

# Explaining Social Capital: A study of the Effects of Satisfaction with Life on Social Capital

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**Abstract.** The study investigates the relationship between satisfaction with life and dimensions of social capital. Contrary to attention given to satisfaction with life as a dependent variable in the majority of previous studies relating to social capital, the present study examines the effects of satisfaction with life on social capital. 569 academics from Malaysian public universities were selected as respondents of the study. Hierarchical multiple regression was used to test the research objective. Prior to that, preliminary analyses were first conducted to ensure that assumptions of normality, linearity and multicollinearity and homoscedasticity were met. Findings indicate a significant positive relationship of satisfaction with life with all the dimensions of social capital, namely social networks, participatory capital, and trust. Individuals who are more satisfied with their lives are more likely to have greater social networks, participate more in social engagements and are more trusting of others than those who are less satisfied with their lives

**Keywords:** Social Capital, Satisfaction with Life

## 1. Introduction

No man is an island. Not one individual may choose to live life alone. Everybody needs someone else in order to live (Baumeister & Leary, 1995). If we choose to deny this, to accept that living on our own is actually possible, then societal living is very much unnecessary. Individuals prosper when we have someone whom we can trust and rely on, someone who we know will be there in time of need, someone who is willing to spend time, give information or even lend money to us without expecting anything in return. This someone and the 'resources' they bring with them are our social capital. Like physical, financial, and human capital are crucial for an organization, social capital is crucial for individuals (Lin 2001).

The concept of social capital, therefore, offers researchers and scholars alike the missing link that helps explain how individuals overcome the challenges of life. Best and Kruger (2006) argue that the dynamic interactions that occur in both formal or informal settings stimulate further interaction and consequently, generate the social capital of individuals which frequently comes in the form of reciprocity, enforceable norms, information networks, and interpersonal trust. By drawing on this social capital, Best and Kruger (2006) claim that individuals can achieve ends that otherwise would be unfeasible if relying solely on physical, financial and human capital alone

The present study examines the influence of satisfaction with life on social capital. There is a growing amount of literature within the area of social capital that seeks to examine how variations in the dimensions of social capital contribute to an individual's satisfaction with life. However, in nearly all of these studies, satisfaction with life is posited as a dependent variable that co-varies with an individual's networks, social participation and trust. Despite recognizing and acknowledging the possible reverse 'causation' effect; more recently, researchers have begun to acknowledge that satisfaction with life may be functional (Oishi, Diener, & Lucas, 2007). Nevertheless, researchers have continuously concentrated on how social capital bears on the satisfaction with life of an individual (Lyubormisky, King, & Diener, 2005). This consequently contributes to the gap in satisfaction with life and social capital literature. The significance of this effort becomes obvious when we understand that findings from satisfaction with life's research have a direct relevance to the fundamental concerns of individuals and therefore, social capital studies.

## 2. Literature Review

Satisfaction with life refers to an overall assessment of feelings and attitudes about one's life at a particular point in time (Diener, 1984). At an individual level, often time, important life decision is greatly

influenced by the individual's satisfaction with his or her life. According to Fredrickson (2001), experiencing satisfaction with life in general places individuals in an ideal position whereby they have the ability to "broaden and build". This is due to the "valenced mood" acquired when one reaches a certain level of satisfaction with life, which stimulates individual's thinking, feeling, as well as influences actions. In other words, once an individual reaches a certain level of satisfaction, they begin to look beyond their own personal well being and increasingly seek to address broader concerns (Lyubormisky et al., 2005; Oishi et al, 2007).

There is a growing amount of research showing the ways in which people relate to one another, and the extent to which they are effectively engaged in helping themselves and especially each other, and how these ways are strongly related to their satisfaction with life (Helliwell & Putnam, 2004; Mota & Pereira, 2008). For example, Uslaner (1998) argues that life satisfaction lies at the core of social capital. He asserts that while an increasing dissatisfaction leads to a fall in the willingness of people to be involved in their communities, an increasing level of satisfaction leads to a greater degree of engagement in community activities. Similarly, Shah (1998) suggests that having a positive relationship with people leads to an improvement in life satisfaction, and eventually to an increase in social capital among individuals. Shah argues that life satisfaction is a critical individual socio-psychological factor that indicates the quality of a network. Furthermore, life satisfaction provides motives for social activities, and which consequently, may influence a number of non-economic outcomes that increases the life satisfaction of people. Oishi et al (2007) found that the highest level of volunteer activities was observed among the very satisfied.

Baumesiter and Leary (1995), in their defining article of the importance of ties to well-being, proposed the 'belonging hypothesis', which suggested that "human beings have a pervasive drive to form and maintain at least a minimum quantity of lasting, positive, and significant interpersonal relationships" (p.497). In their detailed analysis of the relevant research, these authors argued that the need for belongingness is more than the need for social contact. It is the need for positive and pleasant social contacts within the context of desired relationships with people other than strangers. That is the need for belongingness is satisfied by an interpersonal bond marked by "stability, affective concern, and continuation into the foreseeable future" (p.500). It is this relational context of interaction with other people that is essential for satisfying the need to belong. They also propose that, through satiation, people who are well-enmeshed in social relationships should have less need to seek and form additional bonds than people who are socially deprived. As their need for belongingness has been met, and is no longer such a significant drive, they do not express or display the need for belongingness as strongly as those for whom this need has not yet been met. This conjecture of Baumesiter and Leary (1995) may very well have originated from the assertion of Granovetter (1983) whereby he claimed that the increased strength of interpersonal ties as a result of involvement in civic activities has important implications for the expansion of individual supplies of social capital, such that it widens the network of an individual. Granovetter (1983) argues that as a network widens, the number of people who can trust and reciprocate grows. However, tie strength constrains the ability for a network to expand. As ties strengthen, matching individuals are less likely to possess independent social circles. This, therefore, diminishes opportunities to make new contacts and forge new relations (Best & Krueger, 2006).

In addition, Uslaner (1998) argues that life satisfaction lies at the core of social capital. He asserts that while an increasing dissatisfaction leads to a fall in the willingness of people to be involved in their communities, an increasing level of satisfaction leads to a greater degree of engagement in community activities. Similarly, Shah (1998) suggests that having a positive relationship with people leads to an improvement in life contentment, and eventually to an increase in social capital among individuals. Shah argues that life contentment is a critical individual socio-psychological factor that indicates the quality of a network. Furthermore, life contentment provides motives for social activities, and which consequently, may influence a number of non-economic outcomes that increases a person's life contentment (Helliwell, 2001). Oishi et al. (2007) found that the highest level of volunteer activities was observed among the very satisfied. Moreover, higher levels of life satisfaction, almost invariably, are also positively associated with norms of reciprocity and trust (Valenzuela, Park, & Kee, 2009). Some researchers have found that those who believe that strangers can be trusted report a higher subjective well-being, while others have concluded that life satisfaction is a pre-requisite of social trust (Helliwell & Putnam, 2004). These studies suggest that the general assumption of the relationship between SWL and social capital is that the happier and more satisfied people are, the more likely they are to have bigger networks, are more willing to engage themselves in civic activities as well as to be more trusting and reciprocal compared to those who are the opposite (Romer et al, 2009).

### 3. Methodology

The present study's population comprised academics from Malaysian Public Higher Learning Institutions. Currently, there are 20 public universities in Malaysia, with a total of 25,297 academics. This study employed a stratified simple random sampling. Data was collected via a web survey. Respondents were first contacted through email. The email list was acquired from the respective universities' websites. Once an email list was obtained, and population was stratified by university, then from each sampling frame respondents were selected through simple random sampling. The size of each sample was proportionate to the size of each sampling frame. 569 questionnaires were successfully collected, providing a response rate of 56.9%.

#### 3.1. Social Capital

The latent construct social capital is represented by four dimensions, namely, strong ties, weak ties, participatory capital and trust. There were ten items for strong ties, ten items for weak ties, six items for participatory capital, and three items for trust. The strong ties of respondents were measured in terms of emotional support, access to scarce or limited resources, and the ability of respondents to mobilize solidarity. To measure strong ties, Williams' (2006) Internet Social Capital Scale (ISCS) was adapted. The ISCS compares two dimensions of social capital: the bridging vs. the bonding dimensions. Therefore, only ten questions were utilised (bonding social capital) and these were adapted to suit the Malaysian context. Responses were recorded along a Likert-type seven-point scale ranging from 1 "Strongly Disagree" to 7 "Strongly Agree". The items were then averaged to create an index of strong ties (Cronbach  $\alpha = .89$ ). A scale from strong ties was created by multiplying factor scores of each of the items with the standardized scores of the same items. These steps produced ten new values, which were summed up to create a factor scale for strong ties. Similar steps were also performed to create a scale for weak ties, participatory capital and trust.

Erickson (2004) proposed a position generator as the best way to measure weak ties. Position generators measure a person's access to occupational position through social relationships. The occupation of a person has been argued to be a good indicator of the person's social roles and resources, and hence the kind of help that a person might be able to provide (Boase et al., 2006). Therefore, in line with Erickson (2004), weak ties were measured based on the number of people known to respondents in each of the categories of occupation, as derived from the Malaysian Standard Classification of Occupations 2008. The instructions clearly reminded respondents that they did not have to know these people really well, but only well enough by name and sight and well enough to talk to. Possible responses were (1) 0 people, (2) 1-2 people, (3) 3-5 people, (4) 6-10 people, (5) 11-15 people, (6) 16-25 people, and (7) 50 or more people. The items were then averaged to create an index of weak ties (Cronbach  $\alpha = .90$ ).

Participatory capital was measured based on the social participation of an individual with his or her community (Wellman & Frank, 2001; Shah et al., 2001a). The engagements ranged from just making contact with relevant authorities to active involvement in community activities or programmes such as community donation drives, or attending community association meetings. Responses were coded along a seven-point Likert-type scale ranging from 1 "Strongly Disagree" to 7 "Strongly Agree". The items were then averaged to create an index of participatory capital (Cronbach  $\alpha = .84$ ).

Trust refers to faith in people a person does not know and it does not depend upon the life experiences of the person. Uslaner (1998) contends that trust binds individuals to others. Trust is measured using the following statements, "Most people are honest", "Most people will not take advantage of me if they get the chance", and "Most people look after each other" (Burns & Kinder, 2000). Responses were coded along a seven-point Likert-type scale ranging from 1 "Strongly Disagree" to 7 "Strongly Agree". (Cronbach  $\alpha = .84$ ).

#### 3.2. Satisfaction with Life

Life satisfaction is, defined as the general cognitive evaluations of an individual as to whether he or she is content with his or her own life as a whole. Satisfaction with life (SWL) was measured using the Diener et al. (1984) Satisfaction with Life Scale (SWLS) which consists of four items (Cronbach  $\alpha = .88$ ,  $M = 6.90$ ,  $SD = 1.77$ ).

### 4. Findings

Table 1 presents the findings of the series of regressions conducted to test the impact of satisfaction with life on all the four dimensions of social capital.

Table 1: The Effects of General Satisfaction with Life on Dimensions of Social Capital

Predictor Variables	Dependent Variable Dimensions of SOCIAL CAPITAL			
	ST (N=530)	WT (N=563)	PC (N=551)	TR (N= 556)
	$\beta^a$	$\beta^a$	$\beta^a$	$\beta^a$
<i>Block 1</i>				
Age	-.06	.05	.10 <sup>d</sup>	.07
Gender	.14 <sup>c</sup>	-.12 <sup>c</sup>	-.09 <sup>b</sup>	-.02
Income	.12 <sup>b</sup>	.10	.09	.10
Incremental R <sup>2</sup> (%)	2.4 <sup>c</sup>	4.0 <sup>d</sup>	4.4 <sup>d</sup>	2.5 <sup>c</sup>
<i>Block 2</i>				
Satisfaction with Life	.38 <sup>d</sup>	.23 <sup>d</sup>	.30 <sup>d</sup>	.31 <sup>d</sup>
Incremental R <sup>2</sup> (%)	13.7 <sup>d</sup>	5.1 <sup>d</sup>	8.8 <sup>d</sup>	9.6 <sup>d</sup>
Total R <sup>2</sup> (%)	16.1	9.1	13.2	12.1

<sup>a</sup>Final standardized beta <sup>b</sup> p < .05, <sup>c</sup> p<.01 <sup>d</sup>p<.001, ST = Strong Ties, WT = Weak Ties ,PC = Participatory Capital, TR = Trust

From the table, it can be observed that satisfaction with life accounts for the highest amount of variance on strong ties, followed by trust, participatory capital and weak ties. More specifically, a regression analysis performed to assess the effects of general satisfaction with life on strong ties shows that general satisfaction with life explains 14 percent of variance in strong ties,  $R^2=.16$ ,  $F(4, 525) = 25.08$ ,  $p < .001$ . It can be predicted that for every standard deviation unit increase in satisfaction with life, there will be a corresponding .38 standard deviation unit increase in strong ties ( $\beta = .38$ ,  $t(524) = 9.25$ ,  $p < .000$ ). Findings also indicated satisfaction with life significantly predicted weak ties,  $\beta = .23$ ,  $t(557) = 5.584$ ,  $p < .001$ . Satisfaction with life explained statistically a significant amount of the variance in weak ties,  $R^2=.05$ ,  $F(4, 558) = 13.943$ ,  $p < .001$ , whereby for every standard deviation unit increase in satisfaction with life, we expect to see a corresponding .23 standard deviation unit increase in weak ties, and finally, the findings also revealed that satisfaction with life significantly predicted both participatory capital and trust. For every standard deviation unit increase in satisfaction with life, it can be predicted that there will be a corresponding .30 standard deviation increase in participatory capital ( $\beta = .30$ ,  $t(547) = 7.46$ ,  $p < .001$ ). Similarly, satisfaction with life also affected trust, the same way it affected participatory capital, whereby the corresponding beta is almost the same ( $\beta = .31$ ,  $t(550) = 7.76$ ,  $p < .001$ ). Satisfaction with life contributed an additional 9 and 10 percent of explained variance in participatory capital and trust, respectively.

## 5. Discussion and Conclusion

The aim of the study was to determine whether satisfaction with life predicted social capital. It is generally agreed among researchers that social capital has a positive significant effects on satisfaction with life whereby increases in individuals' social capital, also increase his or her satisfaction with life. It is argued that having strong ties helps individuals to confidently pass through life. Strong ties are like a safety net that are there to provide individuals the security and moral support needed when life challenges seem too overwhelming or unbearable. Weak ties, on the other hand, help individuals to get ahead in life as they afford individuals with a larger and wider access to various sources of information. Similar positive effects of social capital on satisfaction with life have also been found for other dimensions of social capital. In short, sufficient empirical evidence supports the directionality of this relationship, such that social capital affects individuals' satisfaction with life. Even though, the present study does not question the legitimacy and value of the above arguments, it has questioned the direction of the effect based on the fact that individuals' actions are greatly influenced by their satisfaction with life (Lyubormisky et al., 2005; Oishi et al., 2007; Veehooven, 2010). Veehooven (2010), for instance, has shown that individuals' judgement about their satisfaction with life affects their decisions and behavior. The findings of the present study have replicated and supported this hypothesis. It was found that satisfaction with life predicted all dimensions of social capital.

The present study's findings are modest and preliminary, yet insightful. despite the fact that numerous studies have been done in the past regarding satisfaction with life and social capital, the direction of the

relationship researched has often been from social capital to satisfaction with life. Although the positive effects of social capital on individuals satisfaction may be indisputable, the present study has argued that satisfaction with life may be equally likely to affect social capital based on the fact that our cognitive judgments on our perspectives on life greatly influence our decision to initiate contacts with others, and engage ourselves in civic activities or when we decide to trust others. The present study has tested this assertion and found evidence supportive of this directionality. By focusing on life satisfaction as determinant of social capital, a deeper understanding of the often latent factor that moves individuals to engage with others is perhaps achieved. However, exactly which linkage, satisfaction with life to social capital or vice versa, is of greater substantive and heuristic value should be of interest to future researchers.

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