The “dark side” of social capital: How human capital influences elitism and exclusion

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INTRODUCTION

A substantial amount of research has focused on micro-level individual demographic characteristics as predictors of exclusionary experiences, including discrimination (e.g., Avery, McKay, & Wilson, 2008; Pelled, Ledford, & Mohrman, 1999). There have also been efforts to understand macro-level societal/cultural and organizational factors leading to discriminatory practices (e.g., Allport, 1962; del Carmen Triana, Jayasinghe, & Pieper, 2015). However, the potential impact of meso-level relational phenomena on individuals’ experiences of discrimination and exclusion has not been thoroughly studied (Roscigno & Wilson, 2014). Understanding how relational processes contribute to discriminatory practices, especially if they are ingrained as part of an organizational system, is critical for addressing and removing inequalities (Block & Nourair, 2015).

To that end, we investigate how two factors seldom tied to workplace inclusion -- human capital (e.g., Becker, 1964; Nyberg & Wright, 2015) and social capital (e.g., Coleman, 1988; Nahapiet & Ghoshal, 1998) -- may work in tandem to create a sense of elitism, and thus discrimination, within an organization. Human capital was originally defined as the knowledge, skills, abilities, and other attributes held by an individual, such as level of education and work experience (e.g., Becker, 1964, 1993; Judge, Cable, Bourdreau & Bretz, 1995); this definition has recently been broadened to include a macro-level ‘human capital resources’ concept that allows examination of aggregated human capital within a particular unit (Nyberg, Moliterno, Hale, and Lepak, 2014; Ployhart & Moliterno, 2011). Alternatively, social capital is thought of as the benefit or resources that may accrue to an individual based on relationships with others (Coleman, 1988; Adler & Kwon, 2002). The accumulation of human and social capital are generally thought to positively contribute to professional success (e.g., Molina-Morales & Martinez-Fernández, 2010; Seibert, Kraimer, & Liden, 2001); however, relatively little attention has been cast on human and social capital’s potential negative relational and professional outcomes, such as elitism and discrimination. We therefore heed Kwon and Adler’s (2014) call for more research on the “dark side” of social capital (which arguably builds on human capital) by conducting an exploratory, qualitative study of a professional organization of academics to gain insights on its members’ experiences of exclusion.
While human capital and social capital have been examined simultaneously (e.g., Davidsson & Honig, 2003; Metz & Tharenou, 2001; Seibert et al., 2001), there is little research that examines the relationship between the two; recently, Nyberg and Wright (2015) identified the “…need to spend more time focusing on the social capital element and its connections with HC (human capital)…” (p. 289). Consistent with arguments developed by Kwon and Adler (2014), we rely on Signalling Theory (Riley, 2001; Spence, 1973; Connelly, Certo, Ireland, & Reutzel, 2011) to explain how human capital may be considered one of the three sources of social capital; essentially, we believe that certain personal qualifications (human capital) can send ‘signals’ that help others understand the benefits or detriments of developing a relationship (creating social capital). Further, we argue that this relational process may ultimately result in a climate of elitism, in which individuals who do not have the desired human capital are ostracized or excluded from important professional networks as the key members of these networks attempt to maintain its human capital resources. Thus, the goals of the paper are to: 1) explore the relationship between human and social capital, and 2) explain how human and social capital processes can result in the discriminatory processes of elitism and exclusion.

This research makes valuable contributions to research and practice in a number of ways. First, in relying on Signalling Theory in conjunction with the concepts of human and social capital, we utilize a new theoretical approach as well as new concepts to explain the development of discriminatory practices. It is important to explore beyond the impact of demographic considerations, to allow a deeper understanding of how relational factors can contribute to elitism and exclusion; this will likely open new doors for future research efforts in this area, as well as practical solutions to discrimination and exclusion within organizations. Second, this research responds to Nyberg and Wright’s (2015) call for more attention to the potential connections between human capital and social capital research literatures by exploring the nature of the relationship between these two factors, instead of examining them as separate antecedents. Finally, we use a unique sample and a rich investigative process to study our propositions. Using a professional association instead of a typical organizational workplace for our research provides a distinctive opportunity to explore the impact of human capital in building social capital for two reasons. First, most members of such associations join
in order to validate their human capital and build their social capital (e.g., Stolle & Rochon, 1998); second, the association has a vested interest in maintaining its high level of human capital resources.

**LITERATURE REVIEW**

*Human Capital*

Fifty years ago, Becker published his seminal work on human capital (1964). Today, researchers from a wide variety of disciplines study human capital as it relates to economics, psychology, human resource management, and strategic management, among others (Nyberg & Wright, 2015). As this list of disciplines suggests, human capital has both micro-level and macro-level implications that have caused confusion among researchers using the concept in different ways (Ployhart & Moliterno, 2011). For the purpose of the current research, we believe both the micro-level construct of human capital, and the macro concept of human capital resources (Nyberg et al., 2014; Ployhart, Nyberg, Reilly, & Maltarich, 2014) are pertinent to understanding how individual human capital may lead to opportunities to build social capital, and how this process can result in elitism and discrimination among units trying to maintain their human capital resources.

It is a generally accepted tenet that more human capital (i.e., more knowledge, more skill, more ability) is better, for both the individual and the organization. At the macro-level, organizations benefit from aggregated human capital/human capital resources through strong overall firm performance, among other competitive advantages (e.g., Coff & Kryscynski, 2011). For the individual, past research has shown that greater human capital is associated with such benefits as career success (Metz & Tharenou, 2001; Seibert et al., 2001), improved task performance (Becker & Gerhart, 1996), and increased work opportunities (Guthrie, 2001; Nyberg, 2010). Having the ‘right’ human capital essentially helps to legitimize an individual’s reputation among his or her colleagues, creating the opportunity to build effective professional networks.

*Social Capital*

Membership in respected networks is a key component of social capital. According to Kwon and Adler (2014), individuals generate social capital through three main processes: a) structural opportunities, b) motivational norms and values, and c) personal abilities. Based on the definition of micro-level human capital as representative of a particular individual’s knowledge, skills, abilities,
education, and other characteristics, it seems logical to argue that human capital as defined by Becker (1964) is interchangeable with the social capital concept of ‘personal ability,’ described by Adler and Kwon (2002) as the competencies and resources of an individual. Kwon and Adler (2014) argue that the amount of social capital an individual may generate is directly related to the valuable personal abilities and competencies that the individual has to offer others in the unit or network. Indeed, this is similar to Nybert and Wright’s (2015) summarization of human capital as the “…attributes that can make an individual more likely to perform specific tasks well (multiple past research cited; pg. 289),” which can help accrue benefits to the individual and to the unit or organization. Based on these parallel arguments, we expect that human capital will directly influence an individual’s ability to create social capital since, according to Kwon and Adler (2015), “…the magnitude of (social capital) is surely in part a function of those contacts’ abilities to offer such resources” (pg. 416-417).

**Signaling Theory**

However, the commonality between the concepts of human capital and ‘personal abilities’ is not the only reason we believe that human capital has influence on social capital. Signalling Theory (e.g., Connelly et al., 2011; Riley, 2001; Spence, 1973) provides logic for how personal abilities can lead to increased opportunities -- another source of social capital -- to join networks. We believe that having human capital which is deemed valuable by others in the unit will positively impact the opportunity to create relational connections that afford such benefits to individuals as access to information and influence (Kwon & Adler, 2014). Specifically, certain personal qualifications can send ‘signals’ that help others understand the benefits or detriments of creating a relationship with the focal individuals. For example, in an association of academics, human capital factors such as level of education and number of publications can act as signals that an individual is competent, reliable, and desirable as a colleague; being a ‘proven’ commodity earns the individual respect from his or her peers, and they are more likely to view a relationship with the individual as beneficial. Existing members of such an association of academics may view the individual as a potential resource for new research ideas or a possible new faculty member at their institution, as long as the individual earned a degree from a respected program, or has demonstrated her/his capability through publication in respected journals. Thus, continuing with the current example, human capital allows access to
influential association members, highly coveted positions at respected universities, and a network that can facilitate career success. As long as the individual has the ‘right’ kind of human capital, s/he should be able to build significant social capital within well-respected networks.

Conversely, individuals who lack the right pedigree, or a degree from a prestigious institution, or who have not published respected research, may carry a risk for others of relational involvement; associating with individuals who have questionable human capital may signal to others a lack of good judgment or wisdom. In our example, association members might believe that they will be viewed negatively if they are linked with a person who has unproven, or the wrong type of, human capital; they might believe that existing valued relationships or coveted leadership roles in the association (or in the community at large) will be at risk. Such perceptions can create challenges for individuals trying to build social capital and gain access to important career networks to the point of experiencing exclusion. We will continue to use the example of a professional association of academics in the development of our theoretical rational.

**How Social Capital can result in Elitism and Exclusion**

So far we have focused on the individual level of human capital, and how particular individuals might use that human capital to build social capital. We now transition to a more macro-level discussion of how a professional association’s members signal to outsiders what kind of human capital is valued by the unit, and how the association may attempt to protect their aggregated human capital resources (e.g., Ployhart & Moliterno, 2011) as a response to potential attempts by outsiders to become a part of the social capital of the Academy. It may be helpful to begin with a brief history of the how the professional association was started, since many of the values held by the members are based on the values and biases of its founding members. We will then apply human capital resources and social capital arguments, based on Signalling Theory (e.g., Connelly et al., 2011; Riley, 2001; Spence, 1973), to show how elitism and exclusion can develop.

The founding members of the professional association were all based in the U.S. at prestigious research institutions, so perhaps it is not surprising that the membership system established values that reflected those original academic bodies. Specifically, the new association placed a high value on research over teaching, since research is viewed as more prestigious (i.e.,
discovery reflects greater intelligence and innovation than simple dissemination of knowledge). Also, around the same time as the professional association was founded, the overall ‘discipline’ represented by the association was trying to earn scientific legitimacy that can only be gained through research. That could be why they chose faculty members with PhDs to discuss the ‘philosophy of the discipline.’ As the association grew and matured, the annual meeting was organized to discuss and present scholarly papers; the conference was specifically designed for scholars, not practitioners. To this day, the term ‘scholarly activities and the exchange of ideas’ is used frequently when describing the purpose of the association.

As the organization grew and gained legitimacy across the U.S. and elsewhere, the valuing of PhD as terminal degree or qualification, Carnegie Research I institutions vs. lower ranked universities, scholars vs. practitioners, all influenced the purpose and focus of the association, resulting in certain membership and operating processes and policies. However, over the past two decades, there has been a significant broadening of membership across the world, including members from countries similar to the U.S. (Canada, Britain, Australia, etc.) as well as those from very different cultural backgrounds (African countries, Eastern European countries, Asian countries, South American countries). With this diversity comes conflict about what the association should be, who it represents, and what it values, as evidenced in the recent survey that was conducted of members for this study; it has become evident that the characteristics of the professional association (individual and institutional) need to expand to accommodate thousands of members.

This historic detailing of the development and growth of the association reflects the tenets of signalling theory (e.g., Connelly et al., 2011; Riley, 2001; Spence, 1973) in many ways. First, by its nature signalling theory is about information asymmetry between insiders and outsiders (Connelly et al., 2011); according to Stiglitz (2000), information about intent and quality are two particularly important types of information that may be signalled to outsiders, in an attempt to distinguish the individual or organization from others. The small group of founders signalled their value of scholarly research by only inviting members with PhDs to initial meetings, and designing the annual conferences to showcase research activities. The value of high quality research was signalled by developing and maintaining a network of members at prestigious, Carnegie I institutions in the U.S.
However, given the breadth of membership in the association today, there is conflict with those members who value teaching as a scholarly activity as well as practitioners who choose to participate in the association.

Another aspect of signalling theory is signal observability or visibility (e.g., Connelly et al., 2011; Ramaswami, Dreher, Bretz, & Wiethoff, 2010), defined as “...the extent to which outsiders are able to notice the signal” (Connelly et al., 2011, p. 45). As the association grew, it became more visible to faculty members across the U.S.; therefore, the general signals about its purpose and values became more well-known. Further, as more members joined, the association began using items like name badges and ribbons to help identify the members of certain subgroups as well as leaders with the association. While these items at first seem innocuous, all of them send signals that distinguish members from each other; in other words, they not only assist in identifying members, but also differentiating them into various have and have-not groups.

The third consideration is signal cost (e.g., Connelly et al., 2011), which may apply to both the organization and the individual. For example, within the association, certain members are more able to attend the annual conference due to better funding support from their employing institutions (usually the research-intensive universities) as well as lower travel costs to get to the conference. This allows these members greater opportunity to send signals to their peers that they are dedicated to research and the profession. Currently, with a single exception, the association only has its annual meeting in North America; therefore, any members from other parts of the world bear a greater cost of attending the conference and maintaining direct contact with colleagues around the world than those who live in the U.S. and Canada.

As this discussion of the association’s history and growth suggests, there may be negative implications for many of the association’s signals. The original values of research and scholarly activity, dedicated PhD-educated faculty, and prestigious Carnegie I U.S.-based institutions signalled to members (insiders) as well as non-members (outsiders) what human capital factors they should strive for in order to gain and maintain access to the social capital that is associated with membership in the association. It is not surprising, then, that these signals have been maintained through self-perpetuating membership processes such as the training of doctoral students, the implementation of
doctoral and new faculty consortia, as well as other socialization processes. Certainly, members of the association have a vested interest in maintaining the human capital resources standards of the profession. However, these signals have transitioned from serving the association by signalling new members about what is important and valued, to creating elitist and exclusionary processes that discount degrees from and employment in non-U.S., non-Carnegie I institutions, research that is published outside of specific ‘A’-quality journals, and any teaching or practitioner-related activities.

**Exploration of Member Perceptions of Elitism and Exclusion**

Kwon and Adler (2014) argue that the benefits of social capital can be information, influence, and solidarity. However, the desire for the association to maintain its level of human capital resources could end up creating a group dynamic which is detrimental to some members, and may actually create exclusion for individuals that don’t have the right human capital. The process may look something like this: the association sends signals as to which types of human capital it values. Individuals who fit this human capital profile can then gain access to the social capital provided by the network, including information and influence. It may also result in a sense of solidarity or belonging to the group, or a feeling of inclusion. Those in the network participate in activities that perpetuate the existing network, like private receptions, editorial board meetings, doctoral consortia panels, etc.

Those members who lack the ‘right’ human capital can still become members of the association, now that its membership is open to anyone who wants to join. As part of this membership they are likely to expect to gain access to the career opportunities described above, but are blocked because they represent a risk to the group of lowered professional standards. They do not have access to important information or influential members, and feel excluded from the opportunities available to others. The association then becomes a subdivided organization of insiders and outsiders.

**METHOD**

To assess the climate of inclusion in the professional association studied, we distributed a survey via its intranet. A total of 1,077 members participated in the survey, for an 11.8% response rate, in line with the association’s previous surveys. The survey comprised close-ended (structured component) and open-ended (unstructured component) questions. First the participants were asked to think of experiences of inclusion at the academy and (Q1) to identify what factors they attributed their
inclusion to, and (Q2) to describe those experiences. Then, the participants were asked to think of experiences of exclusion at the academy and (Q3) to identify what factors they attributed their exclusion to, and (Q4) to describe those experiences. Participants were also asked to (Q5) identify experiences, behaviours, or practices they believed would increase their sense of inclusion in the association. The qualitative data obtained through the open-ended questions were analyzed for this study using an inductive, interpretive approach to identify themes and patterns (Langley, 1999). Two of the authors experienced in qualitative data analyses independently coded the responses from the five open-ended questions. The two coders discussed all coding discrepancies until consensus was reached. Low levels of statistical analysis, frequency counts and tabulations were used in the analysis (Denzin & Lincoln, 2008) to gain an understanding of the pervasiveness of the various experiences of inclusion and exclusion, and reasons attributed to those experiences.

**FINDINGS**

*Signalling the ‘right’ human capital*

Members of the association convey their human capital as a source of social capital by signalling others through various means. The signalling of one’s human and social capital is intended to mitigate the information asymmetry given the exponential growth of the association, and a growing diversity of members from institutions of different orientations crowding the field. Respondents cite “my alma mater” and “my pedigree PhD” as their sources of human capital. Research is deemed to be more prestigious and a source of human capital where, “people who haven’t published in a field get less credibility and attention than those who have.” Publication outlets also convey the ‘right’ human capital and acceptance into a social network:

*The choice of journal makes it clear that there is a network of those whose research is considered acceptable for [journal name] journal inclusion.*

Some respondents associate themselves with those who were deemed to have high human capital as indicative of their own social capital: “… I attended with a colleague who was already connected” and “…because I was with my advisor.” Others display their social capital by organizing “a symposium with known top scholars on the panel.” Thus, sending signals about one’s own human
capital and associating oneself with those who were deemed to have high human capital allow oneself to build social capital.

Enhancing signals that promote elitism

The association uses badges and ribbons to denote a member’s institution and elected offices at conferences, and this provides a channel for the membership to stand out and distinguish themselves from a crowded field. This enhances the visibility of signals that are being conveyed (i.e., prestige associated with institutional affiliation or being a part of the network). Respondents note, “people look at your name tag and your affiliation at conventions,” and “some people look at name tags to speak to people at peer or aspirational institutions.”

*There is always the [association name] handshake at social events - individual walks up to person you are talking with and introduces him/herself while checking name badge.*  
*Frequently, hand is withdrawn and excuses made because you are not someone they recognize as being important or useful to talk with.*

These statements are indicative that: (1) the signals are received, and (2) the intent (of conveying status) are met. High-status individuals also bring their own social network with them or interact with other high status individuals, to enhance their own status, resulting in elitism and exclusion. For example, “the most senior and most connected members in the Academy [name] listen mostly to other senior and most connected members.” Even at social events, “elite universities tend to socialize only among themselves. There is a sub-group of top performers who only interact with other top performers.” These signals convey their elite status to the larger membership, which in turn promotes in groups/out groups and exclusion within the association.

Signalling cost

One way in which members signal to one another is attendance at the association’s annual conference. However, resource limitations prevent some members from participating in the conference: “Due to personal problems, mostly financial, I have never been able to attend at any [Academy] meeting/conference.” This is particularly true for members who are outside the U.S.. Therefore, it is no surprise the conference has been dominated by U.S. members. This sentiment is echoed by non-U.S. members, “…it feels as though in some mainstream divisions such as …
international [field] it is dominated by U.S. professors…” This in turn results in insufficient critical mass of non-host country members to have an influence in the association’s governance: “members from my region [outside the U.S.] were seldom part of the leadership team.”

Additionally, although the association is open to both academics and practitioners, the conference is dominated by academics, resulting in practitioners feeling shut out. The cost and time commitment required to train as a scholar is extensive, and this may prevent many from entering the academic profession. As a result, non-academic members complain, “it is just difficult for practitioners” and the “…discussions do not reflect practitioner perspectives and priorities.” The signal cost can serve as a barrier that prevents members who are non-academics from fully participating and acquiring the social capital necessary for inclusion.

**Social capital and exclusion**

A key argument advanced in this paper is that signals sent and perpetuated by the members of the association are supportive of elitism of a subgroup of members. Individuals report feeling excluded when they do not have social capital to offer (e.g., high-status individuals or “senior scholars” only listen to one another) at formal and informal sessions. One respondent indicated:

_ I felt included as long as I was at a top school and junior, when I moved to a less recognized school … I was no longer included or even remembered. I was never asked again to do much of anything in the major division I am a part of._

Barriers to accessing informal networks also hinder success in formal organizational settings. When individuals seek to run or volunteer for leadership they are often shut out because of a perceived lack of social capital:

_ I tried to get involved in a particular division and every time I volunteered for something I was told they were full and could not use my help. This went on for several years and finally I decided to pursue involvement in another division._

Some respondents also attribute a lack of personal success (e.g., shut out of top-tier journals, editorships, editorial board memberships) to perceived exclusion on the basis of social capital (i.e., not knowing the right individuals) rather than human capital (i.e., academic achievements). Members expressed: “At [association name] journals the same names often keep publishing, it sounds like a
closed club” and “…to some extent editorial board membership has to do with networking rather than merit.” As these examples illustrate, while social capital is intended to assist members in their career success, it can also hurt individuals and, ultimately, professional associations. If some members feel excluded from social networks they likely become despondent and value the membership less. These members may even decide to exit the association for another more welcoming and supportive. Ultimately, exclusionary climates fail to ‘lift all boats’ Legitimacy human capital may not be effectively recognized and communicated, and organizational objectives such as advancing knowledge are not realized.

CONCLUSION

Professional associations are intended to assist members enhance their careers. However, barriers develop that prevent certain members from acquiring the social capital necessary for career success. Based on a survey of a professional association of academics, the respondents attribute a lack of social and human capital to experiences of exclusion. The signals sent and perpetuated by the association promote elitism for a subgroup of members who mirror the association’s values. As the association grows, its diverse members perceive exclusion on the basis of a lack of social capital. The lack of social capital is fostered by being employed (or affiliated) with non-U.S. institutions, publishing in non [association name] journals, having a teaching and/or practice focus, and not working for or obtaining degrees from non-Carnegie I research intensive institutions, which are deemed to be more prestigious. Non-traditional research interests and methodologies, lack of well-known personal accomplishments, and institutional affiliation (lack of prestige) are also cited as key factors. Geographical location (members countries of origin), strong national centrism (where the association is based), and being new to the association also contribute to barriers to participation, which hinder the accumulation of social capital. Of note, individuals seeking to expand or enhance their social capital report feelings of exclusion when they do not belong to influential networks (e.g., prestigious/research institutions, well-known supervisors or coauthors). Although informal social interactions can facilitate the accumulation of social capital, it also promotes elitism at the same time. Thus, the processes intended for social capital accumulation, in turn, serve to further alienate individuals in organizations, resulting in poor individual and organizational outcomes.
REFERENCES


