

ABSTRACT

The Functions and Changes of Social Capital in the Developmental Course of Industrial Clusters in Zhejiang Province of China

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This paper examines the changing patterns of social capital related to the development of industrial clusters. By using the theory of social capital, I analyze and explain specific examples of industrial clusters in the coastal area of the Zhejiang Province in east China, which is marked by remarkable growth. This paper is based on the premise that social capital is an important factor in promoting the formation and development of industrial clusters. Prior to a full-fledged analysis, this paper describes the theory of social capital, which has hitherto never been unanimously agreed upon in academia, in order to identify the definition and components of social capital as well as to present two types of social capital that play an important role in the formation and development of industrial clusters.

I divided the evolution of industrial clusters in Zhejiang Province, which is the subject of this paper, into two main periods: the formative

and developmental years. According to this analysis, there appeared relatively closed social capital (type 1) during the formative years. On the other hand, we can easily notice that relatively open social capital (type 2) formed during the developmental years.

Specifically, type 1, which was formed on the basis of the traditional Confucian culture shown in the formative period, is characteristic strong ties, trust in related others, and generalized reciprocity in small groups. During the formative process of industrial clusters in Zhejiang Province, type 1 was a driving force that enabled establishment of family-owned companies, construction of corporate networks, and the distribution of information. However, type 1 did not meet the necessary requirements during the developmental years of industrial clusters. Since the developmental period started, there appeared type 2, which would possibly contribute to the ongoing development of industrial clusters. Type 2, which is characteristic of weak ties, a broader trust in others, and balanced reciprocity, is being used in various areas such as the external talent recruitment, the expansion of the range of financing, the opening of industrial clusters, and the construction of various kinds of solidarity. The increase of these practices is a concrete example that clearly shows the changing patterns of social capital.

The significance of this paper is that it contributes to expanding the scope of applicable theory when it comes to studying the evolution of industrial clusters, as well as the range of subjects that the theory of social capital can be applied to, by explaining the evolution of industrial clusters with the theory of social capital. In addition, this paper analyzes the changing patterns of social capital by considering the nature of social

capital as being constantly in flux, so that it tries to avoid focusing on the fixed form of social capital as existing studies have often done. Finally, this paper is also meaningful in that it attempts to compensate for those existing studies.

Key words: Social Capital, Development of Industrial Clusters, Changing
Patterns of Social Capital, Zhejiang Province