Creation and Transmission of Social Capital: Theory and Evidence

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Abstract

The relevance of networks and social interactions impact on economic growth has recently enhanced the interest of economists and sociologists in analyzing the mechanism that generates social capital and the determinants of its development. Although advantages and disadvantages of social capital are well known, there is not a common agreement neither on the definition of the term nor on the drivers of the process through which social capital is created, developed and transmitted. This work is organized in three sections. The first is a survey of the concept of social capital; theoretical and empirical analysis are used to underline points of agreement and disagreement in literature but also to offer a more exhaustive definition of the term, exploiting previous works as complementary and not alternative.

In the second section the theoretical framework of social capital transmission is presented. The game, an extension of Berg, Dickhaut and McCabe (1995), emphasizes both the role of parents in transmitting their priors to children and the importance of emerging adulthood as a period during which each individual - not yet an adult- can modify his socio-cultural background, acting independently from his family.

In the last section the empirical analysis of the process described above is developed. Evidence from an international panel shows that family and emerging adulthood have an opposite effect on individual behaviors. In particular, family reduces the level of trust while living outside the family increases propensity to interact. In addition, in less developed countries people tend to be affected more by the family. Since these countries are characterized by a conservative culture, people are less independent and they tend to skip emerging adulthood, passing directly from childhood to adulthood.