom states, it is not what you know, but who you know. Representing the substance of "who you know," social capital is defined as "resources embedded in a social structure that are accessed and/or mobilized in purposive actions" (Lin 2001c, p. 29). It corresponds to resources available from one's network members. Social capital is further specified as the structural positions of individuals' network members since ranked social positions in the structural hierarchy in particular in the occupational structure primarily indicate the volume of various forms of assets (e.g., wealth, power, authority, reputation and social ties) they possess (Blau and Duncan 1967). A position generator is created to capture social capital embedded in one's positional networks (Lin and Dumin 1986; Lin, Fu and Hsung 2001). This instrument asks individuals to identify their contacts in a representative sample of occupational positions salient in a society. If several people in an occupation are known, they are usually asked to name the one that occurs to them first. Three indexes are traditionally used to estimate three dimensions of social capital: the total number of occupations in which respondents identify one contact indicating the extensity of social capital; upper reachability (the highest prestige score of accessed occupations), indicating the quality of social capital; and the range of accessed prestige, that is, the difference between the highest and lowest prestige scores of accessed occupations, indicating the range of social capital. Two additional instruments are also available for mapping social networks: the name generator, which asks respondents to list contacts with whom they discuss important matters (Burt 1984; McCallister and Fischer 1978), and the resource generator, which asks respondents about access to a list of social resources through network members (Snijders 1999; Van der Gaag and Snijders 2005). Social capital is then measured by socioeconomic positions or valuable assets of named network members. This position generator proves to be generalized across societies because of its association with the occupational structures common in modern societies; it is more flexible, useful and efficient in describing access to social capital than other network instruments, including the name generator and the resource generator (Lin 1999b; Song and Lin 2009; Van der Gaag, Snijders and Flap 2008).

Social capital theory primarily adopts a social resource perspective (Lin 1982, 2001c). It conceives social capital as a unique resource locator at the relational level and portrays the positive role of social capital in successful instrumental actions. It assumes that social capital comprises nonredundant valuable resources independent of personal capital, which are resources under the control of individuals themselves (e.g., economic capital, human capital and cultural capital) in the social stratification process. It proposes that social capital advances instrumental returns

(e.g., wealth, power and reputation) through multiple mechanisms, including exerting influence, offering information, serving as social credentials and reinforcing group identity and recognition. A substantial body of empirical research has systematically examined and verified the contribution of network-based social capital to status attainment, particularly in the job market, across cultures and societies over the past three decades (for reviews, see Burt 2000; Marsden and Gorman 2001; Lin 1999b; Portes 1998).

Despite its implication that social capital enhances expressive outcomes, including health and life satisfaction, theoretical and empirical extension of social capital theory to health and well-being returns has been recognized and increased only recently (Cockerham 2007; Pevalin 2003; Song, Son and Lin 2010; Webber and Huxley 2004). Ten quantitative studies on diverse health and well-being outcomes have contributed to investigating the theory and methodology of social capital as network resources in different societies. Eight of them focus on the positive role of social capital in the social determination process of health and well-being, and they demonstrate the social resource argument that social capital as a unique resource exerts a salubrious effect in different cultures. Four of them study U.S. society. Two of these studies draw national representative data from the General Social Survey and measure social capital through the name generator. One study reports that social capital—the mean educational level of one's network members—is positively related to life satisfaction and negatively associated with anomie (Acock and Hurlbert 1993). The other study shows that social capital—the mean educational level of one's network members and proportion of network members with a high school degree or higher—is positively associated with frequency of health information seeking and seekers' frequency of use of two sources (friends or relatives and the Internet), and also that the mean educational level of one's network members is positively associated with seekers' diversity of used sources and frequency of consultation with medical professionals (Song and Chang 2012). The third study uses national representative data of adults and finds that social capital indicated by the average prestige scores of accessed occupations measured through the position generator is negatively associated with psychological distress (Song 2011b). The fourth study analyzes longitudinal community data (Christakis and Fowler 2008) and demonstrates that individuals are more likely to quit smoking if their friends with more education stop smoking, implying that social capital indicated by friends' education enhances smoking cessation.

Two studies analyze community data collected in Montreal, Canada, and measure social capital through the position generator. One of these studies constructs a latent social capital factor derived from three observed indexes (extensity, higher reachability and range) and finds a negative association between social capital and the likelihood of elevated

waist circumference risk and being overweight (Moore, Daniel, Paquet et al. 2009). The second study measures inside- and outside-neighborhood social capital indexes, including extensity, higher reachability and range, and reports one positive association between outside-neighborhood extensity and self-reported health (Moore et al. 2011).

Two studies investigate data representative of the island of Taiwan. Each study calculates social capital as a latent factor derived from three observed indexes (extensity, upper reachability and range) measured through the position generator. One study shows that social capital is associated with a smaller degree of psychological distress and a greater level of self-reported health, and that the negative association between social capital and psychological distress is stronger for the less educated (Song and Lin 2009). The second study finds positive associations of social capital with self-rated physical health, psychological health and social health (Yang et al. 2011).

Only two exceptional studies offer evidence on the negative health and well-being impact of social capital (Moore, Daniel, Paquet et al. 2009; Song 2011a). Both studies construct a latent social capital factor derived from three observed indexes (extensity, higher reachability and range) measured through the position generator. One of them uses community data collected in Montreal, Canada (Moore, Daniel, Gauvin et al. 2009), and finds that social capital is positively associated with a sense of mastery, but that association is positive for people with more education (a high school degree or more) and negative for less-educated persons. Considering that mastery as one significant indicator of psychological resources is positively associated with mental health (Pearlin and Schooler 1978), that study suggests the downside of social capital for the mental health of the disadvantaged through threatening their sense of mastery. The second study (Song 2011a) analyzes national representative data of adults in urban China and the United States and reports positive associations of social capital with psychological distress and self-reported health limitations.

In sum, the concept of social capital as network resources is garnering increased attention in the health sciences. We now face two major challenges in advancing existing knowledge. First, limited theoretical attention has been paid to the dark side of social capital as network resources. In this study I argue that social capital as who we know in the structural hierarchy is likely to cause disease and illness through the negative psychological process of relative deprivation. Second, previous studies focus on one single society and ignore the possibility of varying health consequences of social capital across societies from a comparative institutional perspective. In this study I combine social capital theory with relative deprivation theory and institutional theory and examine four hypotheses on the relationship between social capital and life satisfaction with six domains, using national representative data of adults simultaneously

collected in urban China, Taiwan and the United States. I propose those hypotheses in the next section.

### YOUR WELL-BEING KNOWS WHO YOU KNOW: SOCIAL CAPITAL AND LIFE SATISFACTION

This study investigates three research questions. First, it asks whether social capital is positively associated with life satisfaction. The original social capital theory conceives social capital exclusively as valuable network resources (Lin 2001c). As it states, social capital represents unique assets embedded in social networks and contributes to instrumental and expressive actions independent of personal capital. To extend the previous literature, I argue that social capital as network resources enhances life satisfaction directly as a unique resource locator and also indirectly through multiple mechanisms (Abrams 2000; Christakis and Fowler 2008; Erickson 2003; Hodge and Treiman 1968; Lin 1999b, 2001c; Lin and Ao 2008; McDonald and Elder 2006; Song 2006; Song and Chang 2012; Song and Lin 2009; Song, Son and Lin 2010): offering influence on macrolevel policies; providing various forms of social support; acting as social credentials in accessing valued resources; reinforcing psychological resources such as self-esteem; encouraging engagement in healthy norms and social behaviors; and strengthening and improving socioeconomic status, subjective social status and health status. Specifically with more extensive, higher-quality and greater-range social capital, for example, people are more satisfied with their marriage life through receiving more and better information about marriage skills and social support from their network members; people are more satisfied with their relationships with children through getting more and better information about parenting skills, emotional support and material support such as babysitting from their network members; people are more satisfied with their relationship with neighbors through learning more and better neighboring skills and achieving more social credentials from their network members; people are more satisfied with their relationships with their boss or colleagues through gaining more knowledge about interaction skills at work and more and better social credentials from their network members; people are more satisfied with their financial situation through receiving more and better financial advice and aid from their network members; and people are more satisfied with their current jobs through hearing more and better job information from their network members and obtaining better jobs. The social resources hypothesis thus argues that social capital is positively associated with life satisfaction (H1).

Second, this study asks whether social capital is negatively associated with life satisfaction. Relative deprivation theory predicts a negative relationship of social capital to life satisfaction. Individuals tend to evaluate themselves by comparison to others (Festinger 1954; Pettigrew 1967), in particular those they are directly or indirectly connected to (Gartrell 1987, 2002). As the

reference group perspective states (Merton and Kitt 1950, pp. 50–51), during the process of self-evaluation, individuals compare themselves with other individuals or groups whose “values or standards” they select “as a comparative frame of reference”; such reference group behaviors produce relative deprivation—a feeling of dissatisfaction—as a result of comparing individuals’ own situations with those of others in better situations. Multiple pathways through which relative deprivation affects life satisfaction negatively have been documented, including decreasing the strength of social cohesion and increasing psychological stress, anxiety, hostility, racism, body weight, crimes and risky health behaviors such as smoking and lack of exercises (e.g., Dunn, Veenstra and Ross 2006; Eibner and Evans 2005; Elstad 1998; Kawachi, Kennedy and Wilkinson 1999; Pham-Kanter 2009; Subramanyam et al. 2009; Wilkinson 1996; Wilkinson and Pickett 2010). To extend this relative deprivation statement to the process of rating life satisfaction, people feel less satisfied with their life when compared with their higher-status and resource-rich network members. Higher values of extensity and range indicate a greater number and a broader range of reference groups; higher values of upper reachability correspond to higher-status reference groups. Individuals with more and better social capital will perceive emulating the lives of their network members as a more difficult task, suffer from greater degrees of relative deprivation and feel more displeased with their own lives. The relative deprivation hypothesis thus proposes that social capital is negatively associated with life satisfaction (H2).

Third, this study asks whether the association of social capital with life satisfaction varies across societies. Institutional theory (Ganzeboom, Treiman and Ultee 1991; Kerckhoff 1995) states that different institutions produce diverse inequality patterns across space. To extend it, institutional factors may shape the relationship between social capital and life satisfaction. As the preceding two hypotheses suggest, social capital may affect health status in two opposite directions. The strength of its positive and negative roles can be conditioned by two institutional factors: relational culture and inequality structure.

The social resource hypothesis depends on relational culture, which differs in China, Taiwan and the United States. The degree to which a society institutionalizes the values of social relationships directly influences the salutary impact of social capital in a positive direction. In a culture where the instrumental function of social ties and social capital (assets of network members) are more highly legitimated, individuals are more likely to value, mobilize and use social capital for various purposes, including the evaluation of life satisfaction. The dominant relational culture in China and Taiwan resides in the concept of *guanxi* (Bian 2001; Lin 2001b; Yang 1994). Some roots of *guanxi* are traceable to Confucian ethics and emphasize collectives and interdependence over individuals and independence (Fried [1953] 1969; Hwang 1987; Jacobs 1979). *Guanxi* refers to a particular social network composed of “enduring, sentimentally based instrumental

relations that invoke private transactions of favors and public recognition of asymmetric exchange" (Lin 2001b, p. 159). Chinese are committed to maintain their *guanxi* on a long-term basis of sentiment, loyalty, obligation and reciprocity; they prioritize the maintenance of social relationships, social exchanges and social recognition (Lin 2001b). They use *guanxi* to obtain resources from and exchange resources with network members, and to establish new *guanxi*—new social ties—to people who control desirable resources. In contrast, the prevalent relational culture in the United States values more autonomy, economic bonds, economic transaction and economic profits under the influence of the dominant ideologies of individualism and free-market capitalism (Lin 2001b). Further, Taiwan is a developed industrialized society with a market economy. Its residents may have internalized Western relational culture to a greater degree in comparison with those in the mainland of China, which is a developing society that launched its market-oriented reform at the end of 1970s. Thus the relational culture of *guanxi* may be more highly legitimated and maintained in China than in Taiwan. Therefore, the relational culture hypothesis proposes that the social resource hypothesis has strongest explanatory power in China, followed by Taiwan and the United States (H3).

The relative deprivation hypothesis is contingent on the other significant institutional factor: inequality structure. In a society with a more rigid class structure and a higher level of socioeconomic division, relative deprivation due to the access to social capital is greater. In that society, the boundaries between different social groups are more clear and distinctive. Residents in that society are more likely to experience status stratification and be conscious of social divisions. They will be more sensitive to social distances between their social standings and those of their network members, in particular members with different or relatively higher statuses. As a consequence, during their process of accessing social capital, they are exposed to higher levels of relative deprivation and social evaluation anxiety, which puts their quality of life at greater risk. Unequal societies are unhealthy and unhappy societies (Wilkinson and Pickett 2010), where the detrimental effects of relative deprivation on health and well-being are prominent.

Of these three societies, China now has the most hierarchical social structure, followed by the United States and Taiwan. The degree of income inequality as indicated by the Gini index is highest in China (44.7), followed by the United States (40.8) and Taiwan (32.6) at the very beginning of the twenty-first century (United Nations Development Programme 2004; Executive Yuan 2011). Thus residents in China suffer the greatest degree of negative social comparison and relative deprivation in the structural context of networking, followed by those in the United States and Taiwan. Therefore, the inequality structure hypothesis proposes that the relative deprivation hypothesis has strongest explanatory power in China, followed by the United States and Taiwan (H4).

## DATA AND METHODS

### Data

Data were drawn from the research project "Social Capital: Its Origins and Consequences" (for a detailed survey procedure, see Chapter 1 in this book). These are three-society, two-wave panel data collected simultaneously in urban China, Taiwan and the United States from national stratified representative samples of adults ages twenty-one to sixty-four, currently or previously employed. This study used the first-wave data collected in 2004–2005. The urban China sample consists of 3,529 respondents; the Taiwan sample totals 3,280 respondents; and the U.S. sample has 3,000 respondents. During the U.S. survey process, another sampling criterion was used to aggressively recruit more qualified minorities (especially African Americans and Latinos) so that the sample approximates the census ethnic distribution. A dummy variable, quota, was created to identify respondents sampled after the recruitment change (value = 1). All analyses of the U.S. sample in this study control for this variable. Table 13.1 shows the summary of sample characteristics.

Table 13.1 Summary of Sample Characteristics

	Urban China (N = 3,529)		Taiwan (N = 3,280)		United States (N = 3,000)	
	Mean/ Percent	S.D.	Mean/ Percent	S.D.	Mean/ Percent	S.D.
Age	38.29	10.35	41.02	11.66	41.48	10.57
Gender (1 = Female)	50.61		48.32		53.90	
Race/Ethnicity						
White	—		—		68.77	
Black	—		—		11.83	
Latino	—		—		13.73	
Other Race/Ethnicity	—		—		5.67	
Quota	—		—		43.73	
Immigrant Status (1 = Immigrant, 0 = Native-Born)	—		—		86.03	
Marital Status (1 = Married)	82.63		69.41		63.83	
Marital/Cohabitation Status (1 = Married/Cohabiting)	83.79		70.17		65.07	
Duration of Marriage/Cohabitation	16.15	9.60	18.56	11.33	16.12	10.43
Number of Children	1.17	.642	1.80	1.41	1.73	1.50

(continued)

Table 13.1 (continued)

	Urban China (N = 3,529)		Taiwan (N = 3,280)		United States (N = 3,000)	
	Mean/ Percent	S.D.	Mean/ Percent	S.D.	Mean/ Percent	S.D.
Education	5.29	1.22	5.10	1.53	6.05	1.28
Education of Spouses/Partners	5.11	1.27	4.86	1.47	5.93	1.43
Employment (1 = Employed)	76.88		73.35		77.23	
Occupational Class (Current/Last Job)						
Lower Class	54.23		26.63		28.62	
Middle Class	15.46		58.12		37.07	
Professional	23.57		8.77		22.42	
Executive	6.74		6.48		11.89	
Supervision (Current/Last Job)	1.37	.69	1.45	.72	1.61	.74
Autonomy (Current/Last Job)	2.79	1.44	3.46	1.51	3.83	1.12
Benefits (Current/Last Job)	2.31	2.06	1.18	.89	—	—
Political Capital (1 = Communist Party Member)	21.88		—		—	
Work Units (Current/Last Job)						
State-Owned	56.36		—		—	
Collective-Owned	8.83		—		—	
Shareholding	11.82		—		—	
Private-Owned	18.56		—		—	
HK/M/T-Invested	1.02		—		—	
Foreign-Invested	1.11		—		—	
Other	2.31		—		—	
Annual Family Income (Median Range)	20,000– 24,999		50,000– 60,000		50,000– 59,999	
Home Ownership (1 = Owning/Buying)	85.27		—	—	72.87	
Residential Location						
Municipality/Prefecture-Level City	52.50		—	—	—	—
Suburb of Municipality/ Prefecture-Level City	12.46		—	—	—	—
Country-Level City	29.26		—	—	—	—
Town	3.74		—	—	—	—
Village	2.05		—	—	—	—

(continued)

Table 13.1 (continued)

	Urban China (N = 3,529)		Taiwan (N = 3,280)		United States (N = 3,000)	
	Mean/ Percent	S.D.	Mean/ Percent	S.D.	Mean/ Percent	S.D.
Big City	—	—	29.10		29.27	
Suburb/Outskirt of Big City	—	—	21.65		24.10	
Small City/Town	—	—	29.95		36.07	
Country Village	—	—	19.05		4.83	
Farm/Home in the Country	—	—	.024		5.73	
Neighborhood Language						
Mostly English	—	—	—	—	83.43	
Mostly Other Languages	—	—	—	—	5.80	
A Mixture	—	—	—	—	10.77	
Satisfaction with						
Marriage Life (Married/ Cohabiting Respondents)	2.37	.64	3.51	.63	3.70	.60
Relationship with Children (Number of Children ≥ 1)	3.49	.60	3.60	.55	3.82	.49
Relationship with Neighbors	3.15	.57	3.13	.60	3.34	.77
Relationship with Boss or Colleague (Current Job)	3.14	.57	3.25	.55	3.47	.71
Current Job	2.95	.69	3.07	.68	3.38	.78
Financial Situation	2.57	.79	2.67	.76	2.91	.91

### Dependent Variables

The survey asked respondents to evaluate their satisfaction with six domains of life: marriage life (for married or cohabiting respondents only), relationship with children (for respondents with children only), relationship with neighbors, relationship with boss or colleagues (for currently employed respondents), financial situation and current job (for currently employed respondents only). These six items were rated on a four-point scale (1 = very satisfied, 2 = moderately satisfied, 3 = a little dissatisfied and 4 = very satisfied). I reversed the order of values—the higher the score, the more satisfied respondents feel.

### Independent Variables

*Social capital* was measured using the position generator (Lin and Dumin 1986; Lin, Fu, and Hsung 2001). This instrument samples and assesses occupational prestige of one's social contacts. Each respondent was asked,



"Next, I am going to ask some general questions about jobs some people you know may *now* have. These people include your relatives, friends and acquaintances (acquaintances are people who know each other by face and name). If there are several people you know who have that kind of job, please tell me the one that occurs to you first." A list of twenty-one jobs was presented to respondents in each of the three societies. The occupational prestige of each job was coded through the Standard International Occupational Prestige Scale (SIOPS; see Ganzeboom and Treiman 1996) for the purpose of comparative analyses across societies. The occupational prestige scores for the listed jobs range from 22 (hotel bellboy) to 78 (professor). As noted earlier, I constructed three traditional social capital indexes: extensity (the total number of accessed occupations); upper reachability (the largest prestige score of accessed occupations); and range (the range of accessed prestige, that is, the difference between the highest and lowest prestige scores of accessed occupations). Table 13.2 shows the distribution of occupational position generator and social capital indexes.

Table 13.2 Distribution of Occupational Positions in the Position Generator and Social Capital Indexes

Position (SIOPS)	Respondent Accessing (Percent)		
	Urban China (N = 3,529)	Taiwan (N = 3,280)	United States (N = 3,000)
Professor (78)	21.31	31.54	36.37
Lawyer (73)	25.77	22.47	37.44
CEO (70)	28.72	28.24	19.70
Production Manager (60)	30.21	31.38	16.60
Middle School Teacher (60)	68.73	53.09	47.90
Personnel Manager (60)	40.64	54.87	32.37
Writer (58)	6.13	6.91	21.23
Nurse (54)	49.57	46.88	68.83
Administrative Assistant (53)	16.12	36.07	30.87
Computer Programmer (51)	18.41	44.28	47.97
Bookkeeper (49)	61.54	57.94	30.63
Policeman (40)	46.68	47.29	49.47
Farmer (38)	72.94	64.72	41.73
Receptionist (38)	15.75	32.49	38.07
Operator in a Factory (34)	42.01	58.67	25.03
Hairdresser (32)	30.67	59.24	59.03
Taxi Driver (31)	44.13	37.65	8.63

(continued)

Table 13.2 (continued)

Position (SIOPS)	Respondent Accessing (Percent)		
	Urban China (N = 3,529)	Taiwan (N = 3,280)	United States (N = 3,000)
Security Guard (30)	35.97	47.92	24.07
Janitor (25)	23.25	36.64	28.13
Housemaid (23)	15.86	33.66	26.60
Hotel Bellboy (22)	19.99	29.89	2.67
Social Capital Indexes			
Extensity (Number of Positions)			
Mean	7.14	8.62	7.25
S.D.	4.48	5.17	3.88
Range of Scores	1-21	1-21	1-20
Upper Reachability (Highest Accessed Prestige)			
Mean	64.57	63.95	69.17
S.D.	11.54	13.76	10.72
Range of Scores	22-78	22-78	23-78
Range (Range of Accessed Prestige)			
Mean	34.20	36.36	38.72
S.D.	8.13	17.17	14.59
Range of Scores	0-56	0-56	0-56

Note: SIOPS = Standard International Occupational Prestige Scale (Ganzeboom and Treiman 1996).

All analyses controlled for four demographic factors: age; gender (1 = female, 0 = male); marital status (1 = married, 0 = unmarried); and number of children. They also controlled for four socioeconomic indicators: education (1 = elementary school or less, 2 = middle school, 3 = high school, 4 = associate degree, 5 = college degree, 6 = master's degree or above); employment status (1 = employed, 0 = unemployed); occupational class of the current or last job (1 = lower class, 2 = middle class, 3 = professional class and 4 = executive class); and annual family income. I created a dummy variable for each category of education and occupational class. I used elementary school or less as the reference group for education when analyzing the urban China and Taiwan samples. When examining the U.S. sample, I grouped the first two educational categories into one and used middle school or less as the reference group. I used executive class as the reference group for occupational class. Annual family income had ordinal ranges (twenty-two in the urban China sample,

twenty-seven in the Taiwan sample and twenty-eight in the U.S. sample). I normalized the distribution of annual family income by taking these ranges' natural logarithms. When analyzing the urban China sample, I also controlled for political capital as a dummy variable (1 = Communist Party member) and work units of the current or last job with seven categories (1 = state-owned, 2 = collective-owned, 3 = shareholding, 4 = private-owned, 5 = Hong Kong/Macao/Taiwan-owned, 6 = foreign-owned and 7 = others). I created a dummy variable for each category of work unit and used state-owned work units as the reference group. When analyzing the U.S. sample, I controlled for immigrant status as a dummy variable (1 = immigrant, 0 = native-born), quota and race/ethnicity (1 = white, 2 = black, 3 = Latino and 4 = other race/ethnicity). I created a dummy variable for each racial/ethnic category and used white as the reference group.

To predict satisfaction with marriage life, I additionally controlled for duration of marriage or cohabitation and education of spouses or partners. To estimate satisfaction with relationship with neighbors, I controlled for home ownership as a dummy variable (1 = owning/buying), which was available only in the urban China and U.S. samples; residential location (the China sample: 1 = a municipality/prefecture-level city, 2 = suburb of a municipality/prefecture-level city, 3 = country-level city, 4 = town and 5 = village; the Taiwan and U.S. samples: 1 = a big city, 2 = the suburb/outskirts of a big city, 3 = a small city or town, 4 = a country village and 5 = a farm or home in the country); and neighborhood language (1 = mostly English, 2 = mostly other languages and 3 = a mixture). I created a dummy variable for each category of residential location and neighborhood language and used the first category as the reference group. To analyze satisfaction with relationship with one's boss or colleagues, with financial situation and with current job, I additionally controlled for supervision level in the current or last job (1 = supervise no one, 2 = supervise people and 3 = supervise people that supervise others); autonomy level in the current or last job (1 = absolutely not, 2 = hardly, 3 = to some extent, 4 = mostly, 5 = absolutely); and number of benefits, which is available in the China and Taiwan samples.

### Analytic Strategy

I estimated ordinal logistic regression models to predict six life satisfaction outcomes. The basic model for each outcome contained only controlled variables. I then entered each of these three social capital indexes separately into each model and estimated the effect of each index on each satisfaction item. In total, I estimated fifty-four ordinal logistic models (three social capital indexes times six life satisfaction items times three societies). For the purpose of simplicity and clarity, in the next section I describe only the results for the effects of social capital and report only significant effects in the table.

## RESULTS

Table 13.3 shows significant results of estimating satisfaction with six life domains. The first panel of the table shows results of estimating satisfaction with marital life. In urban China, there was significant evidence for the social resource hypothesis (H1) but not for the relative deprivation hypothesis (H2). The larger the value of extensity, the higher the levels of marital satisfaction (.025,  $p \leq .01$ ). People in urban China who knew contacts occupying more diverse positions were more satisfied with their marital life. There was also marginal evidence for the social resource hypothesis (H1). Upper reachability was positively associated with marital satisfaction (.007,  $p \leq .10$ ). In urban China, people whose contacts occupied relatively higher highest-prestige jobs reported higher levels of marital satisfaction. The third index—range of accessed prestige—had no significant effects. There were no significant results in Taiwan and the United States.

Table 13.3 Ordinal Logistic Regressions of Satisfaction with Six Life Domains on Social Capital Indexes and Control Variables (Main Results)

Social Capital Indexes	Urban China	Taiwan	United States
<b>Marital Satisfaction</b>			
Extensity	.025**	ns	ns
Upper Reachability	.007†	ns	ns
Range	ns	ns	ns
Number of Observations	2,460	2,075	1,607
<b>Satisfaction with Relationship with Children</b>			
Extensity	.025**	ns	ns
Upper Reachability	.007†	ns	ns
Range	ns	ns	ns
Number of Observations	2,507	2,146	1,815
<b>Satisfaction with Relationship with Neighbors</b>			
Extensity	-.017†	.032***	ns
Upper Reachability	-.010**	.008*	ns
Range	-.009**	.008**	ns
Number of Observations	2,813	2,936	2,474
<b>Satisfaction with Relationship with Boss/Colleagues</b>			
Extensity	ns	ns	ns
Upper Reachability	ns	ns	ns
Range	ns	ns	ns
Number of Observations	2,076	2,068	1,945

(continued)

Table 13.3 (continued)

Social Capital Indexes	Urban China	Taiwan	United States
Satisfaction with Current Job			
Extensity	-.018†	ns	ns
Upper Reachability	-.009*	ns	ns
Range	-.009**	ns	ns
Number of Observations	2,058	2,202	1,945
Satisfaction with Financial Situation			
Extensity	ns	ns	-.039***
Upper Reachability	ns	ns	ns
Range	-.006*	ns	-.010***
Number of Observations	2,794	2,944	2,474

Notes: ns = not significant; † $p \leq .10$ ; \* $p \leq .05$ ; \*\* $p \leq .01$ ; \*\*\* $p \leq .001$ .

The second panel of Table 13.3 shows results of estimating satisfaction with relationship with children. In urban China, there was significant and marginal evidence for the social resource hypothesis (H1) but not for the relative deprivation hypothesis (H2). Extensity (.025,  $p \leq .01$ ) and upper reachability (.007,  $p \leq .10$ ) exerted positive effects. In urban China, people whose contacts occupied more diverse positions or relatively higher highest-prestige positions were more satisfied with the relationship with their children. The third index—range of accessed prestige—had no significant effects. No significant results emerged in Taiwan or in the United States.

The third panel of Table 13.3 shows results of estimating satisfaction with relationship with neighbors. In urban China, there was significant and marginal evidence for the relative deprivation hypothesis (H2) but not for the social resource hypothesis (H1). Extensity (-.017,  $p \leq .10$ ), upper reachability (-.010,  $p \leq .01$ ) and range (-.009,  $p \leq .01$ ) all exerted negative effects. In urban China, people whose contacts occupied more diverse positions or relatively higher highest-prestige positions were less satisfied with the relationship with their neighbors; the greater the difference between the highest and lowest prestige scores of occupations people's contacts had, the less satisfied people were with the relationship with their neighbors.

In Taiwan there was significant evidence for the social resource hypothesis (H1) but not for the relative deprivation hypothesis (H2). All three social capital indexes—extensity (.032,  $p \leq .001$ ), upper reachability (.008,  $p \leq .05$ ) and range (.008,  $p \leq .01$ )—were significantly associated with satisfaction with relationship with neighbors in a positive direction. In Taiwan, people whose contacts occupied more diverse occupational positions or relatively higher highest-prestige positions were more satisfied with the

relationship with their neighbors; the greater the difference between the highest and lowest prestige scores of occupations people's contacts had, the more satisfied people were with the relationship with their neighbors. No significant results emerged in the United States.

The fourth panel of Table 13.3 shows results of estimating satisfaction with relationship with the boss or colleagues in current job. No significant results emerged in all three societies. The fifth panel of Table 13.3 shows results of predicting satisfaction with current job. In urban China there was significant and marginal evidence for the relative deprivation hypothesis (H2) but not for the social resource hypothesis (H1). Extensity (-.018,  $p \leq .10$ ), upper reachability (-.009,  $p \leq .05$ ) and range (-.009,  $p \leq .01$ ) all exerted negative effects. In urban China, people whose contacts occupied more diverse positions or relatively higher highest-prestige positions were less satisfied with their current jobs; the greater the difference between the highest and lowest prestige scores of occupations people's contacts had, the less satisfied people were with their current jobs. There were no significant results in Taiwan or in the United States.

The last panel of Table 13.3 shows results of estimating satisfaction with financial situation. In urban China, there was significant evidence for the relative deprivation hypothesis (H2) but not for the social resource hypothesis (H1). Range (-.006,  $p \leq .05$ ) exerted a significant negative effect, whereas extensity and upper reachability did not have significant impacts. In urban China, the greater the difference between the highest and lowest prestige scores of occupations people's contacts had, the less satisfied people were with their financial situation. No significant evidence emerged in Taiwan. In the United States, there was significant evidence for the relative deprivation hypothesis (H2) but not for the social resource hypothesis (H1). Extensity (-.039,  $p \leq .001$ ) and range (-.010,  $p \leq .001$ ) were negatively associated with financial satisfaction, whereas upper reachability did not exert a significant effect. In the United States, people whose contacts had more diverse occupational positions reported lower levels of financial satisfaction; the greater the difference between the highest and lowest prestige scores of occupations people's contacts had, the less satisfied people were with their financial situation.

Does the association between social capital and life satisfaction vary across societies? Results are mixed and vary by the dimension of social capital and life domain. In general, there is evidence for the relational culture hypothesis (H3)—the explanatory power of the social resource hypothesis (H1) is strongest in China, followed by Taiwan and the United States. Social capital exerted positive effects on satisfaction with two life domains (marital life and relationship with children) in urban China; one life domain (relationship with neighbors) in Taiwan; and no life domain in the United States. Also there is evidence for the inequality structure hypothesis (H4)—the explanatory power of the relative deprivation hypothesis (H2) is strongest in urban China, followed by the United States and Taiwan.

Social capital had negative impacts on satisfaction with three life domains (relationship with neighbors, current job and financial situation) in urban China; one life domain (financial situation) in the United States; and no life domain in Taiwan.

## CONCLUSION AND DISCUSSION

This study integrates the theory of social capital as network resources with relative deprivation theory and institutional theory and investigates the associations between multidimensional social capital and satisfaction with six life domains (marital life, relationship with children, relationship with neighbors, relationship with one's boss or colleagues, current job and financial satisfaction) across three societies: urban China, Taiwan and the United States. This study examines four hypotheses: social resource, relative deprivation, relational culture and inequality structure. In general, this study finds evidence for both the social resource hypothesis and the relative deprivation hypothesis in urban China; evidence for the social resource hypothesis in Taiwan; evidence for the relative deprivation hypothesis in the United States; and evidence for the relational culture hypothesis and the inequality structure hypothesis across three societies.

This study contributes to refining the theory and methodology of social capital as network resources, and it also adds to another two schools of literature: relative deprivation and institutional theory. First, this study integrates the social resource perspective with the social comparison perspective and advances our understanding of the positive and negative roles of social capital in the social organization of life satisfaction. As explicated earlier, the original social capital theory primarily assumes a social resource perspective and focuses on the positive contributions of social capital to purposive actions in particular instrumental actions. There is limited attention to the potential negative function of social capital. This study combines social capital theory with relative deprivation theory and conceptualizes multiple mechanisms for both the positive and the negative associations of social capital with life satisfaction. Life satisfaction is a subjective evaluation of the quality of life. On the one hand, social capital operationalized as structural positions of network members represent the extensity, quality and range of potential resources available from those network members. It may facilitate life chances and boost life satisfaction. On the other hand, social capital constitutes possible reference groups. It can lead to stressful feelings of relative deprivation and reduce life satisfaction. Consistent with the social resource hypothesis, the extensity of social capital is positively associated with marital satisfaction and satisfaction with relationship with children in urban China; all three dimensions of social capital are positively related to satisfaction with relationship with neighbors in Taiwan. Consistent with the relative deprivation hypothesis, upper reachability and range

of social capital are negatively associated with satisfaction with relationship with neighbors and current job in urban China; range of social capital is negatively related to financial satisfaction in urban China; extensity and range of social capital are positively associated with financial satisfaction in the United States.

To achieve a fuller picture of the positive and negative roles of social capital in the social distribution of life satisfaction, future research needs to investigate directly possible mechanisms, in particular social support and negative social comparison with network members. Also note that the effect of social capital varies by life domain, in particular in urban China. In urban China, social capital plays the role of social resource in domestic life domains—marriage and relationship with children—but the function of relative deprivation in public life domains—neighbors, current job and financial situation. These domain-specific findings may indicate the different degrees of privacy and visibility between those two life domains. In comparison with public life, such as relationship with neighbors, job characteristics and income levels, domestic life, such as intimate interaction with spouses and children, is private and less visible to outsiders. It may be less likely or more difficult for people to evaluate their domestic life but easier for them to assess their public life in comparison with that of their network members who occupy certain hierarchical positions. Future studies need to examine directly how individuals conceive network members as sources of social support or reference groups when assessing the quality of different life domains, and whether their conceptions vary by other established structural antecedents, such as gender, race/ethnicity, social status, social integration and life course stage (Song 2012).

Second, this study develops the theory of social capital as network resources as well as relative deprivation theory by integrating them with institutional theory. This study proposes two institutional factors—relational culture and inequality structure—that can moderate the positive and negative roles of social capital. Consistent with the relational culture hypothesis, there is more evidence for the positive role of social capital in urban China, less evidence in Taiwan and no evidence in the United States. Consistent with the inequality structure hypothesis, there is more evidence for the negative function of social capital in urban China, less evidence in the United States and no evidence in Taiwan. Social capital embedded in mesolevel social relations fills the conceptual gap between macrolevel structures and microlevel agents in sociology (Lin 2001c). The findings in this study suggest that how social capital functions in a given society depends on the macrolevel relational culture and inequality structure in that society. They shed light on the interplay between two levels of hierarchical structure, meso level and macro level, in the social distribution of life satisfaction. Future larger-scale comparative studies on the potential pathways relating social capital to life satisfaction across societies will help us understand

how macrolevel institutional forces directly shape the role of social capital in the social production process of well-being across cultures.

Furthermore, this study has methodological implications for future studies. It represents the first effort to measure social capital using the position generator and to investigate the associations of three social capital indexes with life satisfaction. No patterns emerge in Taiwan and the United States regarding the varying roles of different social capital dimensions since in each society multiple social capital indicators are only associated with one life domain in one direction. Results in urban China indicate that the intensity of social capital is more likely to have a positive effect on satisfaction with domestic life, whereas the upper reachability and range of social capital are more likely to exert a negative effect on satisfaction with public life domains. These findings indicate that social capital is a multidimensional concept, and that the operation of social capital in the evaluation of life satisfaction is more powerful in urban China than in Taiwan and the United States. Future studies need to explore the role of each social capital index separately for a more complete picture of the social consequences of social capital.

As one of the initial efforts to analyze the relationship of social capital to life satisfaction, this study has limitations. It uses cross-sectional data sets collected from adults ages twenty-one to sixty-four, currently or previously employed. Future studies need to use longitudinal data collected from respondents of all ages and employment backgrounds for the purpose of stronger causal inference and generalizability.

## Appendix I

### Social Capital USA 2004 Telephone Interview Questionnaire

#### SC-USA 2004 QUESTIONNAIRE

*[Remarks in italics are instructions to the interviewer.]*

##### Introduction—Screening

Hello, I am calling on behalf of a research team at Duke University. The Duke team is conducting a national telephone survey to find out people's experiences in their jobs and daily lives. The purpose is to find out how people manage their home and work activities and their participation in the community. We are hoping to find a representative sample of adults who are between the ages of 21 and 64. The participation is completely voluntary, and the participant can skip any questions she/he does not wish to answer, and can stop at any time.

S1. Is there anyone in your household who meets this criterion?

1. Yes
2. No [*Thank respondent and call next number*]

If yes, ask how many are working/have worked.

[Among those qualified (age between 21 and 64, current working or having previously worked), ask for the person whose birth date is closest to July 1]

S1a. If there is more than one person in your household who fit this eligibility, may I please speak with the person whose birthday is nearest July 1st?

1. Respondent is speaking [continue]
2. New respondent answers [reread intro, then continue]
3. Not available [schedule time for appt.]

To thank you for your participation in this survey, the Duke research team would like to enter you into a raffle, where: