WORKSHOP ON SOCIAL THEORY, TRUST, SOCIAL NETWORKS, AND SOCIAL CAPITAL II

A Workshop at National Chengchi University (NCCU)
Monday, April 25 – Thursday, April 28, 2011

COURSE MANUAL

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Version January 30, 2011
INTRODUCTION
This workshop focuses on theory and empirical research on trust, social networks, and social capital. The participants are graduate students and junior faculty who are pursuing own projects in these fields. The workshop will be taught by Henk Flap and Werner Raub, senior scholars from the Department of Sociology of Utrecht University and the Interuniversity Center for Social Science Theory and Methodology (ICS).

PROGRAM AT A GLANCE
The workshop will cover three days, with four sessions of appr. 80 minutes each per day. Each day will comprise two sessions that focus on work by the workshop leaders: they provide an introduction to theory and empirical research on social networks and social capital and present selected examples of own research, with ample opportunity for questions and discussion by workshop participants. Subsequently, each day will comprise two sessions with presentations and discussions of papers that have been prepared by workshop participants.

Day 1, session 1.A
Werner Raub: Introduction to the workshop and a refresher on theory and explanation in sociology

Day 1, session 1.B
Henk Flap: Creation and returns of social capital

Day 1, session 1.C
Werner Raub: Using complementary research designs: the example of effects of social embeddedness on trust and cooperation

Day 1, session 1.D
Presentation and discussion of papers by workshop participants. Two papers will be discussed, with a time budget of about 35 minutes per paper. Each paper is presented not by the author(s) but by another workshop participant who likewise acts as a discussant (time budget for the discussant: appr. 15-20 minutes). A general discussion follows that includes a brief reaction by the author(s) to the issues raised by the discussant as well as further questions and comments by workshop participants and the workshop leaders (time budget per paper: appr. 15-20 minutes).
Day 2, session 2.A
Henk Flap: Getting started. The effects of social capital on the start of the occupational career

Day 2, session 2.B
Werner Raub: An experiment on trust in triads

Day 2, session 2.C
Presentation and discussion of papers by workshop participants. Same format as session 1.D.

Day 2, session 2.D
Presentation and discussion of papers by workshop participants. Same format as session 1.D.

Day 3, session 3.A
Henk Flap: Weak ties as a liability. The case of East Germany

Day 3, session 3.B
Werner Raub: Trust and testosterone

Day 3, session 3.C
Presentation and discussion of papers by workshop participants. Same format as session 1.D.

Day 3, session 3.D
Presentation and discussion of papers by workshop participants. Same format as session 1.D.

Concluding remarks on the workshop.

REQUIREMENTS FOR PARTICIPATION IN THE WORKSHOP
Participants are expected to have reasonable background knowledge and training on the graduate level in social science theory and empirical research, including training in quantitative analysis. Participants are strongly advised to have studied before the course:

Participants should pursue or should be planning to pursue own research projects in the fields covered by the workshop. Preferably, they submit a paper they have (co-) authored and that can be discussed during the workshop. In any case, they are expected to participate actively in discussing work by the workshop leaders and by other workshop participants, including willingness to act as discussant.

Depending on the number of papers of workshop participants that have to be discussed during the workshop, some sessions focusing on such papers could be split up in two parallel sessions, with one workshop leader participating in each of the parallel sessions.
WORKSHOP MATERIALS AND PREPARATION
Main readings will be made available to participants before the course. Papers by participants to be discussed during the workshop will be likewise circulated in due time before the workshop.

Participants study the readings and papers for each session critically and prepare for discussion. Active participation is a core feature of the workshop. For each session, some workshop participants will act as discussants of the readings and papers.

DETAILED OVERVIEW OF SESSIONS WITH PRESENTATIONS OF THE WORKSHOP LEADERS

Day 1, session 1.A
Werner Raub: Introduction to the Workshop and a Refresher on Theory and Explanation in Sociology
Following a general introduction to the workshop, we review some core features of theory construction and model building in social science, using paradigmatic examples. We start with a set of examples from two chapters by Coleman and subsequently consider one example, namely, Schelling’s models of residential segregation in more detail. Based on these examples, we highlight common features of problem-driven and systematic (deductive) theory construction and model building in social science with an emphasis on macro-micro-macro transitions. These features include: P-T-E scheme; types of problems; the logical structure of theories and explanations; middle range theories and ‘mechanisms’; theories and testable hypotheses; methodological individualism (Coleman’s scheme and the core elements of social science explanation according to Coleman’s scheme); unintended consequences of goal-directed behavior; different types of theoretical arguments; model building and the method of decreasing abstraction; the logic of testing theories; policy implications of theories.

Required readings:

Optional readings:
Reading guide for the required readings

It is recommended to study the required readings in the sequence that is indicated in this reading guide.


- Focus on the distinction between different kinds of problems / questions in section 1.3 (pp. 1-3 – 1-4) and specifically the distinction between descriptive and explanatory questions.
- Focus on the rules for posing questions.
- Focus on the idea of conceiving theories and explanations as answers to explanatory questions (section 1.4, pp. 1-4 – 1-6). Relate this also to the Hempel reading (see below).
- Study the discussion of research and research findings as well as the relation between theories and research (section 1.5, pp. 1-6 – 1-7).


This reading serves two purposes. First, the reading provides highly simplified but instructive schematic examples of social science theories and explanations, using the meanwhile famous ‘Coleman-boat’ (Figure 1.2 on p. 8 and Figure 1.3 on p. 10). Second, the reading provides a summary of important characteristics (‘basic ingredients’) of problem-driven and systematic (deductive) theory construction and model building in social science with an emphasis on micro-macro transitions.

In the first session, we will focus on examples of social science theories and explanations and on summarizing such examples by means of a Coleman-boat. Thus, while preparing for the first session, focus on such examples in this reading as well as in the other required readings (in the second reading by Coleman you will come across various other highly simplified examples of social science theories and explanations summarized by means of a Coleman-boat, the reading by Schelling offers a more complex example of social science theory and an example that is not summarized by means of a Coleman-boat. It would be highly useful to try to summarize Schelling’s example also in the form of a Coleman-boat.

However, while reading the chapter from Coleman’s Foundations, also pay attention to his discussion of general characteristics (‘basic ingredients’) of theory construction and model building in social science. More precisely:

- Note that Coleman discusses extensively that social science explanations focus on explaining collective phenomena and processes and on how social-structural conditions shape collective phenomena and processes:
  - See Coleman’s remark on “[a] central problem in social science is that of accounting for the functioning of some kind of social system” (p. 1).
  - See his discussion of “explanation of the behavior of social systems” (p. 2).
  - Note that the upper horizontal arrow in the Coleman-boat represents how social-structural conditions shape collective phenomena and processes (pp. 8, 10).
Note that Coleman discusses extensively that good social science explanations, while focusing on how social-structural conditions shape collective phenomena and processes, typically involve “the internal analysis of system behavior”, that is, a variant of “methodological individualism” (pp. 2-5).

- Carefully study his “points favoring the internal analysis of system behavior” (pp. 3-5), that is, his arguments for employing methodological individualism in social science explanations.
- Note that and how the arrows / propositions 1, 2, and 3 in the Coleman-boat (pp. 8-9) represent an analysis of system behavior (“how social-structural conditions shape collective phenomena and processes”) based on methodological individualism.
- Distinguish clearly between arrows / propositions 1 and 3 that represent macro-to-micro and micro-to-macro transitions versus arrow / proposition 2 representing an individual-level theory of action.
- Carefully study Coleman’s discussion macro-to-micro and micro-to-macro transitions (pp. 19-22).

Note that Coleman’s discussion of the individual-level theory of action (pp. 13-19) is related to the idea of ‘uniformity of human nature’ and to the assumption of incentive-guided (or goal-directed) behavior (see slide).

- Note that arrow / proposition 2 in the Coleman-boat (pp. 8-9) represents the individual-level theory of action.
- Note that a purposive action theory (pp. 13-18) is but one example of an individual-level theory of action (albeit the example Coleman recommends to employ in social science) and that the theory of utility maximization (pp. 18-19) is a further specification of purposive action theory.


This reading comprises (in the introduction on pp. 152-153 and in the conclusion, pp. 171-172) a brief summary of general characteristics (‘basic ingredients’) of theory construction and model building in social science according to Coleman that overlaps heavily with the chapter from Foundations. In addition, the reading offers a number of examples. When studying the reading, focus on these examples. More precisely:

- The two examples ‘the spirit of capitalism’ and ‘theories of revolution’ from the Foundations-chapter are again discussed in this reading (pp. 154-157; thus, economize on your reading time!).
- During the session, we will focus, next to the example ‘the spirit of capitalism’, on the examples ‘occurrence of a panic’ (pp. 160-163) and ‘job training and unemployment’ (pp. 165-168). Study these examples carefully. Coleman’s other examples can be read diagonally.


This reading offers a still highly stylized but – compared to Coleman’s examples – already more complex case of a social science explanation that focuses on macro-micro-macro transitions.

- Focus on pp. 488-490 plus the first paragraph on p. 491. The rest of the article can be read ‘diagonally’.
• First, make sure that you understand the problem(s), Schelling tries to solve: segregation as a result of individual choices, more precisely, how can we understand that extreme segregation can be a result of only ‘weak’ prejudice and how can we understand that residential integration is unstable?

• Make a list of assumptions that Schelling uses (very often implicitly) in his analysis. Be careful and do spend time and energy on this: you will be surprised how many assumptions are ‘hidden’ on the three pages you have to read.

• Try to summarize Schelling’s analysis in the form of a Coleman-boat. Be careful and do spend time and energy on this: you will see that the Coleman-boat now becomes more ‘complex’ (operationalization: you will have to insert more keywords at the four ‘corners’ of the boat).

• Schelling emphasizes that segregation is a result of a dynamic process. Think about a sequence (a ‘fleet’, so to speak) of Coleman-boats that summarizes such a dynamic process.

(5) Raub, W., V. Buskens & M. van Assen (2011) Micro-Macro Links and Micro-Foundations in Sociology, forthcoming in Journal of Mathematical Sociology triple special issue 35 (1-3) on Micro-Macro Links and Micro-Foundations, 1-25 (2011). This reading discusses core features of social science explanations that involve macro-micro-macro transitions. Moreover, the reading provides an overview of how Coleman’s approach relates to similar approaches, past and present, in sociology and other social sciences. Of course, you may skip the final section 7 (‘Overview of the special issue’) of this reading.

Day 1, session 1.B
Henk Flap: Creation and Returns of Social Capital
Following upon a general introduction to the workshop, and a review of theory construction and model building in social science, this session presents social network research and social capital theory. First, some background is provided by briefly discussing the history of social network research. Subsequently, the main part is a sketch of social capital theory, its possibilities to explain the emergence and effects of social networks, and its promise to integrate the different attempts to explain network phenomena.

Required readings:

Optional readings:

Reading guide for the required readings
It is recommended to study the required readings in the sequence that is indicated in this reading guide.

- Make a table of contents of the Chapter by Flap & Völker, and verbalize in a few sentences what the titles of the various sections and subsections are standing for.
- Be sure to understand the hard core of structural analysis, i.e., the orienting notion that governs their work within network analysis, the hard core of social capital theory, as well as why social capital theory can be seen as an improvement of structural analysis.
- Establish the different dimensions of social capital.
- Be clear as to why speaking about ‘social capital’ is theoretically probably more sound than to speak about ‘social resources’.
- Take note of the list of research problems on the agenda of the social capital research program, try to memorize them, and, more importantly, find or reconstruct the arguments as to why these problems should be worked on.


- Take note of Coleman’s criticism of the individualist bias in neo-classical economics, as well as Granovetter’s criticism of the functionalistic bias of new institutional economics.
- Be sure to understand what Coleman means if he defines social capital by its function (page 304), and if he speaks about social capital as credit slips as social capital (page 306).
- Take note of the different sources for differences between social structures in the extent to which credit slips stand out (page 307), the different forms of social capital that are distinguished by Coleman (pp. 304-313), as well as how intergenerational closure stimulates the success of children at school (pp. 318-321).

Day 1, session 1.C
Werner Raub: Using Complementary Research Designs: The example of Effects of Social Embeddedness on Trust and Cooperation

This session focuses on the use of complementary research designs, namely, surveys and vignette studies for testing the same hypotheses on effects of social embeddedness on trust and cooperation in social and economic exchange. More generally, the session will highlight how analytical theory and empirical research can move closer to each other in sociology. By considering theory, hypotheses, and results of empirical research on effects of social embeddedness on trust in exchange, we focus on effects of macro-conditions (effects of ‘social embeddedness’) on behavior (we will show that this behavior, in turn, has macro-implications, but this micro-macro step is not our core interest in this session).

Required readings:


**Optional readings:**


**Reading guide for the required readings**

It is recommended to study the required readings in the sequence that is indicated in this reading guide.


• This text provides useful background for this session.

• P. 91: Read carefully how Coleman links the trust problem to problems in transactions and exchange (under what conditions on transactions and exchange is trust relevant?).

• Pp. 92-95: Carefully study Coleman’s examples of trust problems. (By the way, what do you think about example 4: compared to his other examples, is the same concept of trust involved here?)

• Pp. 96-99: Carefully study the conditions that define a trust problem. Try to interpret the formal condition on p. 99.

• Carefully study pp. 102-104 (to beginning of new section on p. 104).

• Pp. 104-108 (to beginning of new section) can be read “diagonally”.

• Pp. 108-115 (to beginning of new section) is important. Read carefully to infer hypotheses from the text. Understand the advantages and disadvantages of ‘family firms’.

• The rest of the chapter can be read diagonally.

**General remark on the subsequent readings** Buskens & Raub 2002, Batenburg et al. 2003, Rooks et al. 2001, and Raub & Buskens 2008: When studying these readings, focus on how to generate (‘derive’) empirically testable hypotheses from abstract theory and theoretical models and on how such hypotheses are actually tested in empirical research. Hence, focus on the relations between abstract theory, testable
hypotheses, research designs, and quantitative empirical tests of the hypotheses using data obtained through such research designs.


- Make sure you understand how Figure 1 on p. 169 and the discussion on pp. 168-170 relate to Coleman’s definition of a trust problem. Define Coleman’s quantities L (loss) and G (gain) in terms of the quantities R, P, S in Figure 1. Don’t you miss Coleman’s quantity p in Figure 1? Any idea about how to make Figure 1 more complex so that p could be included?
- Make sure you understand the distinction between learning effects and control effects (pp. 170-173) as well as the distinction between dyadic embeddedness and network embeddedness. Thus make sure you understand the four effects on trust as summarized in Table 1 on p. 172.
- Study the hypotheses on learning and control effects on pp. 173-178 with a focus on pp. 175 below, 176 above, and 177 (last paragraph before subsection 2.3).
- Carefully study pp. 185-195 (section 4. Two Vignette Studies). Make sure you understand how the variables (Tables 2, 3 and 5) and the data analyses (Tables 4 and 6) relate to the hypotheses on pp. 175-177.
- Read the Conclusion-section (pp. 195-197).


- General remark: This article focuses on effects of dyadic embeddedness (rather than network embeddedness) on trust and the use of contracts to stabilize trust.
- The introduction (pp. 136-143) links the article to related literature in sociology and economics.
- Screen the section on ‘Buyer-supplier relations on the Dutch IT-market’ (pp. 143-144) in order to understand why this specific setting is useful for an empirical study of effects of dyadic embeddedness on trust and the use of contracts to stabilize trust.
- Carefully study 145-152. Make sure you understand the various hypotheses and the theoretical arguments from which these hypotheses follow. In particular, focus on hypotheses 4 and 5 on effects of dyadic embeddedness. Make sure you understand the relatively complex arguments underlying hypothesis 5.
- You don’t need to study the section ‘Formal model specification’ on pp. 153-154.
- Do study the section ‘Data and measurement’ on pp. 154-160. Make sure you understand how the various variables (see in particular Table 1 on p. 159) relate to the hypotheses on pp. 145-152.
- You don’t need to study the discussion of the non-linear least squares regression analysis on pp. 160-162. However, do study carefully pp. 162-163 on the ordinary least squares regression analysis and make sure that you can relate the results in Table 3 (p. 163) to the hypotheses on pp. 145-152.
- Read the section ‘Stability of results’ (pp. 163-169) ‘diagonally’. You don’t need to study the details, but make sure you understand why analyses such as those reported in this section are useful when one tries to test hypotheses such as those on pp. 145-152.
- Read the section ‘Conclusion and discussion’ on pp. 169-171.
• Appendix A – Proof of the theorem (pp. 176-180) can be neglected.
• Have a look at Appendix B – Overview of indicators and variable construction (pp. 180-188) in order to get a better feel for the data used in this study.

• General remark: the paper provides more detailed information on one of the vignette studies reported in Buskens & Raub 2002. Thus study the Rooks et al. 2000 article whenever you encounter difficulties in understanding section 4.1 (pp. 186-191) in Buskens & Raub 2002.
• It is certainly useful to have a look at section 3. Method (pp. 129-131) in the Rooks et al. 2000 article in order to get a better feeling for the research design and the data. Among other things, have a look at the example of a vignette on p. 131.

• Consider the ‘three related claims’ on pp. 691-692 and study the discussion of these claims in section 3. Conclusion (pp. 716-718).
• Read the summary of findings on embeddedness effects (pp. 712-716).
• The rest of the reading can be read very ‘diagonally’ or you may skip it altogether.
• You can definitely skip section 2.4 (‘An experiment on embeddedness effects in finitely repeated Trust Games’) since we will return to this in session 2.B.

Day 2, session 2.A
Henk Flap: Getting Started. The Effects of Social Capital on the Start of the Occupational Career
The social world abounds with network effects. Conceiving of social networks as being social capital helps to explain these effects. The key to the explanation of network effects is the idea that if someone has more social capital (s)he will better be able to attain his or her ends. The first example concerns social inequality and occupational attainment, a classic topic in sociology. In this example the effects of social networks on employment chances will be modeled with the help of the notion of social capital. We will study the role of social capital in the process of occupational attainment - more specifically in the matching process between employees and employers in different organizational contexts.

Required readings:

Optional readings:
Reading guide for the required readings

It is recommended to study the required readings in the sequence that is indicated in this reading guide.

• Take note of Blau and Duncan’s work and try to establish why this has become a ‘sociological paradigm’ (pp. 1163-1164, see also pp. 1168-1169).
• Reconstruct this work in a so-called path-diagram.
• Be sure to understand how Lin’s work provides a missing link in this status attainment model. What is Lin’s research question?
• Why do Lin et al. concentrate on the contact person’s status?
• What are the three main sources through which people obtain information on job-openings (p. 1165)?
• Notice Lin’s conceptualization of social resources (p. 1165).

Focus on sections 1, 2, 5 and 6. The rest can be skipped, except for what is said about the description of social capital in sub-section 3.2 on ‘measurements’ of social capital.
• Please study
• the difference between ‘information costs’ and ‘reciprocity costs’,
• what is meant by ‘depth-information’,
• what is meant by ‘signaling theory’,
• what is meant by ‘training costs’,
• what is meant with ‘damage potential’, and
• what is meant with ‘the match’.
• Try to verbalize the arguments behind the assumptions enumerated in Figures 1 and 2.
• Study the differences in the conceptualizations of social capital between respectively Burt, Lin & Dumin, and Flap & Boxman.
• Which explanatory problems (refutations of earlier theories) in the research literature on occupational attainment led Flap and Boxman to develop their explanatory model? How do Flap and Boxman explain these refutations while using the social capital theory?

Day 2, session 2.B
Werner Raub: An Experiment on Trust in Triads
This session builds on session 1.C (“Using complementary research designs: the example of effects of social embeddedness on trust and cooperation”) and focuses on an experiment. Pairs of trustors play finitely repeated Trust Games with the same trustee. The experiment allows to study trustfulness of the trustor as well as
trustworthiness of the trustee. We distinguish between learning and control effects on behavior. Learning effects are related to the trustor’s information on past behavior of the trustee. Control effects are related to the trustor’s opportunities for sanctioning a trustee in future interactions. Hypotheses on learning and control effects are derived from backward-looking learning models and from forward-looking models of strategic behavior. The design of the experiment, with respect to trustfulness, allows for disentangling learning effects from a trustor’s own experience with the trustee and learning effects through third-party information. Also, the design enables disentangling control effects on trustworthiness and trustfulness through a trustor’s own sanction opportunities and opportunities for third-party sanctions. We find evidence for learning and control effects. The trustor’s own experiences, the experiences of the other trustor, as well as the trustor’s own sanction opportunities affect trustfulness. We find evidence for control effects on trustworthiness, including effects arising from opportunities for third-party sanctions. However, there is no evidence for control effects through opportunities for third-party sanctions on trustfulness. This could indicate limited strategic rationality of trustors. We also discuss extensions of the experimental design that allow for studying how experience affects limited strategic rationality as well as extensions that allow for a simultaneous study investments in embeddedness (“investments in social capital”) and effects of embeddedness (“returns on social capital”).

**Required readings:**

**Optional readings:**

**Reading guide for the required readings**
It is recommended to study the required readings in the sequence that is indicated in this reading guide.

- Make sure that you understand the core theoretical arguments and the hypotheses on pp. 302-305.
- Carefully study the experimental design on pp. 305-306.
- Study the Variables-section on pp. 306-308.
- You don’t need to go through the intricacies of the statistical model but make sure that you understand the basic set-up, including how interdependencies between the observations is taken into account.
- Study the results (pp. 309-310) and make sure that you can relate the various results to the hypotheses on pp. 305-306.
• Relate the Conclusion and discussion-section (pp. 311-312) to what we have discussed in session 1.C.

• Make sure that you can relate this brief working paper to the Conclusion and discussion-section of Buskens et al. (2010).

Day 3, session 3.A
Henk Flap: Weak Ties as a Liability. The Case of East Germany
To think of networks as social capital helps to see that there will be institutional conditioning of the returns to social capital, that is, a particular network will be more or less instrumental depending on the institutions in which it is embedded. We will, deal inter alia, with the case of personal networks under communism.

Required readings:

Optional readings

Reading guide for the required readings
It is recommended to study the required readings in the sequence that is indicated in this reading guide.

• In general: focus on the research question and how it has been answered
• Understand what is meant by ‘decommodification’
• What hypotheses do the authors formulate on the availability of particular forms of social capital?
• How do they test these hypotheses and what are the main results?
• Recapitulate: how does a different institutional design in countries change the social capital of individuals?

- What hypotheses do the authors formulate on the availability of particular forms of social capital?
- Be sure to understand what is meant by ‘velvet revolution’.
- Study carefully the meaning and implication of
  - ‘core network’,
  - ‘niche’,
  - ‘provision networks’,
  - ‘the gap between niche and provion network’ (Figure 1).
- Study Figure 2 closely and how it summarizes the main arguments.

Day 3, session 3.B
Werner Raub: Trust and Testosterone
Social neuroscience is a rapidly developing field at the interface of neuroscience and social science. Neuroscience theoretical ideas and empirical methods are applied for the study of social interactions. In this session, we discuss effects of testosterone on behavior in trust problems and how testosterone effects interact with social embeddedness of trust problems. We focus on competing hypotheses on testosterone effects and on an experimental design that allows to discriminate between these hypotheses by comparing testosterone effects in one-shot trust problems with such effects in repeated trust problems. More generally, the session will contribute to exploring the potential of neuroscience insights and methods in sociology.

Required readings:

Optional readings:

Reading guide for the required readings
This final session with a presentation by the workshop leaders is designed as a brief excursion into a field that is rapidly developing since several years in other social
sciences like (social) psychology and economics and that might become important in sociology, too. The presentation will provide some background on ‘social neuroscience’ and will then focus on the paper Raub (2009). Please read this paper carefully. Please read Glimcher et al. 2009 to get an idea about what social neuroscience is all about and how it relates to social science theory employing assumptions on incentive-driven behavior. Also, make sure that you see how Raub (2009) is related to the papers by Kosfeld et al. (2005) and Eisenegger et al. (2010): Kosfeld et al. is a pioneering study on drug effects, focusing on oxytocine effects rather testosterone effects in (a variant of) the Trust Game, while Eisenegger et al. is on testosterone effects in a different setting, namely, bargaining situations.