Banks' Social Capital Investment:

Qualitative Insights from Sweden

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Abstract

Having recognized the merits of social capital research within other study areas, the authors of this degree project take a look at this concept from a relatively untouched perspective, banks. Social capital has long been a staple in both political science as well as sociology discourse. In recent history, the principles of social capital theory, which entail deriving benefits from building and nurturing social relationships, have been applied to a limited number of organizational contexts. The banking industry is one such organizational context that has remained relatively untouched by the extant body of research on the concept. Given the implied fixation of banks on more so financial capital than social capital, the authors of this degree project found this perspective to be a potentially interesting area of research. Social capital’s strong emphasis on trust also made the bank context appealing as the current climate within the financial services industry is that of widespread distrust, from the outside world, as a result of the financial crisis of 2007 to 2009. As a consequence, the following research question emerged: how do banks invest in social capital? The purpose of this study has thus been to gain insights into how social capital is invested in by banks, through their network reach, from these banks’ own perspectives, using a qualitative research method. In order to do so, the authors delved into the body of research on social capital and accounted for relevant elements therein, thereby laying the theoretical foundation for an exploratory study.

Amongst other elements, this study features a tri-dimensional view of social capital, which has constituted one of the bases upon which banks’ practical approach to the phenomenon have been analyze. This study, which gives credence to a subjective view of reality, provides insights into the social capital investment activities of eight Swedish banks. Furthermore, this study, which depicts sampled banks’ situation in the spring of 2014, analyzes each organization individually based on data derived from semi-structured interviews, while making on inferences rooted in theory. What has been found is that banks do not seem to engage in the investment of social capital to the degree that is typical for the concept. Rather, banks have been observed to prefer more superficial, or weak, ties to other parties, more so than strong ones. Furthermore, this study uncovers the lack of bonding among bank members and their ability to attain social capital assets without, in actual fact, needing to invest in deep-seated relationships. Moreover, the completion of this study calls for inquisitions into other low trust industries, amongst other future research area suggestions. Implications for both the practical and academic worlds are also provided, there among this study's contribution to banking industry constituents in the form of a look into the current techniques used to build relationships by their banking counterparts.

Keywords: banks, financial networks, financial services industry, investment, networks, relationships, social capital theory
Foreword

The completion of this degree project signifies the end of an era and the beginning of the rest of our professional lives. The resources that Umeå University has provided for us have been much appreciated along each of our respective program journeys within the International Business Program and Civilekonomprogrammet respectively. Not least of these valuable resources has been our supervisor throughout this chapter-closing semester, Karl Johan Bonnedahl. Thank you for taking the time to make sure that our time was spent productively by providing eye-opening and course-straightening perspectives and feedback despite having to tackle your own encumbrances throughout this 2014 spring semester. Equally as important and project-defining have been our eight interviewees who took time out of their high-powered schedules to bestow upon us the critical data we needed to turn this, at first, figment of a project into a reality. Thank you all for your participation and for your unselfish contributions in the form of time, effort and consideration.

Crystal Holmes Zamanian and Lisa Åström
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1 Introduction

Chapter 1 serves as a catchment area for concepts to be discussed in chapters 3 and 4. This degree project’s discourse orbits a specific concept: social capital, and a particular context: banks. This section serves to introduce the general focus of this degree project and familiarize the reader with the focal research area, social capital, as well as relevant phenomenon therein. To be discussed are both originating and modern bodies of knowledge within social capital theory as well as how this concept measures up in the context of banks, the focal organizational type. Moreover, this introductory chapter aims to shed light on the contemporaneous banking milieu, while juxtaposing elements therein with presuppositions within social capital theory, thereby laying the foundation for the research problem, question and purpose.

1.1 Background

This degree project studies banks with the goal of finding out how these types of organizations invest in social capital. More true to its origins in political science and sociology, social capital provides benefits far beyond the organizational context. Namely, social capital, on a socioeconomic and political plane, has been linked to poverty reduction, promoting sustainability, lowering crime rates, strengthening democracy, bringing overall communal health and more (Boutilier, 2007, p. 122, 2009, p. 57; Szreter & Woolcock, 2004). More in line with a commercial context, this form of capital has also been credited with easing the formation of alliances and opening up new financial opportunities (Chung et al., 2000, pp. 5, 19), in addition to spurring high-tech innovation, firm acquisition of start-up financing and reducing manufacturing costs (Boutilier, 2009, p. 57). Smaller enterprises have an advantage in social capital building over more centralized organizations by virtue of their closeness to the community (Russo & Perrini, 2010, p. 217). As a result, social capital investment has been offered up as a surefire tactic for such firms to pursue relationship management, so to speak, enabling them to put aside more corporation-suited models such as stakeholder management (Russo & Perrini, 2010, p. 217). By focusing more on what gives rise to these payoffs, this study addresses the investment in the catalyst, itself; social capital. This type of capital investment can be likened to a planted relational seed, from which benefits can be extricated further down the line. This relationally based view of dealing with valued contacts signifies dissociation from simply managing stakeholders to broadening one’s relational spectrum while strengthening its quality.

As will be made clear by virtue of the theoretical account to come, time spent by organizations on nurturing ties with more than just obvious, money-making contacts vital to one’s operation is time well spent. That is to say, branching out and building network ties with parties from different industries can prove insightful to banks that, for example, desire to learn more about the ins and outs of clients’ respective industries in order to better serve said clients. This can be done, at the same time as amplifying the firm’s recognition, relational spectrum, reputation and field of influence, through social capital investment, as will be highlighted in depth within chapter 3 Theoretical Frameworks. Social capital investment deals greatly with the affective relationships and rapport between parties (Acquaah, 2009, p. 70). In this description, what is important is the nature and quality of relationships with parties; this epitomizes the concept of relational social capital, which recognizes that relationships have depth beyond nominal elements such membership in an association, for example (Leana and Pil, 2006, p. 354). Investing in social capital, typically accrued through investing in social interactions on a network and/or community level, are organizations’ key to unlocking future flows of benefits by
virtue of the rapport built up between parties (Adler & Kwon, 2002, pp. 21, 24; Putnam, 2000, p. 321). The interaction arena, i.e. *structural* social capital, comprised of networks, or communities, is the milieu within which ties are formed, laying the foundation for social capital to be built (Lin, 2001, pp. 101, 187). Networks are crucial to the social capital discourse and will be heavily featured throughout this degree project as a medium through which social interaction is able to crystallize. What cements this structure and actors within it is the *cognitive* social capital aspect, which is typified by behavioral expectations and adherence of network members to ordained beliefs and expectations (Lin, 2001, pp. 185, 187). These ordained beliefs are known as the shared institutions of these networks and serve as the common ground upon which actors can build smoother, more homogeneous relationships (Lin, 2001, pp. 185, 187). Thusly, the existence of both a scape, i.e. structural social capital, as well as a playbook for expectations, i.e. cognitive social capital, expedites the acquisition of social capital assets.

Boutilier (2009, p. 48) argues that the dimensions of relationships that produce social capital “are the ones that make the most difference” to the organization. Building social capital between parties brings about the following key assets: trust, reciprocity, an environment open to information sharing and solidarity as well as a means of building one’s reputation (Perrini, 2006, p. 309; Russo & Perrini, 2010, p. 340; Russo & Tencati, 2009, p. 340). Reasons for businesses’ interest in social capital investment are manifold. Svendsen, Boutilier and Wheeler (2003, cited in Boutilier, 2009, p. 44) have linked good relations with, for example, local stakeholders to such benefits as lower capital costs, lower employee turnover, lower recruitment costs, better customer loyalty, lower political risk and quicker regulatory approvals for operational expansion. Indeed, enterprises can secure long-term survival and growth through accruing social capital (cf. Adler & Kwon, 2002, p. 24; Garriga & Melé, 2004, p. 57).

Moran (2005, p. 1130) lists organizational benefits associated with investing in social capital such as the acquisition of more timely and unique knowledge as well as “greater political control and maneuverability, and enhanced status.” Specific to the banking industry, investing in social capital can bring about benefits for both the ones being invested in, in this case, the clients, and for the bank, itself, by virtue of embedded ties, i.e. deeper social relationships (Uzzi, 1999, p. 500). Namely, clients with invested relationships in banks have lower costs of capital and lower borrowing costs, on average (Uzzi, 1999, p. 500). This occurs as a result of the increased trust and expectations of reciprocity that building on relational social capital, or embedded ties, brings: this strengthened trust elicits, for the banks, increased business and lowered transaction costs (Uzzi, 1999, pp. 500, 501). Despite social capital being mutually attractive for parties, this study intends to investigate events solely from a bank-benefitting vantage point. Moreover, still within the context of banks, evidence exists that financial services providers choose their alliances based highly on the social capital between members, bringing about new economic opportunities (Chung et al., 2000, pp. 5, 19). Consequently, social capital should be of interest to any financial services provider who is invested in continued client business, lowered expenditures and attracting alliance partners.

The social scientific concept of social capital has garnered a great deal of attention within a short period of time (Ostrom & Ahn, 2003, p. xi). In fact, the term “social capital” was rarely used before the 1970s, but had officially arrived by the end of the century (Boutilier, 2009, pp. 57, 59). Boutilier (2009, p. 58) believes that the first known occurrence of the concept has a political purview. Indeed, Boutilier (2009, p. 58), Ostrom and Ahn (2003, p. xi), as well as Hooghe and Stolle (2003, p. 36) trace the fundamentals
of social capital to French political theorist and historian Tocqueville (1840), although he does not explicitly use the term. More than one hundred years later, Granovetter (1973) pioneered the theories of social networks, which are still of importance to the social capital theory discourse today, thus forming the foundation for the contemporary social capital school of thought. Another spearhead within social capital theory is Coleman (1988), who created the first systematic conceptualization of social capital. Moreover, pioneers in their own rights are Bourdieu, in sociology, and Putnam, in political science, who are seen as prime authors in the social capital field. These authors, along with Coleman, in particular, are viewed as credited authors and prolific contributors to the modern social capital discourse (Schuller et al., 2000).

Based on reviewing extant research, different authors tend to have his or her own conceptualization of the hard to define concept, social capital. This may explain why it has been difficult to pin down one solid definition of social capital, perpetuating a myriad of currently used definitions (Glanville & Bienenstock, 2009, p. 1508). In fact, social capital has been independently invented at least six times throughout the 20th century; each time, the crux has been “the ways in which our lives are made more productive by social ties” (Putnam, 2000, p. 19). Nan Lin (2001, p. 19), professor of sociology at Duke University, in his written work Social Capital: A Theory of Social Structure and Action, describes social capital as being “investment in social relations with expected returns in the marketplace.” According to Lin, himself, this definition complies with those of modern social capital scholars Bourdieu, Coleman, Burt, Putnam and Portes. The modern view specifies that social capital consists of resources made accessible by virtue of establishing social ties, existing within strategic network locations and/or meaningful organizational positions (Lin, 2001, p. 24). The authors of this degree project also give credence to accountants’ assessments, which paint social capital as being a “sub-species of the ‘goodwill’ found in networks” (Boutilier, 2009, p. 57), and those of social network theorists, who refer to social capital as being a shorthand phrase within social network theory broached when discussing such phenomena as “information sharing, cooperation, support, and group cohesiveness” (Boutilier, 2009, p. 57). Thusly, this degree project predicates its general understanding of social capital on a unisonal definition, steeped in theory, which necessitates the existence of social interaction, whether on an individual or group level, within a structure of networks from which benefits can be derived.

There is no short cut to social capital investment, in which carrying out “time-consuming reiteration and habituation” is a must (Maskell, 2000, p. 118). Making an effort to form genuine ties is paramount especially since social capital flourishes with authenticity and shrinks with insincerity and manipulation (Cohen & Prusak, 2001, p. 23). Consequently, it is going to take substantial effort beyond simply keeping up social appearances within one’s community to enjoy acceptance as well as genuine and mutually beneficial relationships with one’s counterparts. In service of this, banks would have to expand their relational horizons beyond relationship management systems and sponsorship into substantive relationship building. Networks, themselves, are typified by their norms and expectations of behavior from their members, which, in essence, serve to hold these members together (Dasgupta, 2002, pp. 311-312). These networks’ expectations, as far as compliance to held norms, means that banks, belonging to their own overhanging institution, cannot engage in associating themselves with just any network, thus complicating their social capital investment prospects. This presents a problem as trust is unable to develop in these networks unless those within it have a meeting of the minds. Moreover, building trust is essential to banks’ entire premise, not least, now, in this current climate of record-low trust levels within the financial services industry (Benamati
Banks, more than ever, need to be able to engender the social capital asset of trust. Herein lie the two matters, constituting this project's problematization. Of interest, here, is, given norms in networks, how are banks building social capital through networks and how are banks robustifying trust levels through social capital. Additionally, as banks are experts at financial capital investment, the authors felt it would be interesting to assess the nature of their social capital investment. Answers can be derived from these ruminations by virtue of this study's research question, which reads *how do banks invest in social capital?*

### 1.2 Problematization

The conundrum present for banks as social capital investors are: conceivable limitations on their ability to conform to prevailing norms, which aids in social capital building, due to the financial institution norms banks are bound by, such as regulation on how business may be conducted; and trust, crucial to social capital building, shown towards them has taken a drive due to the financial crisis. The two points of interest happen to be interrelated as it is believed, from an institutional theory perspective, that the global financial crisis came about as a result of those within the financial services industry's manipulation of their institutional identity (Riaz, 2009, p. 31). This was the result of banks’ maintaining a front as being within the frame of their institutions, reaping the reputational benefits therein, while engaging in institution-damning behaviors, i.e. engaging in high-risk subprime mortgage deals, benefiting those outside their institution (Riaz, 2009, pp. 31-32). This, in effect loosened, the institutional attachment banks had to their own industry, though this was, for some time, concealed from those outside of the institution (Riaz, 2009, p. 31). Once the crisis started to rear its head in 2007, the entire financial institution diminished its legitimacy for its condonation of the unscrupulous actions which left banks trying to cover up their abandonment of their previously held institutions. Today, banks are limiting influences that cause any form of illegitimacy to crop up, which make networks a compromising environment in which to sojourn. This is because networks one may be involved in have their own institutions to which members must conform, thus creating compromising positions for banks that desire to use networks as an avenue to cultivate social capital. As banks are under stricter rules governing what can be shared with outsiders and just how much one can associate with others and attempt to curry favor with them, it is interesting to see how banks build social capital while navigating such a constricting environment. This is also interesting to investigate given the blow received to trust towards the industry and the importance of trust in social capital investment.

Networks will be discussed in greater detail later on. However, what is important to take away this early on is that the extent of banks’ success when building social capital is contingent upon their ability to live within the lines of society’s, networks’ and their own financial institutions (cf. Lin, 2001, pp. 188, 189). What is more, when pre-existing norms govern the interactional landscape along with expected behaviors therein, what issues might this present in an organic relationship-building context that social capital investment implies? Might preexisting norms put a strain on conforming to the context of other networks? Banks, with their broad reach, are subjected to the norms and rules of a vast array of social contacts and networkscapes. How would such an enterprise fare when attempting to gain social standing among such a vast array of networks consisting of clientele, collaborative partners, municipalities, media, et cetera, each with their own norms?

For banks reputation and trust are likely to be highly ranked, whether it be about establishing trust for the bank, itself, among clients in order to gain stewardship over said
clients’ assets or trusting clients to make good on their amortization obligations. Indeed, one can surmise that entire premise of the financial services industry is built on trusting an entity to manage one’s assets and interests. However, the ravaged trust levels within the banking industry as a result of the financial crisis of 2007-2009 (Benamati et al., 2010, p. 329) complicate matters. In what way are these entities expected to network and present their image as that of a stronghold, safeguarding clients’ resources given the consequences of recent events?

In summary, this topic is an interesting one from a number of points of view. One point of view is that banks may find adapting to the cognitive paradigms of networks difficult. Failing to achieve cognitive embeddedness is highly likely to affect banks’ social capital investment potential within their relationships. Secondly, this research area is of interest because of the recent downturn in trust shown towards the entire banking industry, given the financial crisis of the late ‘00’s. How are banks faring in terms of acquiring social capital assets now after such a dip in their opinion polls, so to speak? Because of the lack of generalized or tacit trust within this sector, one may argue that social capital will have difficulty thriving, when social capital, by all other accounts, should rather be a top priority. The final point, which is not a problem, per se, concerns the differences among banks types. It is interesting to investigate how social capital materializes throughout this industry, in order for perceivable differences as well as strengths and weaknesses to emerge. These ruminations lay the foundation for the elements that make this research perspective thought-provoking and worthy of investigation. To cover all these areas, the all-encompassing question is posed, in short, how do banks invest in social capital?

1.3 Research Gap

Social capital research is described as being “the Wild Wild West of academic work” as works within this field of research range from “rigorous research to devotional opinion, from carefully considered to bromide blather” (Burt, 2005, p. 5). In other words, not many are certain as to how to measure, assess or even adequately describe the concept of social capital (Glanville & Bienenstock, 2009, p. 1508). Furthermore, there is little knowledge on how both embedded, i.e. more substantial, and arm’s-length, i.e. more superficial, ties are actually formed (Uzzi & Lancaster, 2003, p. 397) in terms of relations and networks in general. Indeed, there has recently been a notable outcry for more research into where network bonds arise and how they are built (Bolino et al., 2002, p. 507). In addition, little is known about the relationship between social capital and businesses in terms of environmental differences (Stam et al., 2014, p. 153).

One industry that has not been investigated thoroughly when it comes to social capital and network creation is the financial services industry, as not much research could be found by the authors of this degree project within this area. The limited research that has been conducted on social capital in the financial service industry has focused foremost on social capital’s ability to either generate financial returns (cf. Baron & Markman (2003); cf. Knack & Keefer, 1997) or aid financial development (cf. Guiso et al., 2000). Additionally, Dasgupta (2002, p. 521), along with Stam et al. (2014, p. 153), argue that up until this point, social capital research has been fixated on small firms in either established or emerging economies, despite there being evidence that industry conditions may amplify network effects on firm performance. Indeed, as Maskell (2000, p. 123) elucidates, any attempts to accurately generalize social capital across communities is bound to fail, which opens up the potential for this study's bank perspective to make context-specific observations and contributions. Furthermore, this author stresses that specific characteristics of social capital that might be of value or even pivotal in one
context can be useless in another context with a different economic situation or with other challenges and opportunities (Maskell, 2000). This degree project gives credence to this reality and endeavors to investigate social capital creation among companies in a context with low trust levels. Banks are ranked as being one of the least trusted industries at 49%, compared to technology, or consumer electronics manufacturing with 70-73% in the world ranking made by Edelman Trust Barometer (2013). Low trust is a factor due to the financial crisis, originating in 2007 and spanning through to 2009, which resulted in a dramatic blow to levels of trust for and within the financial services industry the world over (Benamati et al., 2010, p. 329). As trust is a keystone within building social capital, (Dasgupta, 2002, p. 333; Koniordos, 2005, p. 4) it will be insightful to investigate how banks engage in social capital investment while existing in an industry marred by skepticism. Thusly, this study will hopefully shed some useful light on a particular contextual dimension, in this case, the financial services industry with low trust levels and in a regulatory period in addition to presenting insights in ways in which ties are formed.

1.4 Research Question and Purpose

With consideration given to the problematization and research area discussed above, the authors offer up the following research question as a means to gain a better understanding of the context of social capital within the banking industry:

*How do banks invest in social capital?*

This study takes a look at the state of events from banks’ vantage point. The purpose of this study is, thus, to assess how banks create social capital within their network reach through interviewing organizational members with relevant insights. These networks are not mutually exclusive and thus this study does not seek to limit the definition of a network connection to exclusive connections between one particular bank and other entities that are not had in common with other banks. In other words, different banks in this study can relay insights as to the nature of relationships with any contact, even if this contact is shared by other sampled banks. This study will provide an understanding of nature of social capital investment by banks, seen from the perspective of members within the banking sector who will give their take on social capital investment from their network pocket, so to speak. That is to say, of interest to this degree project is the way in which organizational members of banks view their bank’s part in investing in social capital with others and not how the object of social capital investment regards this interaction. This research also endeavors to discover potential differences as well as similarities in social capital acquisition between the banks.
2 Academic Starting Points and Theoretical Framework

Acquisition

This chapter details what this study views as valid sources of knowledge and from what reality collected data will be viewed and interpreted. Additionally, the data type of importance as well as from whom and how data will be collected are assigned subchapters and addressed systematically.

2.1 Choice of Topic
While searching for articles from which to draw inspiration and direction, one particular article sparked the authors’ interest after a two week search into business-related subject matter, more specifically corporate social responsibility. This article has been written by social capital scholars Russo and Perrini’s (2010) and is titled *Investigating stakeholder theory and social capital: CSR in large firms and SMEs*. This article is particularly context-specific and examines the appropriateness of stakeholder theory for small businesses. Suggested instead for small businesses is a better-suited alternative called social capital investment. This article ultimately helped the authors homed in the chosen research area and its collateral paradigms. Both authors being familiar with traditional stakeholder theory and its usefulness, it was interesting to find that this management style was not universally applicable. What distinguishes social theory, according to this article, is that emphasis is firmly placed on the interaction quality between firms and their network ties, not just appeasing parties likely to be impacted by one’s operation. It, then, became interesting to consider how this alternative measures up in organization types that are not necessarily noteworthy for their interest in many other forms of capital types than financial.

With the interest of the authors peaked, one inquired as to the relationship between social capital investments within an organizational context that it may struggle to gain optimal footing in, namely the banking industry. This decision was not made in a flash. Focus, for the first two months of this semester, had been on financial service firms, in general, before being narrowed down to banks. Given that money is often top-of-mind for these organizations, social capital may take a back seat to financial capital, thus constituting a basis for investigation as to what is happening on the social capital front. Additionally, given the importance of trust to in social capital investment and the pervasive lack of trust for the finance industry as a result of the economic crisis of 2007-2009 (Benamati et al., 2010, p. 329), it had become even more intriguing to explore how social capital is invested in by banks. The authors feel insights of significance will be able to be produced in field of social capital by analyzing this organizational perspective in a distinctive situation.

2.2 Preconceptions
Both authors, through their studies, have learned the importance of relationship management; however, the authors are virtually new to the concept of social capital. At any rate, the authors of this degree project expect to see both bonding and bridging habits among informants as no firm is an island and companies are likely to have discovered the boons of both methods. Bridging concerns cementing relationships among dissimilar actors, while bonding concerns interaction within a homogeneous network (Adler & Kwon, 2002, pp. 19-20; Putnam, 2002, pp. 22-23). Based on what the authors of this project started out knowing about social capital and how companies invest in it, i.e. through social interactions, works and activities, the authors anticipate that companies with a higher amount of social capital will have access to more social networks as possibility utilize superior techniques to amass social capital within their local
communities especially if the entrance threshold for these acts is met by the majority of actors. In keeping with this mind frame, the authors are tempted to ascribe the means to accomplish all of this to organizational size and monetary success. The authors, in their roles as interviewers, will take pains in order to not to prejudice the situations of less prominent banks before interviews as a result of these preconceptions in addition to making sure to analyze and interpret the data, likewise, unbiasedly.

In addition, the authors expect to see different motivations for social involvement among companies and different motivations for classifying, valuing and engaging in forming relationships across and within networks. Social constructionists, a role taken on by the authors, view reality as being socially constructed (Saunders et al., 2009, p. 111) and thus strive to understand the reality and the possible workings behind that reality. Organizational members to be interviewed are subject to have their own view of reality and interpret this reality accordingly (Saunders et al., 2009, p. 111), thus opening up the possibility for members of the same organization to provide different points of view on the same subject. This can occur despite actors’ operating within and moving through the same environmental and temporal context as each other. This can present a problem, especially if the interviewed bank employee has a divergent underlying reason for forming ties that is not explicitly stated. Resultantly, while one may think one is delving into how organizations build social capital, it may really, underneath it all, be an investigation into how that particular worker hedges his or her bets professionally through networking for his or her own gain. Despite the risk of reading into underlying motivations behind answers, the authors will refrain from projecting more than can reasonably be derived from answers by relying on the candidness and truthfulness of interviewees. While the authors of this degree project wish to remain as unbiased as possible when formulating questions, interpreting answers and drawing conclusions, it is difficult to set these preconceived notions aside while at the same time giving credence to the banks’ overall respective situation. Nevertheless, it is the authors’ every intent to take what is said at face value, that is, devoid of hidden agendas and unfounded suppositions when analyzing what is said.

2.3 Reality Philosophy

Within one’s research philosophy inhere the principal assumptions for how the world is viewed. This, i.e. one’s view of knowledge and how it develops, will be the main determinant for how the research process is carried out. As a result, the research philosophy undergirds the research approach and is thus a vital element of any research paper to map out before the research method is formulated and conducted. The two main considerations made in this context are the ontological and epistemological approach of the study. Ontology concerns itself with the nature of reality, whereas epistemology reifies what acceptable knowledge is (Mills et al., 2010, p. 331; cf. Saunders et al., 2009, pp. 110, 112). Ontology consists of a continuum between subjective and objective reality; objectivism portrays true reality as being external to social actors concerned, whereas subjectivism depicts reality as being contingent upon the perceptions and consequent actions of social entities and phenomena thereto (cf. Alvesson & Kärreman, 2011, pp. 57-58; cf. Saunders et al., 2009, p. 110).

That is to say, objectivism exists in the realm of the external information, observable by anyone, whereas subjectivism deals with the internal, more mentally formed phenomena (Hammersley, 2011, p. 27). The subjectivism philosophy gives relevance to there being a broader theoretical connection to socially and practically distinguishable phenomena (Alvesson & Kårreman, 2011, p. 57). As it so happens, the study conducted within this
body of work is highly theoretically based and seeks to find out how a socially based phenomenon, social capital investment, is gone about in the eyes of the social actors themselves while also considering their context. Provided that this degree project has every intention of examining subjective information from social actors, in this case organizational members of banks, the research ontology angles towards the subjectivism, i.e. social constructionism, paradigm coupled with an interpretivistic epistemological view.

As opposed to positivism, at one extreme of the epistemology paradigm, interpretivism considers more than just observable data to be an acceptable basis of knowledge; it concerns human meaning and the importance of its interpretation (Alvesson & Kärreman, 2011, pp. 57-58; Mills et al., 2010, p. 486). Resultantly, interpretivism takes into consideration the meanings inherent within the social actors themselves and considers the reasons behind perceived behavior based on the precepts existent in actors’ minds and socially constructed environments (Mills et al., 2010, p. 486; cf. Saunders et al., 2009, p. 116). Due to the nature of the subject matter being studied, which is social actors’ building of social capital, it behooves the authors of this body of work to use a less positivistic approach; the bottom line is that one cannot separate interpretation from social actions (Mills et al., 2010, p. 488). As Mills et al. (2010, p. 488) put it, human meaning is not seen as natural as “molecules or atoms;” one has greater difficulty in interpreting these nonamenable entities than human actions. As the intent is to conduct a semi-structured interview that seeks answers to the human meanings attached to social capital, the authors abandon the prospect of absolute stringency, further qualifying an interpretivistic stance.

The concept of interpretivism advocates researchers’ understanding of the difference between humans in their role as social actors, rather than insentient objects. Here the observer takes on an empathetic stance, entering into the social world of research subjects and attempting to understand from their point of view. According to Saunders et al. (2009, p. 116), this approach is best suited for business and management research, in particular those concerning organizational behavior, human resource management and marketing (Saunders et al., 2009, p. 116) which is right in line with this particular research. Therefore, as this study intends to understand how social capital investors understand their circumstance and empathize with these individuals based on an understanding of their collective and individual world, the authors consign to an interpretivistic epistemological perspective of knowledge (cf. Saunders et al., 2009, s. 119).

2.4 Research Approach

Upon evaluating our epistemological and ontological stances, it has been decided that the best way to fulfill the research purpose would be to conduct a qualitative study within a deductive approach, to generate a deeper understanding of the interviewees’ approach social capital investment. According to Hyde (2000, p. 82), even if the research approach is an unusual mix, it is possible to take a deductive approach in a qualitative study. A deductive approach is well suited to this study as there is no intent to generate new theory and will solely rely on previously established research (cf. Bryman & Bell, 2011, p. 13; Johansson Lindfors, 1993, p. 58; Patel & Davidson, 2011, p. 23; cf. Saunders et al., 2009, pp. 124-125). Deduction, as opposed to induction, has to do with the top-down assessment of phenomena from which insights into more specific aspects of extant theory can be gleaned (Spens & Kovács, 2006, p. 374). This study will further investigate how sampled banks, individually, invest in social capital, noting similarities and differences between them.
Furthermore, the data analysis will be conducted with an exploratory perspective, which, in contrast to confirmatory analysis, is open to a wide range of answers (Hartwig & Dearing, 1979, p. 10). Similar to exploratory social network analysis, exploratory data analysis, (EDA), has no hypothesis that result in no limitation of the final outcome of the study (De Nooy et al., 2011, p. 5). The EDA is used as a tool to visualize the relationships found in the sample through finding smooth connections and outstanding connections within the sample (Brereton, 2009, p. 47), which the authors feel suits the research purpose. Moreover, it is said that qualitative research is not limited to a specific theory or method and can include different types of data collecting methods such as observation, interviews, questionnaires, et cetera (Gray, 2009, p. 166). The qualitative method chosen, interviews, will collect in-depth information (cf. Saunders et al., 2009, p. 482) pertaining to how banks create social capital. Due to its limited sample, this study will be hard to standardize (cf. Bryman & Bell, 2011, pp. 410-411). In addition, this study takes on a naturalistic approach in which the phenomenon is addressed in its natural setting (Gray, 2009, p. 164). The interviews will be held face-to-face and through telephone interviews in the interviewees own choice of environment or natural setting. The knowledge receive from our interviews will generate information on how these companies create social capital, providing a deeper understanding as to how it is created by them.

In addition, it is understood that although the interview questions have been designed to draw out as much information as possible on the spot, there may be instances in which interviewees fail to answer questions exhaustively. As a failsafe, e-mail follow-up questions in questionnaire form will be sent to the interviewees if needed, which is to be administered on an online platform. Although this places this study on the verge of being a multi-method one, the authors feel that classifying this overall study as such is a stretch. The authors are aware that the nuances discernible through telephone interviews are not as fluorescent as those conducted face-to-face; likewise are the nuances of an online questionnaire made dull in comparison to interviews. This format, however, is a welcome trade-off as gathering as much useful information as possible without unduly burdening the interviewees within follow-up interviews is paramount. The questionnaire content will not be expounded upon; however, answers taken from questionnaires will be noted as originating from said questionnaires in the analysis in order for the reader to glean an understanding as to the basis for interpreting interviewees’ feedback.

2.5 Research Design & Perspective
To collect data, the decision has been made to conduct a case study studying Swedish banks due to the low trust level of that particular industry. The authors found that there is research missing in the area of social capital investment in the financial industry and wanted to generate a data representing more than one firm to get an insight in how social capital is created in banks operating in Sweden. Moreover, the authors of this degree project feel that this study calls for a case study, to investigate a contemporary phenomenon in a real life context (Robson, 2002, p. 178). The decision was made to focus on multiple banks representing different bank types to get a hint of how banks in Sweden tend to focus on social capital investments. Furthermore, this type of study generates a deeper understanding of the context of the research (Morris & Wood, 1991, p. 259; Punch, 1998, p. 150). A case study is typically used to investigate a critical or unique case where research has not been done before and an analysis on this particular case would be valuable (Saunders et al., 2009, p. 146). The case study will be made on the banking industry, which constitutes the case at hand. Insights garnered here will not generate generalizable results due to the study format. However, format, however this study will
be able to provide understanding as to the social capital investment activities presently pursued by sampled banks within this industry.

Consequently, this study can be seen as an intrinsic case study for which the intention is not to generalize, but to focus on the individual case itself in terms of context, complexity and entirety (Punch, 1998, p. 154). The primary information will be collected through face-to-face interviews and telephone interviews, and will be supplemented by post interview questionnaires if need be. Furthermore, these interviews will be semi-structured as this format will enable the respondent to answer follow up questions to further specific their answers and generate a constant flow of the conversation (Saunders et al., 2009, p. 329). The interview will be held with people employed within the bank that fulfill our interview criteria which will be explained further in chapter 5 Research Method and Strategy.

2.6 Ethical Considerations

The ethical consideration should showcase problems within research and how these will be dealt with (Punch, 1998, p. 241). Punch (1998, p. 281) believes that all research within social science will inherently have ethical problems due to the human error of social science research. One ethical dilemma approached was the anonymity decision. Some of the interviewees did not want their name published in the paper whereas others did not mind. Interviewers were made aware that any which one of the profile questions could be omitted, along with any other questions not wished to be answered by interviewees. The profile questions, which are subject to being published in this degree project, concern specifics such as age, position and previous work experience. This information will be found in Table 1: Interviewee Profiles. In the end, the decision was made to exclude all the interviewees’ name, replacing them with assigned code names. The names that have been made up are a play on the name of the bank itself, leaving corresponding genders of the interviewees intact. The actual gender distribution is six male and two female interviewees. Worth noting is that more detailed information covering the interviewees and their banks can be found throughout the latter half of this degree project.

From an ethical perspective Bryman and Bell (2011, p. 128), in line with Repstad, (2007, p. 90) criteria, proffer four ethical criteria that could occur (1) harm to participants, (2) informed consent, (3) invasion of privacy and, (4) if deception is involved. Criterion (1) and (3) have been successfully averted as the interview seeks out a nonintrusive perspective of the different banks and not the individual being interviewed. Thusly, interviewees’ personal integrity will not be jeopardized. Moreover, participants have been guaranteed the possibility to be entirely anonymous in order to further safeguard personal integrity. Criterion (2) is fulfilled, as this study will not publish elements that participants to not consent to upon being informed of the scope, purpose and implications of this study. As is customary, the consent will be used along the whole process from the beginning to end (Miller and Bell, 2002, p. 53). As a result, interviewees will have the possibility of changing their mind of as far as anonymity, quotation or participation before the final print. The interviews will be audio recorded by the interviewers to enable subsequent interview transcription, where the permission to record is requested at the start of the interview. Moreover, in service of criterion (4) recording devices will be placed in full view of interviewees in face-to-face interviews in service of eliminating any sense of subversion. What will happen to the recording after the interview is also explained, including who may have access to the transcripts later on. After the transcription process is completed, the audio recordings will be deleted. Furthermore, transcriptions will initially be made available to relevant the supervisory members of staff as well as the
companies, themselves, upon request. The interaction to the banks need to be handled with care as Saunders et al. (2009, p. 187) describe ethics as an important factor within research, that requires integrity from both the organization’s gatekeeper and the researchers. The authors of this degree project have every intention of doing our part and participating banks are trusted to do theirs.

To conclude, a cover page had been added to the questions sent ahead of interviews via e-mail. This cover page explains the purpose of the study, what the information will be used for and expectations placed on the participant to ensure all is known and consented to up front prior to the start of the interview (Miller & Bell, 2002, p. 65) and that this is documented. Securing this means that the data collected would not need to be approved by the interviewee afterward (Miller & Bell, 2002, pp. 65, 66) as they are aware of the subject matter and are capable of fielding questions according to how they wish to be perceived. Despite the fact that this process is not necessary, the authors have decided to forward the quotations gathered from the interviews if such information is desired by the interviewee. This will give the interviewee a chance to look over the analysis in advance of publication and come with feedback as to whether the quotations message is in line with what had been meant.

2.7 Eligibility Criteria
The degree project is based on two sources of information, primary and secondary information. The foremost focus has been on the primary information that is collected first hand from the original source (Leth & Thurén, 2000, p. 18). The primary information will be collected from interviews, documentary information such as research papers and books. This body of work is rooted in peer-reviewed scientific articles, journals, articles and institutions and banks’ homepages. Books demonstrate the usage of a method or theory where it explains the usage and step-by-step process for a theory (Patel & Davidson, 2011, p. 42), which will be referred to with a cf. in our study. The literature search has moreover followed Flink’s (2010, p. 5) seven research literature criteria, (1) select research question, (2) select sources of information, (3) limit search, (4) practical screening, (5) method screening, (6) review and (7) result. After screening the web the first criterion was somewhat reached, and a research question was created. The criterion was directed to Umeå University Library database, Google Scholar, EBSCOHost, Business Source Premier, JSTOR, to name a few. Our literature search has focused on collecting well-established and cited publications to add validity to the information collected. As social capital has been around for many years, the authors believe that older scientific articles provide social capital basics, and to strive for newer editions and articles to generate more up to date circumstances and theories. Furthermore, the article search started by entering any of the databases stated above where the third criteria fell into place and key words were introduced to limit the search, keywords such as social capital, financial industry, networks and trust were used. Following the third criteria the (4) practical screening and (5) method screening took place. These criteria made it possible to limit the search to suitable articles that were applicable to our study at hand, with a desired quality. The research that will be collected will foremost be published late 2000s and preferably as close to 2014 as possible to better ensure information is up to date. Moreover, a yearly span of 2000-2014 were chosen to include information prior and after the financial crisis in 2007-2009, where the trust level in banks might have been affected, leading to a difference in social capital creation of today (Benamati et al., 2010, p. 329). Important to point out is that some research will be used that is published prior to 2000s, as the concept of social capital was found much earlier, that also the later researchers refer back to. When older sources of information are used, they are backed up with later
published authors to show that the information is still valuable and accurate for today's social capital research.

Furthermore, criterion (6) review and (7) result were the result of assessing the articles level of contribution, and if they are suitable for this study. By first overviewing the search results and initially reading the abstracts and discussion of the articles, it was possible to disregard the articles that were not relevant and focus time and energy on those that had been deemed relevant, and these relevant articles were then summarized. The use of secondary information has tried to be avoided throughout the degree project but has been used in a less than two cases in this paper; this is the case of Svendsen, Boutilier and Wheeler (2003, cited in Boutilier, 2009, p. 44) which is not particularly egregious given that Boutilier, himself, is one of the originating authors.

In addition to the already discussed criteria, Leth and Thurén (2000, p. 18) express that there are typically another seven criteria for source criticism, including (1) time, (2) dependability, (3) authenticity and (4) tendency. Moreover, as the Internet is used as a source in this study, three additional criteria, devised by Leth and Thurén (2000), have been considered. These Internet criteria are (5) world conception and knowledge perception, (6) trustworthiness and (7) source preconditions (Leth & Thurén, 2000, p. 20). These seven criteria have been carefully accounted for when evaluating previous researchers’ work and contributions. Thusly, the authors have carefully scanned the research used in an effort to exclude sources of information that seem inconsistent, outdated, biased or unreliable in order to generate a high degree of authenticity of the study.

Finally, another source of research used in this degree project is published material by organizations and public institutions, such as Sveriges Riksbank (the Swedish National Bank), also known as Riksbanken, and Finansinspektionen (the Swedish Financial Supervisory). This source of research is eligible as information from them is seen as being primary data that is reliable.

2.8 Delimitations
This study examines the actors within the financial services industry. However, this study in no way intends to look at the behaviors and thoughts of those within the entire financial services industry. Rather, this study is interested in a particular organizational type, namely banks. Even there, the study is limited to drawing conclusions in so far as what the sample has expressed. Furthermore, this study, taking a look at the banking sector, central banks excluded, aims to relay responses from organizational members of any sex and from a relatively high level of the organization’s hierarchy with involvement in social capital investment. To this end, contact has successfully been made with the corporate executive offices, department heads and branch managers of an array of different bank types. This has ensured that those bestowing insights into social capital investment have a wide enough scope of the organization’s entire operation in order to give more perspicacious, informed and valid depictions of their situation. Moreover, these organizations may conduct any which banking activity, whether retail, business, corporate, private or ethical. In so keeping, the authors have managed to gain access to all four bank types present in Sweden today; these are, namely, commercial, foreign, savings and cooperative banks (Svenska Bankföreningen, 2003, p. 2; Svenska Bankföreningen 2013, p. 4). Indeed, this study features one ethical bank; one community development bank; one foreign bank, which is also a retail bank; two cooperative banks; and three universal banks, therein covering both private and commercial banks alike, also
featured is an online bank. This has the potential to provide an indication as to how each bank’s unique situation can weigh in on their choice as well as the quality and approach of social capital investment. As this study’s sample is modest in numbers, one would need to conduct further research on a larger number of banks in order to gauge the universal state of affairs. In addition, depending on how vast and comprehensive insights are from this sample, it may prove beneficial to conduct research on other counterparts within the banking industry to gain a more well-rounded view.

Noteworthy is that this degree project will in no way attempt to generalize the qualitative answers of the participants, due to the qualitative and subjective nature of information derived; this subjectivity stems from that fact that answers are subject to take the form of opinions as to how trust is built through network connections. Doing so is further exacerbated by the amount of interviewees and the uniqueness of each participant’s and each bank’s respective situation. What is more, this degree project does not intent to devise or introduce new theoretical concepts within the study of banks, social capital theory nor social network theory as insights gathered herein seek to learn more about and put into question the applicability of pre-existing assumptions, models and knowledge. More rightly, this work will present qualitative feedback from organizational members to then interpret this information from these members’ subjective point of view, all the while keeping in mind the totality of these individuals’ environment when investigating how these bank employees create social capital. An example of one such environmental contingency is the current period of regulation banks are up against, wherein banks are met with constant revisions, regulatory issuances and ordinances dictating the manner in which these banks do business. Given this predicament, banks are trying to make sense of said regulatory shifts and developments. The current means of doing so is through information sharing; something that social capital facilitates the occurrence of. Understandably, grasping more of the entirety of banks’ current predicaments will help the authors to better contextualize the reasons behind social capital investment decisions.
3 Theoretical Frameworks

This section lays the foundation for this study’s points of departure pursuant to social capital theory and gives an account of relevant theorists, postulations, findings and concepts of significance thereto.

Before beginning an in-depth analysis into concepts and themes within and skirting social capital theory, here, an exposition of the concepts and their interrelatedness will be presented as well as their relevance for fulfilling the research purpose at hand. Theory to be addressed is crucial to the study of social capital due to their pertinence to antecedents, context and structures of social capital investment. The themes and concepts to be discussed in this chapter are thus the most relevant topics of discussion for gauging and categorizing, in effect, the nature of social capital investment, including its context and rules of engagement governing said context. It has been important to the authors of this degree project to seek out, when selecting appropriate theoretical literature, those themes that would help the authors, as interviewers, put interview questions and interviewees’ answers into context and enable proper discerning social capital elements when they are come across. This, thereby, facilitates in the elimination of elements not traceable to social capital, itself, which will also ensure a higher quality of the analysis and conclusions drawn therefrom. For example, if answers are received from the bank interviewees on the topic of social capital that is more so classifiable as customer relationship management, the authors of this degree project will be enlightened enough to be able to exclude this from the analysis. This enlightenment comes, as alluded to, from the authors’ knowledge of literature and those themes that are taken as relevant to this discourse.

Three central themes within the chapters to come center around where social connections are made, how these connections are forged as well as what helps connections form and retain longevity. The central theme pertaining to where is the network, whether formal and/or informal, and whether or not connections are formed internally within one’s own dense network of similar actors or externally, with those that are more so dissimilar than similar to oneself. As for how, the act of seeking out similar actors to oneself with whom to become a fellow network member is termed bonding, while seeking out exogenous connections has been coined bridging. Of further relevance to how is the way in which one chooses to form ties; whether one chooses to connect to people superficially or more intimately. Germane to this part of the discussion is whether or not one chooses to form weak or strong ties with others, regardless of their position relative to one’s own. As far as what forges these connections form is concerned, network institutions, such as norms, and cognitive embeddedness become topical as sharing points of view can prove to be a powerful, initial unifier. Concerning what gives these connections longevity, trust and reciprocity, reputation preservation, information sharing needs, solidarity, et cetera, are paramount themes, which are to be discussed more deeply in 3.4 Social Capital Assets. In relation to the analysis, these themes will be used to assess how banks invest in social capital. For instance, are banks engaging in bonding activities in order to to better build the capital asset of trust or are these organizations making a place for themselves in more formal or informal networks in order to build more weak than strong ties.

3.1 Social Capital: An Overview

Social capital has its origin within community studies, in which survival and function within the neighborhood are essential (Nahapiet & Ghoshal, 1998, p. 241). Glanville and Bienenstock (2009), Portes (2000), Walker et al., (1997) among others, have identified
the origin and the great importance of social capital as attributable to Coleman and Bourdieu. Bourdieu (1986) sees social capital as a sum of potential resources that are linked to networks “of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu 1986, p. 248). This definition implies that the amount of access to social capital depends on network quality and amount of capital within the network (Glanville & Bienenstock, 2009, p. 1509). Jacobs (1965, 2004) further explains the concept of social capital as networks with the function of crosscutting and personal relationships where trust has an important role, whereas Putnam (1995) argues that it is not a unidimensional concept and can, thus, consist of multiple dimensions. The early usage of social capital was seen as a social phenomenon but also as a development of human capital (Nahapiet & Ghoshal, 1998, p. 241), but also as properties of individuals such as social networks, norms, trust and reciprocity within them (Putnam, 2000, p. 19), whereas Baker (1990) has a more economic perspective of social capital. Social capital is an intangible resource, unlike financial capital, and cannot easily be exchanged or valued (Herreros, 2004, p. 20). Social capital is not the sole property of one member within the network (Herreros, 2004, p. 20), it is a resource that is shared by all members within and outside the group that have some form of connection to one another (Lin, 2001, p. 19). All the same, this study will take into consideration the perspective of social capital investment from one pocket of the network, i.e. banks’ own network connections. These network pockets may feature some of the same individual actors from bank to bank. Although social capital is a mutual investment, this study seeks insights into how investments are made for the benefit of the bank itself.

To continue, the prominent views within social capital theory will be discussed. The intellectual capital type known as social capital often varies in its definition, as there are many dimensions to the concept. Adler and Kwon (2002, p. 19) remark in their written work, Social Capital: Prospects for a new concept, that the different approaches to studying social capital are a result of the wide range of definitions within academia. According to these researchers, social capital has diverging definitions as a result of two factors. The first is contingent upon whether or not the research focuses on “the substance, the sources, or the effects of social capital” and the second depends on whether researchers’ focus is placed on “(1) the relations an actor maintains with other actors, (2) the structure of relations among actors within a collectivity, or (3) both types of linkages” (Adler and Kwon, 2002, p. 19).

“Social capital, there, is a resource which, like human and physical capital, makes it easier to achieve certain ends.” (Herreros, 2004, p. 6)

Lin (2001) describes social capital as belonging to neo-capital theory, along with the theories of human capital and cultural capital. Social capital is by nature harnessed through social relations; an asset attained by way of actors’ connections and resource access in the group or network to which they belong (Lin, 2001, p. 19). Nahapiet & Ghoshal (2002, p. 243) believe an exact definition of social capital is missing as well as a uniform focus. For instances, Baker (1990) has a limited social capital focus to the structure of the relationship network, whereas Bourdieu (1986) a sociologist that used social capital along with cultural and symbolic capital for structure and relations and Putnam (1995), with a political view, have a wider research span and include the actual or potential resources the networks consists of. This study has a similar view to the latter purview; this study seeks to investigate everything from where social capital is created to how and with whom it is created.
Another definition of social capital is defined as the value generated as individuals join together in a group or network, a social network, where resources and information are invested (Aslaninan, 2011, p. 170). Social capital is further challenging to define as it consists of multiple bits and pieces that jointly represent social capital (Dasgupta, 2002, p. 311). Moses Acquaah (2009, p. 69) sums up social capital as being “a resource embedded in organizations, communities or individuals that are derived from personal and social relationships or ties;” these ties are characterized as being either weak or strong, and will be further explained in section 3.3.2 Weak and Strong Ties. Moreover, beliefs, trust and networks are all seen as building blocks of social capital (Dasgupta, 2002, pp. 311-312), where networks and relationships have a central role within social capital (Nahapiet & Ghoshal, 1998, 243). The networks within social capital are believed to identify the people within the network through their obligations and membership of certain networks (Bourdieu, 1986). The social capital is created in the connections and contacts within and between networks (Nahapiet & Ghoshal, 1998, p. 243). Networks will be elaborated upon further in section 3.2.1 Structure.

All the boons of social capital considered, there are issues with this concept worth mentioning. Not only is social capital difficult to define, the myriad of definitions currently in play have “become so inclusive that there is little or no affiliation with the original definitions of Bourdieu and Coleman” (Glanville & Bienenstock, 2009, p. 1516). In addition, issues within research such as conflation of causes with consequences, neglecting other possible explanations that account for observed relationships and lack of a clear conceptualization of its nature still swirl around this elusive concept (Glanville & Bienenstock, 2009, p. 1516). Moreover, much emphasis has been placed on the “furry animal” effect of social capital; that is, only the positive effects of social capital tend to be homed in on, which makes for a dangerous bias within research (Kovalainen, 2005, p. 70). There are some aspects worth mentioning about social capital and how cut-and-dry the concept is portrayed as being.

The individuals involved in the social networks have a crucial part of the success of the network and also the company as a whole as it is built on multiple networks. Lin (1999) found three reasons why networks are well functioning and contribute to the company’s ability to generate profit. The first reason involves the “flow of information.” The information networks generate is more noticeable than a single individual’s capacity to get acknowledged for his or her information and will, therefore, most often fade out. The second reason is the ‘influence’ the social relations have on workers within the company. Networks have the ability to influence higher-ups, such as supervisors, recruiters, et cetera, who can contribute to the decision-making. The last resource brought up by Lin is the certification of individuals as ‘social credentials’ that reflect the resources the social network impacts upon its members. Lin (1999, p. 31) believes that the three reasons together, plus reinforcement, are what makes social capital so successful. Lin (1999) further argues that social capital can be seen in a group or collective way and not only individual. Lin’s focus is on the network as a whole and as previously stated dense networks are preferred. These networks develop social capital, where their primary interest is to find the elements and processes that leads to social capital creation within the networks (Lin, 1999, p. 32). Lin (1999) concludes by stating that dense networks focus on maintaining their collective capital that the network can continue to build upon.

3.2 Dimensions of Social Capital

Nahapiet and Ghoshal (1998, p. 244; Boutilier, 2009, p. 74), drawing upon Granovetter’s earlier work in 1992 on structural and relational embeddedness, are the originators to the
tri-dimensional view of social capital consisting of three pillars: structural, relational and cognitive. Boutilier’s (2009, p. 74), as a memory aid, has his own three Ts breakdown of these dimensions: talking (structural), trusting (relational) and thinking (cognitive). Boutilier (2009, p. 74) also points out that several researchers, both before and after Nahapiet and Ghoshal, have independently devised similar dimensions that break down components that comprise social capital. That is to say, the tri-dimensional view has gained an auspicious foothold, leading to an even more nuanced research manifold on social capital (Nahapiet & Ghoshal, 1998, p. 243). The structural dimension, anchored in the concept of structural embeddedness, refers to the overall constellation of connections or relationships among actors, while relational social capital, stemming from the relational embeddedness concept, concerns assets founded and leveraged by virtue of social relationships or cohesive ties (Acquaah, 2009, p. 70). Finally, the cognitive dimension of social capital broaches the “resources which provide shared representations, interpretations, and systems of meaning among actors” (Acquaah, 2009, p. 70). While Nahapiet and Ghoshal (1998, p. 243) are keen to disseminate social capital in order to offer a multidimensional understanding, the researchers are swift in pointing out “many of the features we describe are, in fact, highly interrelated.”

3.2.1 Structural

The structural dimension is the most researched dimension of social capital and concerns the extent to which actors are immersed in sparsely or densely connected networks (Acquaah, 2009, p. 70; Boutilier, 2009, p. 57). The structural dimension is considered the fundamental concept of social structure, and could be seen as “the pattern of connections among agents” (Glanville & Bienenstock, 2009, p. 1508). These networks consist of relationships, social interaction, density and type of structure, amongst other things (Acquaah, 2009, p. 70; Tsai & Ghoshal, 1998). It is a network structure in which connections between the different actors are created (Acquaah, 2009, p. 70; McKinzie & Harpham, 2006, p. 15), and are seen as a set of interconnected nodes (Castells, 2000, p. 15).

An assumption is made that the banking industry contains interconnected nodes and networks of some kind, which this study will try to locate. Networks are seen as open structures without limits that can expand as long as they have the same communication codes, values and goals, to name a few (Castell, 1996, p. 470). The structural dimension further leads to Boutilier (2009, p. 74) who believe the structural dimension is about bridging, bonding and linking bonds between actors, accompanied by the communicative skill that is needed throughout the networks. Granovetter (1974, 1995) early on saw the potential benefits bridging resulted in, that later Burt (1992) recognized as being part of the notion of structural holes that will be further discussed below.

The networks a bank in could be created for numerous of reasons where the outcome will differ dependent on the network. A company is experiencing uncertain conditions they tend to trigger the desire to reach a common ground of familiar conditions, that could be expressed by banks turning to the ones they have a close relation to (Mizruchi & Stearns, 2001, p. 667). One such network existing among the banks operating in Sweden is Svenska Bankföreningen or the Swedish Bankers’ Association, which is an association, created to help the banks operating in Sweden, to create efficient regulatory channels that will lead to a well-functioning system (Svenska Bankföreningen, 2014). This action of turning to one you are close to might in contrast interfere with the best interest of the company (Mizruchi & Stearns, 2001, p. 667). Another example of a network could be Coompanion, a company helping people with their business plans and merging people
together from different areas to succeed with the business plan (Coompanion, 2014). These networks also involve norms and information within the networks and could be seen as counterparts of social capital similar to Castell’s earlier definition (Schuller et al., 2000, p. 19).

Social networks go further into the network process and analyze the relationships within the networks (Schuller et al., 2000, p. 19). Scott (1991, p. 3) believes that social networks analyze relational data, which reflect the connection or relation between the parties in the network, which cannot be seen as an attribute of individuals but as a relationship between the actors within the context of a network. This is something that the banks may create in their networks, that is only there because of the network and the relation of the network. Moreover, the connections within networks tend to be more homogeneous than between networks (Burt 2004, p. 349). By connecting across different networks, new connection opportunities of opinion and behavior can be formed. Further, Portes (2000, p. 45) believes that social networks do not come automatically; they need to be created through investments and strategies by the companies, where in this study it is up to the bank to decide how to invest in social capital. To the best of the authors knowledge no research could be found on the amount of social capital investments of banks, there of the authors want to investigate this question to see if the amount of investment differ between the banks or if it tend to be similar across the banks studied. Burt is seen as the founder of the theory behind structural holes that appear within social networks (Puhakka, 2002, p. 72; Seibert et al., 2001, p. 219). The structural holes within social capital are arguably defined as “the information and control advantages of being the broker in relations between people otherwise disconnected in the social structure” (Burt, 1997, p. 340). Burt believes that structural holes convey new sources of knowledge and use individual mobility to develop the network. Burt (1992) also argues that networks with fewer or weak ties will generate better social capital than the ones with strong network ties, that later will be investigated in this study. Foremost dense networks contain strong ties so called bonding ties, whereas less dense networks have a bridging relationship (Glanville & Bienestock, p. 1512), and break out from the network and connect with other networks not normally connected with (Adler & Kwon, 2000, p. 98) in order to generate new information, might in the banking industry be accounted as actors that is not closely related to the banking aspect, such as an internet providing company or external marketing firms etcetera.

In contrast, Putman et al. (1993), Coleman (1988) and Loury (1977) have a contradictory view that posits it is positive to have a dense network without holes to succeed and further build social capital (Portes, 2000, p. 48). Putman et al. (1993, p. 229) further highlight the importance of dense networks to be able to create well-functioning norms and generalized reciprocity. Dense networks and closed-networks, i.e. “groups in the sense that relations are denser within and beyond the group,” are quite similar to one another in the sense that they signify the presence of a strong network relationship (Burt, 2005, p. 12). A closed network is created when all actors are connected to each other and one’s important contacts know each other, leaving no structural holes (Ahuja, 2000, p. 428; Moran, 2005, p. 1130). A closed network is mostly used when a collaborative network is desired where opportunism is set aside, whereas networks with low density and many structural holes proceed in a contrary direction in which speed and new information is essential (Ahuja, 2000, p. 451). Lin (1999) does not favor dense networks as much as Coleman (1988) and Putnam (1993), and argues that it is neither necessary nor realistic to have in social capital investment. Lin (1999) refers to research made by Burt (1992) and Granovetter (1973) where emphasis is on bridging and bonding between networks and structural holes, which would not be present within a dense network. Lin (1999) does, however, affirm the
advantages within a dense network when it comes to preserving and maintaining resources.

Dense networks also use trust as a tool to incite reciprocity (Burt, 2005, p. 126). The networks encourage the use of trust to determine those who are trustworthy from those who are not, within the network (Ostrom & Ahn, 2003, p. xxii). Putnam et al. (1993, p. 173) bifurcate networks into two forms: horizontal networks and vertical networks. The horizontal network involves agents with a similar status and power, whereas the vertical network involves actors, possessing differing status and power from different levels in the hierarchy (Putnam et al., 1993, p. 173). Putnam (1993) further proffers that the ultimate form of network for a wide segment is to use the horizontal network, where all are equal. When all are seen as equal Dasgupta (2002, p. 327) believe that all companies in the same environment, i.e. banks will be affected in a similar way by external factors or actors. The horizontal network has an upper hand on the vertical network due to the balance of the actors involved (Dasgupta, 2002, p. 327). The vertical network contains different hierarchical levels and even though collective actions could be made it is a struggle to implement when the actors are not considered equal (Putnam et al., 1993, p. 173; Stolle, 2003, p. 23). Putnam et al. (1993) further believes that vertical networks even though they are dense, cannot compare with the strength of the horizontal networks (Putnam et al., 1993, p. 174). The authors anticipate that the banks featured in this degree project will belong to both network structures in one way or another, as they are all banks and should have a vertical relationship to the Swedish National Bank and politicians, but also include horizontal relations dependent of the banks focus.

3.2.1.1 Opportunity Recognition and Structural Holes

Structural holes could be defined as gaps in information flows between actors linked to the same network even though they are connected to one another (Ahuja, 2000, p. 431). Burt (2000, p. 260) argues that the most successful network constellations are the networks containing many structural holes. Structural holes could be described as weak or lack of connections or holes in the social structure between the networks (Burt, 2004, p. 353). It could further be said that they are the connection between nonredundant individuals or networks, whereas the hole could be called a buffer that connects the different networks with additive information (Burt, 2009, p. 18). Burt (2009, pp. 85-86, 2004, p. 354) sees structural holes as a tool of competitive advantage, where the networks are assets for the companies using them. In the same vein, Goyal and Vega-Redondo (2007, pp. 478-479) have formulated a straightforward postulation within the sociological literature that states that the successful bridging of structural holes will lead to substantial benefits. The individual or group who overcome these holes stands to acquire a competitive advantage that the other networks cannot compete with (Burt, 2009, 2004). The competitive advantage is seen as information arbitrage (Burt, 2004, 2005) and indicates the ability to early on, act on and translate information across the networks. The authors liken this competitive advantage to a GPS that shows what is ahead of you that gives you more information than the people not using a GPS system. If networks do not reach across structural holes, they will most likely miss valuable information that could have been used for gaining a competitive advantage (Burt, 2004, p. 354). Some creative thinking is required to determine where opportunity lies and to bridge that structural hole, which will hopefully deliver an advantage in opportunity to ride on before the competitors catch up (Burt, 2002, p. 159). Structural holes may arise between two networks as a result of being too focused on their own network, thus preventing these actors from ever realizing the information sharing potential truly accessible to them.
Burt (2002, p. 155) further explains that the opportunity is to bring people together from different networks to overcome these holes in the form of bridging over to another network. Finally, according to Burt (1992), structural holes are seen as a positive attribute, but Ahuja (2000), has a contradictory view. She believes that structural holes could be both something positive and negative but when it comes to innovation she believes that increasing structural holes will have a negative effect (Ahuja, 2000, p. 425). More on this to come in section 3.3.1 Bonding and Bridging.

3.2.1.2 Network

Although people create networks themselves, they are still in need of resources such as time and knowledge to create networks. Dasgupta (2002, pp. 322-323) implies that networks could be created on different levels, some you are born into such as family ties, and others that you enter later in life. Networks are key in social capital, due to the good relationship between individuals within the networks that come together for a long term collaboration for collective return (Aslanian, 2011, p. 170). The connection between different networks could be seen as channels of communication of both direct and indirect communication (Dasgupta, 2002, p. 323). Direct communication is information that comes from A to B, while indirect communication is when B transfer the information given by A to C, that gives C the information given by A without talking to A. Networks are built on individuals having a desire to join a specific network that represents and upholds the individuals shared values (Dasgupta, 2002, p. 323). Dasgupta (2002, p. 323) continues stating that forming personal relationships through trust is crucial within networks, where channels of trust within networks exist. It might imply that strong ties are better than weak ties, although Dasgupta (2002, p. 324) implies that weak ties are also crucial and cannot be forgotten about, as they still could be valuable. In fact a study made by Granovetter (1973, 1974) elucidates that 50 percent of the professional and technical workers in a town close to Cambridge, Massachusetts, had gotten their job from personal connections that were not closely related to them. This indicates that even the weaker ties could generate information that could help the individual or company, and should not be put aside. Furthermore, the creation of networks takes both time and effort to accomplish, where the majority of the effort is pleasant according to Dasgupta, (2002), and even if network collection might need capital funding most often result in a later economic pay off, that make it worth investing in (Bourdieu, 1986; Burt 1992; Dasgupta, 2002, p. 326; Lin, 1999; Putnam, 1995a).

3.2.2 Cognitive

Cognitive social capital roughly entails the extent to which network members share a common understanding and point of view (Bolino et al., 2002, p. 506). More profoundly, the cognitive dimension of social capital pertains to those resources that provide mutual representations, interpretations and systems of meaning among parties (Bolino et al., 2002, p. 502; Nahapiet & Ghoshal, 1998, p. 244). Facets of social capital, pertaining particularly to the cognitive dimension, influence the ability of these parties to combine knowledge in the creation of intellectual capital (Nahapiet & Ghoshal, 1998, p. 250). This dimension is often referred to as the third dimension of social capital; despite this, one has placed this concept in between relational and structural, as this is a bridge, of sorts, from structural to relational, in the authors’ opinions. The authors of this degree project maintain that shared nomenclature between parties aid in the forming of relational ties within the structural dimensions. Indeed, cognitive social capital is both reinforced by and reinforcing of the other two dimensions (Leana & Pil, 2006, p. 354).
Leana and Pil (2006, p. 354) maintain that cognitive social capital pertains to interaction between individuals that are a part of a collective. Although there is much emphasis placed on the individual, Burt (1992, p. 9) is keen on pointing out that the social capital of individuals aggregates to the social capital of organizations. Because of this interaction, whether on an individual or organizational plane, involved parties are believed to be better equipped to develop a common set of goals and a shared vision, i.e. cognitive alignment, which promotes integration and creates a sense of shared responsibility and collective action (Leana & Pil, 2006, p. 354). In this sense, social capital can be seen as a substitute for contracts, incentives and monitoring systems, originally devised to aid in collective objective acquisition (Leana & Pil, 2006, p. 354). In addition, strong cognitive alignment, as in shared mental models about their activities, among group members is a catalyst for the forming of high-quality relations and recurrent information sharing (Mohammed & Dunville, 2001, p. 103). Per contra, the authors admit that the risk of groupthink tends to loom, stating that ideally group members need to both agree and disagree in an effort to maintain both unity and diversity in equilibrium.

These shared value systems within a network is termed network institutions, which can be either formal or informal, which add coherence to the network structure (Lin, 2001, pp. 185, 187). Organizations are subject to be a part of a network structure in which a shared set of overhanging values and practices are followed (Lin, 2001, p. 188); one such organizational type for whom this is a reality are banks, being a contingent of financial institutions. Network rules for actors provide rituals and behaviors that need to be recognized and demonstrated (Lin, 2001, p. 187). It is paramount that actors willing to enter into an institution are also willing to obtain and retain assets useful for both technical and institutional transactions as well as willing to demonstrate their knowledge, skills and interest in being further indoctrinated and institutionalized (Lin, 2001, p. 189). Actors within the network are inclined to comport with expected patterns of behavior in order to get ahead, as an organization’s ability to perform institutional tasks has a positive correlation with their hierarchical position in society (Lin, 2001, pp. 188, 189). Getting ahead can also entail attaining certain goods, such as reputation, wealth and power (Lin, 2001, p. 190). One is willing to enter into networks and interact with actors therein in order to attain resources of an economic, social and political nature (Lin, 2001, p. 190). This is what makes cognitive social capital the fulcrum of social capital; without this institution one has no system of rules to follow in order to make sure one is in alignment with said networks’ expectations.

3.2.3 Relational
The majority of research has been immersed in the study of structural aspect of social capital with especial emphasis on the “extent to which organizations are embedded in either a densely or sparsely connected networks.” [sic] (Acquaah, 2009, p. 70). Indeed, of the three dimensions, the structural dimension is the object of a vast array of social capital research, typically geared towards conducting social network analyses (Leana & Pil, 2006 p. 354; Moran, 2005, p. 1130). Researchers Adler and Kwon (2002) have consequently implored academics to explore the nature of relational and cognitive social capital dimensions. These researchers agree with network theorists, maintaining that in order to understand social capital one needs a “finer-grained analysis of the specific quality and configuration of network connections” (Adler & Kwon, 2002, p. 24). Thusly, the separation of relation and structure is such that relationships happen within the network structure and are not able to be expounded upon merely by looking at who is connected with whom, necessitating getting into the relational, or interactional, aspect and its nature. In kind, Leana and Pil (2006, p. 354), inspired by the contributions of Adler
and Kwon (2002) as well as Nahapiet and Ghoshal (1998), propound that social capital extends beyond the network itself and the links among members within it; it also subsumes the resources that are propagated as a result of the existence and character of those links, such as trust and information exchange.

This degree project’s authors concur with these points of view and likewise value the entire network structure and its nuances. Consequently, the nature of relationships, and not just the establishment of a tie, should be acknowledged and taken into consideration when formulating the interview questions and examining the subjective responses. As Herreros (2004, p. 7) puts it, social capital is defined not merely as networks and trust, but as the reciprocal obligation procured from trust relations and the information that comes from network participation. Thusly, social capital is a concept that explains the advantages gained from positioning oneself within a differentiated market or network (Burt, 2005, p. 4). However, without emphasis on the nature of these relationships, social capital amounts to nothing as truly understanding social capital requires the understanding of the nature or content of social interactions, not just their structure (Adler & Kwon, 2002, p. 23; Leana & Pil, 2006, p. 353).

The relational aspect of social capital “describes the kind of personal relationships people have developed with each other through a history of interactions” (Nahapiet & Ghoshal, 1998, p. 244). This particular dimension focuses on the distinct connections individuals maintain that influence their behavior and from which actors derive prestige, approval and sociability (Nahapiet & Ghoshal, 1998, p. 244). This element is worthy of investigative attention as it refreshingly distinguishes itself from structurally focused discourse (Moran, 2005, p. 1130). It is the opinion of this degree project’s authors that the relational dimension of social capital is most vital of the three dimensions for this research as the authors endeavour to find out how banks form these bonds, with less emphasis on the structural context or the shared meanings (cognitive embeddedness) between these actors. This dimension canvasses the redounded benefits to parties as a result of meaningful interpersonal relationships (Acquaah, 2009, p. 70; Aslanian, 2011, p. 170) and not the actors themselves (Schuller et al., 2000, p. 20). Furthermore, Acquaah (2009) writes that relational social capital, by virtue of the nature of relationships, is undergirded by such concepts as “trust and trustworthiness (Tsai & Ghoshal, 1998), norms and sanctions (Coleman, 1988; Putnam, 1995), and identity and identification (Hakansson and Snehota, 1995; Merton, 1968).” These concepts will be discussed more in depth in section 3.4 Social Capital Assets.

### 3.2.4 Dimensional Relevance

In regard to the dimensions’ relevance to the research objective, one can use the aspects and characteristics of these three dimensions to determine how social capital investment is approached. For instance, pertaining to the cognitive dimension, do banks prefer to adhere more to informal institutions or stricter, more formal institutional norms? Are these norms even important to their social capital investment process at all? If institutional norms prove to indeed be important, what are these norms and how do they manifest themselves? By understanding the importance of cognitive alignment and what these entail for building a more cohesive network, one can gain insight into the way in which banks build social capital by drawing inferences based on what is known about belonging to, for example, a formal network as opposed to an informal one.
3.3 Social Capital Configurations

3.3.1 Bonding and Bridging

Scholars place social capital on a continuum of internal to external ties; in other words, there are those who study social capital in terms of either an external, internal or combined context (Adler & Kwon, 2002, p. 19; Boutilier, 2009, pp. 60-62). Internal concerns both the structure and the content of ties between actors that have similar characteristics within a network while external concerns those very same aspects, just outside of one’s homogenous, or natural, network (Adler & Kwon, 2002, pp. 19-21; Houghton et al., 2009, p. 1255). In terms of internal social capital, such social capital assets as trust and intimacy between actors are more easily acquired, by virtue of the act of bonding, while the social capital asset of less redundant knowledge acquisition is more easily procured from external contacts, by virtue of the act of bridging (Burt, 2005, p. 17; Houghton et al., 2009, p. 1256). Hence, bridging concerns the external relations in relation to one’s own natural circle, whereas bonding deals with internal ties within such collectivities (Adler & Kwon, 2002, pp. 19-20; Putnam, 2000, pp. 22-23). As far as bridging (inclusivity of dissimilar parties) is concerned, social capital is built through outward looking networks that encompass “people across diverse social cleavages;” bonding (exclusive), on the other hand, deals with the inward looking tendencies among homogeneous groups (Putnam, 2000, p. 22). As this study’s primary focus, banks, tend to have a broad spectrum of contacts, not least their thousands of customers, one can almost presuppose that they engage in bridging. The extent to which they bond, however, is known to a lesser extent.

The internal and external contexts belonging to social networks are by and large investigated separately (Houghton et al., 2009, p. 1255) which forestalls those seeking a richer, fuller view (Adler & Kwon, 2002, p. 21). Indeed, the importance of outside influence and input should not be underestimated or overlooked in the slightest as such relationship types often set the scene for the transference of novel perspectives (cf. Putnam, 2000). In this degree project, the authors denounce any notion of social capital being endogenous solely from one type of context. In fact, there is evidence that both sources are crucial for firms seeking to build their organization’s knowledge management capacities and thus execute more complex strategies (Houghton et al., 2009, p. 1259). Questions will be asked to interviewees that cover both bonding and bridging, as Boutilier (2009, p. 65) puts it, as bonding without bridging can propagate myopia that constricts group members’ thinking. On the other hand, bridging without bonding is symptomatic of there being sets of separate groups without a shared sense of civic interest (Boutilier, 2009, p. 65), i.e. one solely focus on number one.

Bonding is sometimes referred to as forming closures that segregate a group with dense ties, whereas bridging has been referred to as brokering ties among dissimilar parties (Burt, 2005, p. 7). Bonding, which happens among the salient collectivity or internal social structure, is undergirded by obtaining collective cohesiveness used to facilitate the pursuit of collective goals; within bridging, on the other hand, emphasis is placed on association with others, across (Adler & Kwon, 2002, pp. 19-20; Boutilier, 2009, pp. 59-62). Bonding provides the members cohesiveness by virtue of associating oneself with similar members, thus facilitating the pursuit of collective goals (Adler & Kwon, 2002, p. 21). A considerable disadvantage of bonding is that it tends to prevent exploration outside the group, leading, if taken too far, to groupthink (Boutilier, 2009, p. 60). It is very common to have networks with more than one bonded group as in the case of bonded groups in a small town based on ethnicity or race (Boutilier, 2009, p. 60).
Excessive bonding acts, which is a negative form of social capital investment, can escalate to take on the form of sectarianism, ethnocentrism and corruption, whereas positive manifestations can engender mutual support, cooperation, trust and institutional effectiveness (Putnam, 2000, p. 22). Worth noting, however, is that there is no real evidence that either building technique is inherently “bad” or “good” (Patulny & Svendsen, 2007, p. 36; Putnam, 2000, pp. 362-363). Putnam (2000, p. 363) lays down that the issue of connotations with bonding and bridging is far from a black and white issue, postulating that these two social capital building techniques are “good for different things.” In keeping with this postulation, there is an aggregate, neutral view. Adler & Kwon (2002) advocate a more symbiotic approach, stating that a more neutral approach to the macro and micro social context can be more intuitive. These researchers maintain that the classification of internality and externality are based on perception. Superimposed onto this context of banks, one recognizes that it is crucial for banks to receive outside information about the financial market, not least from their central bank, which prevail over interest rates, money supply and national currency.

Bridging is, in essence, a relationship between parties that belong to separate groups (Adler & Kwon, 2002, p. 19; Boutilier, 2009, p. 60). Bridging, according to Boutilier (2009, p. 60) can be viewed in three different ways: “in terms of a relationship tie that bridges, an actor that bridges or a gap that is bridged.” Such a gap is often referred to as a structural hole, i.e. part of a network that lacks ties (Boutilier, 2009, p. 61; Burt, 2005, p. 16). What is noteworthy, in this respect, is that the presence of structural holes does not necessarily mean these actors are unaware of one another, in most cases it means simply that actors are wrapped up in their own agendas to the extent that they do not pay attention to the activities of those in other groups (Burt, 2005, p. 16). Stemming from this, one can presuppose that biting the bullet and actually forming outside ties can give bridged networks or groups within that network knock-on advantages. This is true, not least, because bridging helps account for differentials seen in individuals’ and firms’ success in their competitive rivalry (Adler & Kwon, 2002, p. 19). However, bridging is not always smooth sailing as the more structural holes between contacts can indicate differences in beliefs and identities which leaves room for a certain amount of self-interest (Burt, 2005, p. 17). The more specialized the nomenclature and beliefs of respective groups, the more difficult it will be to coax out knowledge sharing (Burt, 2005, p. 17). Groups are considered officially bridged when this hole is crossed and parties are able to exchange information, influence and solidarity (Boutilier, 2009, pp. 60-61; cf. Sandefur & Laumann, 1998, pp. 485-494).

There is another level to bridging termed linking, which originates from Woolcock (1998); linking is essentially a vertical, upward form of bridging (Boutilier, 2009, p. 62). Linking acknowledges that networks are embedded within a panoply of networks characterized by hierarchic layers (Boutilier, 2009, p. 62). As an example, Boutilier (2009, p. 62) describes community networks as being implanted within regional networks, which are, in turn, embedded within national ones. The difference between a firm, such as an international one, that has formed links with members within the network hierarchy and one that has not is that the first firm will enjoy access to a larger resource base. Maintaining connections with the national government, for example, can give the linked company access to information that keeps them abreast of legislative threats to the company’s expansion for instance. This is what differentiates linking from bridging; namely, the access one gains to the broader world, opening up the potential for trades with a larger geographic economy (Boutilier, 2009, pp. 63, 65). As Boutilier (2009, p. 64) puts it, linking social capital imparts the higher-order political and economic coordination
that enables a local network to glean better value from the idiosyncrasies it processes and obtain lacking resources much more efficiently than it could autonomously. Having all three kinds of social capital is quintessential of a healthy community; in fact, linking has been identified as a lynchpin in attaining sustainability through poverty diminution (Boutilier, 2007, p. 123, 2009, pp. 62, 65).

3.3.2 Weak and Strong Ties

Moses Acquaah (2009, p. 69) sums up social capital as being “a resource embedded in organizations, communities or individuals that are derived from personal and social relationships or ties.” These social ties are often described as being either weak or strong; the former often outnumbers the latter and carries information of little significance in comparison (Acquaah, 2009, p. 69). In contrast from weak ties, typified by having an array of acquaintances that are devoted limited time and intimacy, strong ties are emblematic of such strong connections as those with family and friends (Ruef, 2002, pp. 429-430). In the context of banks, one would speculate that the closest of all ties, here, equivalent to familial-type relationships, would be those relationships that receive the majority of attention, resources and interest from the banks’ side. It is difficult to speculate as to who these actors may be. However, one can almost with certainty say that banks’ ties will vary in strength according to the mutual cognitive embeddedness, the frequency of communication, the age of the relationship, i.e. how long the relationship has lasted, et cetera. This presupposition is based on the expressions of Maskell (2000, p. 118) which assert that social capital is built through time spent and the frequency of communication as well as cognitive social capital theorists, such as Bolino et al. (2002) and Leana and Pil (2006), who discuss the importance of cognitive embeddedness, or shared understanding of interactional norms.

According to Mark Granovetter (2005, p. 34), a prominent figure in social capital theory since as early as the early 70s, more novel information flows to actors through weak rather than strong ties due to the premise that “our close friends tend to move in the same circles that we do, the information they receive overlaps considerably with what we already know.” In turn, acquaintances, at the other end of the spectrum, are familiar with those one is unfamiliar with and, as a result, acquire more novel information. These actors tend to be less similar to the individual than close friends. Additionally, weak ties “determine the extent of information diffusion in large-scale structures” as these ties contribute to the transference of unique, nonredundant information across segments of an otherwise greatly disconnected social network. Granovetter (2005, p. 44) maintains that both structures are important and often need to be utilized dually as in the case of bankers who sacrifice creating a higher quality product by only consulting with and receiving approval from strong network ties. This illustrates the simultaneous weakness of strong ties and strength of weak ones, demonstrating what Granovetter calls The Strength of Weak Ties (Granovetter, 2005, pp. 34, 44).

As Acquaah (2009) makes clear, relational social capital stems from social relationships and ties. Any social connection, of a more personal nature and a more superficial nature, have a place in social capital building. Worth noting, however, is that goodwill derived from strong relationships “cuts red tape and costs” in innumerable ways as these relationships foster collaborating and set the stage for intergroup learning and innovation (Boutilier, 2009, p. 52). Whatever the case, this degree project will be in keeping with Granovetter’s (1973, 2005) sentiments about the significance of both strong and weak ties. That is to say, this degree project will consider all connections when investigating the means by which firms build their social capital. To iterate, this body of work will also
take both the internal and external network environment into consideration when discussing the formation, maintenance and utilization of social capital. This, in turn, is in keeping with the neutral environment stances of such researchers as Loury, Nahapiet & Ghoshal, Pennar, Schiff and Woolcock (Adler & Kwon, 2002, p. 20). Please see Figure 1: *Dimension Overview of Social Capital* for a summation of themes discussed in this theoretical chapter thus far.

**Figure 1: Dimensional Overview of Social Capital**

### 3.4 Social Capital Assets

There are those that regard social capital to consist of three, comparable to the tridimensional view, crucial components: network structure, trust and reciprocity, and resources (Kovalainen, 2005, p. 72; Glanville & Bienenstock, 2009, pp. 1507, 1508). These components are said to be interrelated and exist on four continua: “(a) dense to dispersed social networks, (b) level of trust and/or reciprocity, (c) level of resources, and (d) micro to macro” (Glanville & Bienenstock, 2009, p. 1508). These bear a certain similarity to Castaño Martínez’s (2009, p. 91) assessment that the major components of social capital are norms and shared values, reciprocity, trust, honesty, and social networks. All relevant continua have been discussed previously in their own chapters and sub-sections but one: (b) level of trust and/or reciprocity. (c) will not be discussed as the focus of this body of work is not what is gained from building social capital, but rather how social capital itself and its components are built; the resources of social capital have been broached solely to highlight the relevance of this topic for businesses and academia. One can regard this dynamic as catalytic; thus, developing (b) levels of trust and/or reciprocity is seen as the facilitator for attaining and retaining access to certain (d) resources, tangible or intangible, such as financial gains, land, club membership, fame or reduced political risk (cf. Glanville & Bienenstock, 2009, p. 1514). This investigation into social capital will essentially revolve around how actors build trust and reciprocity as well as supervening actions such as information sharing, rather than the information itself, and influence building. Having identified relational social capital as the means to derive benefits from social relations, it is apropos to discuss what form the *gateway* to these benefits, take; namely trust and reciprocity, reputation, information, influence and solidarity (cf. Acquaah, 2009, p. 71; Adler & Kwon, 2002, p. 23; Boutlier, 2009, pp. 60-
The tripartite distinction, in particular, consisting of information, influence and control, and solidarity, that originate from Sandefur and Laumann (1998) are said to be the effects from which social capital benefits flow (cf. Adler & Kwon, 2002, p. 18; Sandefur & Laumann, 1998). As has become clear, social capital assets take on a similar appearance no matter the researcher. To be discussed in this chapter’s subchapters are the aforementioned assets, narrowed down, that will be addressed in this study. These assets give the authors a way to assess what themes to look for when identifying social capital in an empirical context. These themes will also constitute test variables, of sorts, that will help the authors discern whether or not feedback relayed by interviewees counts as being social capital.

3.4.1 Trust and Reciprocity

“Mutual trust is the key to cooperation, social capital is merely a means to creating trust” (Dasgupta, 2002, p. 333)

As has been alluded to, social capital is closely linked with trust; in fact, trust is seen as the “lubricant” and “glue” of social relationships (Koniordos, 2005, p. 4). Trust has been identified as being a correlate of relationship strength, especially in the strongest relationships (Burt, 2005, pp. 101, 118) which is not serendipitous considering that forming trust is aided by repeated interaction, from the past and future (Chung et al., 2000, p. 5; Burt, 2005, p. 97). Consequently, trust is amplified in closed networks, which can be likened to highly bonded groups (Aslanian, 2011, p. 200; Burt, 2005, pp. 118-119). Aslanian’s (2011, p. 200) has proven the validity of Coleman stipulations for generating social capital, namely network closure and network multiplexity, which Granovetter terms network density (Aslanian, 2011, p. 171). Closure enables norms creation and facilitates adherence norms within the group, thus making it easier to produce “reputation effects” are harder to come by (Aslanian, 2011, p. 171). These reputation effects are characterized by the desire for network members to adhere to norms in order to maintain their reputation and “keep them clean” in networks; also inherent in networks is the tendency to “spread news” (Aslanian, 2011, p. 171).

Cogently, trust has been summarized as “a device for coping with the freedom of others” (Gambetta, 2000, p. 219). However, this is too wispy a conclusion to draw according to Gambetta (2000) who offers the following assessment of trust and its components: “trusting a person means believing that when offered the chance, he or she is not likely to behave in a way that is damaging to us, and trust will typically be relevant when at least one party is free to disappoint the other, free enough to avoid a risky relationship, and constrained enough to consider that relationship an attractive option.”(Gambetta, 2000, p. 219). Trust is thus committing to a relationship before knowing how the other party will behave (Burt, 2005, p. 93). Gambetta (2000, p. 219) goes on to aver that trust is a factor in most human experience in varying degrees. Inherent within this fact of life is that deciding to trust is bristled with risk (Herreros, 2004, p. 7). Luckily, the more predictability there is that lies in actors’ adhering to shared norms, the less risky it is to trust (Burt, 2005, p. 106). This view is a tautology of Herreros’ (2004, p. 8) evaluations of the works of Yamagishi et al. (1998) - overcoming social uncertainty, i.e. risk of exploitation, Luhmann (1979) - reduction of complexity, Seligman (1997) - reduce risks within modern society and Hardin (2002) - overcoming social uncertainty. This description is very comprehensive and goes hand in hand in much of what we, the authors of this body of work, have come to hold true about the concept of trust.
Furthermore, trust entails committing to a relationship with no insurance concerning how the other party will behave; while distrust is the reluctance to commit under these same circumstances (Burt, 2005, p. 93). In this sense, relying on relational trust may be an especially hard pill to swallow for risk-averse banks who are largely dependent on tangible proof of others’ actions when it comes to the access to banks’ resources. Moreover, trust is defined as a certain amount of subjective likelihood with which an actor assesses that their counterpart or group of counterparts will perform a certain action, “both before he can monitor such action ... and in a context in which it affects his own action” (Gambetta, 2000, p. 217). It is required that one not only trusts others as a prerequisite for cooperative behavior, but that one believes that one is trusted by others, i.e. being trustworthy (cf. Aslanian, 2011, p. 170; Gambetta, 2000, p. 216; cf. Leana & Pil, 2006, p. 354). By reciprocating, organizations show their willingness to share the economic benefits and take on possible risks and costs involved with getting involved with each other (Chung et al, 2000, p. 6). This act becomes a building block for trust, long-lasting relationships and reputation building (Chung et al, 2000, p. 6). Understandably, “an individual who abides by the norm of reciprocity is trustworthy” (Ostrom & Ahn, 2003, p. xxii). Indeed, by some, trust is seen as a precursor to reciprocity; however, others disagree on how these two abstractions’ codependency (Glanville & Bienenstock, 2009, p. 1513).

According to Aslanian (2011, p. 170) one is able to attain the social capital asset of trust when all other social capital components come together, namely the existence of social network, norms therein, either formal or informal, that are internalized by network members and members’ holding each other accountable for complying with said norms. Indeed, this system can be seen as a means of ensuring the predictability of others’ behavior, as abiding by the norm of reciprocity, culminating in a thinner trust. Others believe that one’s level of trust is contingent on the amount of exposure one has to reciprocity (Glanville & Bienenstock, 2009, p. 1513; cf. Stolle, 2003, p. 24). These realities are, however, not necessarily mutually exclusive. Putnam (2000, p. 136) discusses a bipartite classification of trust, namely thick and thin trust. Thick trust, parallel to local trust, germinates from strong and frequent relations, whereas thin trust, similar to generalized and social trust, “extends the radius of trust beyond the roster of people whom we can know personally;” the “thinner” form of trust is considered to be the most useful form for this very reason (Putnam, 2000, p. 136). The authors of this degree project see the merits of both origins of trust and regard thin and thick trust as being a result of having either weaker or stronger ties.

### 3.4.2 Information Sharing

Social ties are used to gather information; information can take the form of updates on technological advancements or the reputation of network members (Shane & Cable, 2002, p. 371). The act of sharing information is, here, regarded as an act of reciprocity. Information is seen as one of the direct benefits of social capital, alongside trust; social capital facilitates access to broader information sources and improves the quality, relevance and timeliness of said information, not least for organizations (Adler & Kwon, 2002, p. 29). Information sharing can be seen as a direct result of cultivating trust (Leana & Pil, 2006, p. 354). In gleaning how banks build social capital, one may ask the question how do these banks gain crucial information socially, or do they even do so to begin with? Banks in Sweden might use the Swedish Bankers’ Association as a network to share information to the others within the network. The association acts as a helping institution that creates regulatory framework for banks (Swedish Bankers’ Association, 2014), a framework that helps solve uncertainty or joint problem-solving tool (Uzzi, 1997). Those
who find themselves in a social network with an abundance of structural holes have the advantage of information arbitrage in the sense that they have earlier access to diverse information and have experience with and the privilege of disseminating knowledge (Burt, 2005, p. 18). Namely, more redundant information tends to be passed around within a homogenous network but more game-changing information is likely to come from unfamiliar actors (Burt, 2005, p. 17).

Herreros (2004, p. 9) maintains that at the heart of social capital lie obligations of reciprocity and information derived from social network membership. From this assessment, one can view social capital as being an implement for and a source of mutual benefit. It would also seem that many of the mechanisms within social capital, from reciprocity to trust to information sharing are interlocked. In fact, information sharing is facilitated by trust as with the existence of trust “more information as well as richer and potentially more valuable information” is transferred (Leana & Pil, 2006, p. 354). As far as banks, or more accurately investors, go, social relationships are entered into as a means to gain access to personal information (Shane & Cable, 2002, p. 370). Upon gaining access, investors exploit the relationship in order to locate better investments; this is the self-interested perspective, whereas the social obligation rationale emphasizes being in a relationship for the sake of forming a connection (Shane & Cable, 2002, p. 370). This tendency is what puts banks in such an unlikely role as social capital investor. Social capital is built on genuine connections, whether these connections are strong or weak, internal or external to one’s natural sphere, and thus guises to attain instant gratification may not be welcome.

3.4.3 Solidarity and Cohesiveness

Solidarity and community are seen as being essential to human survival (Lin, 2001, p. 148). As one may have been able to presuppose, trust has a role to play in cohesion as well. Trust levels have been known to have an effect on both social cohesion and inclusion (Nath & Inoue, 2009, p. 310). Information sharing and cohesiveness are also connected in the sense that “reputation and group solidarity enhance the sharing of resources” and social capital for involved parties (Lin, 2001, p. 153). Indeed, actors within the social network are interdependent, and accordingly, their relational ties give rise to the flow of both material and nonmaterial resources (Schuller et al., 2000, p. 19). In order for this process to take place, there are those that argue that a precondition is to have some form of demarcation for the group, i.e. closure. Lin (2001, p. 27) avers that to concur with these notions would be to discredit the utilizability of weaker ties, the advantages to structural holes and the importance of bridging in building social capital. For instance, having access to a looser, less closed network facilitates searching for and obtaining resources not currently known about or possessed (Lin, 2001, p. 27). Both sides have their merits; the essential value of bridging, or brokering, lies in exposing people to variation, whereby the unique value of closure, or bonding, is characterized by the expulsion of such variation (Burt, 2005, p. 163).

Cohesion is a powerful tool in gaining the benefits of social capital such as staying ahead of the curve technologically and politically, as discussed in previous chapters. In line with this, Lin (2001, p. 27) admits that there are certain benefits to cohesiveness such as preserving and maintaining resources. This degree project respects the social capital building potential of both bonding and bridging and will not disregard non-cohesive networks as a medium through which parties invest in social capital. However, cohesiveness is a unique component of social capital that can lead to collective action, more so than non-cohesive ties (Adler & Kwon, 2002, p. 21; Stolle, 2003, p. 23).
Naturally, advantages of closed or cohesive networks connote advantages one can obtain from being in a close knit or bonded group; advantages already broached previous chapters, 3.3.1 Bonding and Bridging in particular, and will be elaborated upon briefly to close out this chapter. From a commercial standpoint, cohesive ties can be exploited in order to attain easy profits (Putnam, 2000, p. 322). These profits are extricable by virtue of capitalizing upon the social norms of reciprocity and altruism inherent in and propagated within cohesive networks (Putnam, 2000, p. 322). In line with altruism, maintaining a closed network imbues an added security that closed networks are unable to provide; namely, the knowledge that others will straighten up and fly right in order to maintain their reputations and thereby preserve their position in an environment of high interconnectivity (Burt, 2005, pp. 105, 163; Putnam, 2000, p. 136). As Burt (2005, p. 107) puts it, “closure is about monitoring to detect misbehavior.” Therefore, the third party reputation power inherent in cohesive networks provides an environment typified by trust-based interaction, efficient achievement of group purposes as well as cooperative attitudes and behavior (Burt, 2005, p. 107; Stolle, 2003, p. 24). While being connected to multiple groups relieves the individual from excessive demands from any one group, closure forces collaboration among actors by linking reputation to association with this group (Burt, 2005, p. 163). In this sense, closure delivers something unique to the actor that brokerage does not; namely, a playbook in the form of network norms.

3.4.4 Reputation and Influence

“Reputation is behavior expected of you.” (Burt, 2005, p. 100)

Belonging to a network, whether it is an alliance or one’s community, brings along with it the spreading of information regarding one’s reputation, as mentioned earlier. One of the two main mechanisms that connect trust and social capital is reputation; the other being self-esteem (Herreros, 2004, pp. 9, 44). Intuitively one’s trust of an individual has direct consequences for one’s inclination to trust said individual and subsequently build social capital. Organizations belonging to a norm-centric network or industry, as banks are, are more likely to hold their reputations in high esteem and value honesty promoted within their networks as all eyes are on them to uphold the adhered to standards (Aslanian, 2011, pp. 171, 173; Burt, 2005, p. 107; Putnam, 2000, p. 136). If standards fail to be maintained, e.g. reciprocation, in closed networks, cohorts are liable to tarnish the reputation of the dissenter and bar that member from conducting future business within that sphere (Aslanian, 2011, p. 173; Gargiulo & Benassi, 2000, p. 184). Being soiled with a bad reputation is consonant with loss of trust and can even be as detrimental as to jeopardize one’s network membership status (Aslanian, 2011, pp. 178-179).

Worth taking note of, however, is that belonging to a limited number of networks limits the actor from being able to control their reputation (Burt, 2005, p. 108). The more groups one belongs to, the less ability and need one has to conform to respective norms and the more control one has over one’s own reputation (Burt, 2005, p. 108). That is to say that if one is viewed as a superficial and noncommittal party, less pressure to act in a certain way is placed on this individual. This is because having only one source for reputation building leaves the actor at the mercy of the identity given to them from that particular group (Burt, 2005, p. 108). In this instance, closure is synonymous with closed alternatives, meaning that one has a limited source of reputation and that one can be expected to spend some time protecting it (Burt, 2005, p. 108). By the same token, a party belonging to more than just one group is less constrained (Burt, 2005, p. 108). Closure, entailing a limited number of group memberships, is a mechanism that lowers the risk of trusting others as the reputation one has influences future expectations for behaviors
At the base of this argument is that having mutual acquaintances make actions more public which creates an incentive for parties to maintain their reputations (Burt, 2005, p. 110).

Though the risk of belonging to a cohesive, i.e. closed, network is tainting one’s reputation and being cut off by all if ties with just one are severed, the power to shape another party’s reputation given to third party network members, or news carriers, creates an incentive for the initial party to display a cooperative image (Burt, 2005, p. 106; Gargiulo & Benassi, 2000, pp. 184; 185). This accountability relationship acts as a deterrent for opportunism and keeps parties honest, thus reinforcing what the network stands for and its identity (Burt, 2005, p. 110; cf. Gargiulo & Benassi, 2000, p. 184). This is emblematic of the complexity of networking within cohesive networks characterized by performance and cooperation (Gargiulo & Benassi, 2000, p. 185). This a far cry from the positive image that is spun throughout social capital literature about closed or cohesive networks (Gargiulo & Benassi, 2000, p. 184). With all the risks associated with limiting one’s self to one source of reputation, why do parties still network?

When one has managed to secure a positive reputation among peers, in the context of business, one is more likely to have one’s projects funded as reputations provide much needed insight on the ability of that particular actor to “implement the venture” (Shane & Cable, 2002, p. 371). Having access to information regarding a potential business partner’s reputation can reduce the costs that may have been required otherwise to build up a rapport and gain first-hand insight into the reliability and capability of that party (Shane & Cable, 2002, p. 371). In research conducted by Shane and Cable (2002, p. 377) on venture finance and their undersocialization, it was found that once investors had obtained information regarding their investee’s reputation, social ties did little to influence the decision to invest. The study came to the conclusion that social obligation, typified by favoritism, had no effect on investment decisions and that reputation made all the difference (Shane & Cable, 2002, p. 377). In the context of banks, one can surmise that building a positive reputation can do much of the heavy lifting when it comes to one’s future decision-making, whom one can trust one’s circle and how one builds social capital. For instance, one is able to glean that banks would tend to build their relationships with others in order to safeguard their reputation and that much of the social capital investments would be done in self-interest. Finding out what mechanisms within social capital banks hold dear, whether they be trust, influence, belonging to either a closed or open network, or reputation, will do much to ascertain how and which form of social capital these networks build intramurally.
4 Research Contexts

This section will go into banks and how social capital relates to these financial service providers, the national context of this study, Sweden as well as the topically relevant elements therein.

4.1 Banks and Social Capital

As there is very little information and research on the social capital investment habits of banks, it has been difficult to incorporate banks into the theoretical evaluations above on social capital. Here, however, efforts will be made to account for the research lacking in this subject that does exist in which both subject matters are featured. Nowadays banks have been forced to treat information as a precious resource, especially as word has to trickle down from higher, even global, jurisdictions to local ones; this is a direct result of the regulatory period banks exist in today in which information about regulatory updates have to make their way down from the aggregate level (Newman & Bach, 2014, p. 434).

As a result of these new regulations, much of which come in the wake of the financial crisis of 2007-2009 and its epiphenomena, new guidelines, restrictions and requirements are coming out of the woodwork on national, union and global levels (Davies & Green, 2013, p. 13; Newman & Bach, 2014; Moloney, 2010; Moshirian, 2011, pp. 502-503). The crisis, despite its negative effects on economies across the globe, has had a positive institutional effect. Namely, the regulations put into force by the E.U. European supervisory authorities, as a result of the crisis, to monitor financial institutions have the potential to streamline held institutions (Moshirian, 2011, p. 505).

More streamlined institutions or not, the existence of a dynamic regulatory landscape means the release of new regulations as they are devised, approved and made available, requiring actors to keep their eyes open on daily basis. Players within the financial sector are forced to play catch-up with the ever-changing rules of engagement and use each other as a means of navigating the at times overwhelming shifts within their new playing field (Moshirian, 2011, p. 503). This game of catch-up is true not least for soft law, i.e. “best practice” stipulations, the dissemination of which relies heavily on informal networks comprised of both public and private actors (Newman & Bach, 2014, p. 432). As a result, much of the network activity of today’s financial services industry players has centered on disseminating and making sense of new industry-shaping information.

Through forming these networks, these actors, the most vulnerable of which being banks, from which much of the sub-prime credit crisis stemmed, are better equipped to find their way and gain added benefit by investing in social capital. As an important side note, this study views banks’ networks as consisting of everyone kept within banks’ recurring interactional sphere, from customers to other businesses, as long as some form of long-term interaction takes place. Effective facilitators inherent in social capital and embedded ties that are used to overcome these imperfections within today’s financial market are threefold: trust, fine-grained information transfer and joint problem-solving (Uzzi, 1997). That is to say, in order to better navigate these new industry standards and regulations, one would find it beneficial to engage in seeking out social capital assets. Companies need not worry about obtaining all assets at once as acquiring one asset may lead to synergistic effects in lateral areas. For instance, joint problem solving can engender the formation of trust between banks and their network cohorts, which can lead to further reciprocity and information sharing. In kind, information sharing from customer to bank can serve to heighten the trust between parties thus inciting banks to ease up off of extant check and balance systems which has the potential, in turn, to incite more business from
these same customers - reciprocity. It is, then, arguable that these assets are by no means mutually exclusive which lays, for financial market players, a navigable road ahead when attempting to derive benefits from social connections in their ever-changing industry landscape.

4.1.1 Interrelational Benefits

Engaging in building social capital, firm to bank, can pay off in the form of increased access to and reduced costs of capital for said firms (Uzzi, 1999, p. 500; Uzzi & Gillespie, 1999, p. 397). Indeed, small businesses have reaped the benefits of lower interest rates as a result of investing in social capital with banks (Uzzi & Gillespie, 1999, p. 397). This comes as a relief as smaller firms often lack the retained earnings that larger firms have that spawn more advantageous rates (Uzzi & Lancaster, 2003, p. 386). Pleasing customers in this way can serve as a means of building social capital with these parties. Through their survey of over 3,404 non-financial firms, Uzzi and Gillespie (1999, p. 397) were able to ascertain that firms engaging in long, multiplex relationships with financial institutions, characterized by mixed financial institutional ties of varying intensity, were most successful in lowering their cost of capital. Moreover, firms with embedded ties with their commercial bank take a considerably greater percentage of lucrative trade-credit discounts and circumvent an exceptionally greater percentage of costly trade-credit penalties than firms that lack these embedded ties (Uzzi and Gillespie, 2002, p. 613). Similar deduction advantages have also been identified in the case of underwriting services between banks and customers with whom they have a lending relationship (Yasuda, 2005, pp. 1287-1288) In this case firms use network transitivity, i.e. person A using their connection to person B to gain competencies and resources from person C, to extract advantages from trade creditors using embedded ties to banks (Uzzi and Gillespie, 2002, p. 613). The embedded relationships between firms and their banks are typified by more expectations of trust and reciprocity during transactions, thereby giving the firm access to resources other market ties, i.e. non-financial institutions, are incapable of providing (Uzzi, 1999, p. 500). This is no small feat for a bank, considering it is a part of a highly regulated institutional framework (Dacin et al., 2002, p. 51).

With this dynamic, how can engaging in social capital be profitable or beneficial for the bank’s vantage point? It is surely unlikely that the institution would prorate interest rates without rhyme or reason; there should rationally be something in it for the institutions themselves for this relationship to be emblematic of reciprocity values that inhere social capital. One can surmise that the amassed trust and reciprocity between the two parties has the possibility of inciting these firms to turn to their banks for any and all future financing needs; an instance of trust inciting reciprocal behavior. Indeed, when banks trust customers the perceived transaction hazards diminish, resulting in lower risk premiums for customers, which in turn incite customers to do more business with these banks (Chuang & Lin, 2008, p. 76). It would be a case of You scratch my back, I’ll scratch yours, as these lower interest rates will be reciprocated with repeat business, even in cases that would prefer obtaining favorable loans from more overtly friendly ties. It seems this supposition may have some weight to it. In fact, upon further digging, a mildly polemic article, analyzing published research on sociological takes on economic transactions, written by Witt (2004), seemed to have a similar thought pattern. According to Witt (2004, p. 409), the plausible reason for more advantageous interest rates being doled out to firms from banks is that banks will simply be able to, from a feasibility point of view. In addition, banks are not only inclined to offer lower rates if they have been familiar with their customer for a longer period, they are also inclined to do so if that customer purchases more than one offering from that bank (Witt, 2004, p. 409).
Indeed, long customer relations reduce banks’ cost of checking credit worthiness and obtaining information on these clients, thus lowering transaction costs (Chuang & Lin, 2008, p. 76; Witt, 2004, p. 409). Successfully lowering transaction costs can be seen as a positive result of investing in getting to know one’s clientele, i.e. building social capital with them. Moreover, multiple customer relations provide for cross-product calculations, thus facilitating or justifying the reduction in interest rates seen from an economic point of view (Witt, 2004, p. 409). Could this possibly be a form of customer relationship management disguised as social capital investment in which these banks recognize the value of repeat business? Even if so, it is still reasonable to view this practice as a form of social capital investment since investments, here, are made in a social relationship in order for benefits to be extricated later on, ultimately seeing to the mutual benefit of both parties. Which aspect should come first though in this situation to receive optimal results, though; the money or the relationship?

Uzzi and Gillespie (1999, p. 397) argue that one should put the relationship first and from building a strong relationship, other benefits will be forthcoming. In fact, much of the exchanges within a network are said to not be done in pursuit of financial gain though these claims should be taken with a grain of salt as social motives will likely be part of the individual’s financial utility (Witt, 2004, pp. 408-409). Furthermore, those firms that manage to maintain both relationship and transaction interfaces, i.e. hybrid interfaces, of formal and informal relations, as a part of their network routine will have better efficiency in exploiting power advantages and reducing resource dependence (Uzzi, 1999, p. 500; Uzzi & Gillespie, 1999, p. 397). This is because these parties are more likely to have the best of both worlds, dodging the pitfalls of both while exploiting the strong suits of each interface (Uzzi, 1999, p. 500; Uzzi & Gillespie, 1999, p. 397). Thence, there is no risk of cannibalization between the two types of ties, rather combined, within the same network; the mixture helps actors “overcome the limitations of the other type while enlarging information and governance benefits” (Uzzi, 1999, p. 500). Just as formal and informal interfaces enjoy symbiosis, so do financial and social capital. In fact, those who manage to garner either financial or social capital have already acquired the means of attaining the other capital type. Namely, increasing one’s financial capital can speed up the process of building relationships with banks as doing so increases a firm’s reputation and legitimacy (Uzzi & Gillespie, 1999, p. 398). All in all, no matter how one manages to establish a relationship, it needs to come first in order for a stream of added benefits to follow thus qualifying social capital for a lofty spot on the corporate governance agenda.

When it comes to learning, critical for organizational adaptation and competitiveness, arm’s-length ties tend to transfer public knowledge and incite exploitative learning, whereas embedded ties tend to transfer private knowledge and partake in exploratory learning (Uzzi & Lancaster, 2003, p. 397). Combining these ties can lead to actors’ expanding their learning range by indulging in both exploratory and exploitative learning (Uzzi & Lancaster, 2003, p. 397). The insurance industry and financial services providers in general are largely involved in seeking out, exchanging and using information (Knights et al., 1993, p. 978). What is more, both private and public knowledge are fundamental for learning; private knowledge, in particular, is utilized by banks to quell uncertainties pertaining to firms’ debt eligibility as firms are rarely debt-rated (Uzzi & Lancaster, 2003, pp. 386, 397). In turn, firms are interested in knowledge from the banks in the form of financial advice/fiscal expertise, referrals and credit (Uzzi & Lancaster, 2003, p. 386; Uzzi & Gillespie, 2002, p. 613). If financiers, in an arm’s length relationship to their clientele, fail to demonstrate their understanding of customers’ problems, strategies and
preferences, these investors will have a much more difficult go at convincing customers of the appropriability of the financiers’ financial solutions (Chuang & Lin, 2008, p. 76).

When it comes to banks’ need for knowledge when making decisions, it turns out that bankers in a high-stakes arena turn to their stronger ties when faced with an uncertain transaction and that the lower the density of the bank’s network the more likely transactions will close, i.e. be gone through with (Mizruchi & Stearns, 2001, p. 667). That is to say that bankers, like firms, turn to their closest allies when attempting to eliminate uncertainty and that business opportunities are more likely surpassed when bankers do not have access to an extensive and less dense network (Mizruchi & Stearns, 2001, p. 667). This instance shows the concomitant strength of weak ties and weakness of strong ties. When bankers are able to consult a wide range of colleagues, he or she will be capable of presenting a deal that is attractive for both the customer and the bank itself, thus resulting in a successfully closed deal (Mizruchi & Stearns, 2001, p. 668). That is to say, if banks are interested in closing deals, consulting with only strong ties may prove counterproductive (Mizruchi & Stearns, 2001, p. 668).

4.2 Sweden

The study location of this degree project is Sweden where both the researchers are located. There are four types of banks currently existing in Sweden, commercial banks, foreign banks, saving/retail banks and cooperative banks (Svenska Bankföreningen, 2003, p. 2, 2013, p. 4) that will later be explained in Section 4.2.3 Types of Banks. Sweden is a highly developed country in which generalized trust is ranked highly; it is evident that the degree of trust differs among sectors (Rothstein, 2002). Hooghe and Stolle (2003, pp. 15, 201) argues that governmental actions have a positive effect on the trust level of society, as Sweden has one of the most universal welfare states, it is believed to generate more generalized trust. This is also evident in a global research from 2013, with 31 000 respondents, conducted by Edelman, a company that helps other companies with their communication strategies to their clients (Edelman, 2014). This research measured trust in different industries and countries around the world. Financial institutions, where banks are located were ranked to have the lowest trust level in 2013. This research also shows the trust level from the years 2011-2013, had a small fluctuation from 52% in 2011 to 49% in 2012 and back to 54% the upcoming year. This indicated that Sweden kept a quite stable trust level across all three years where Brazil made a contradictory path from 80% trust level in 2011, to 51% in 2012 (Edelman Trust Barometer, 2013b, p. 5).

Another study made by Herreros (2004) indicates that developed countries trust level is higher than the undeveloped countries. Herreros researched: to what level “most people could be trusted” in each country, where the Scandinavian countries came out on top with 55-60% that could be trusted, whereas Argentina had only 20% and Brazil with catastrophic 6.4% (Herreros, 2004, p. 79). Sweden is seen as a highly trusted country through other countries’ eyes, where an example is taken from Edelman Trust Barometer (2013) research. This research ranked Sweden as top three trusted countries dependent on the company headquarter location (Edelman Trust Barometer, 2013a, p. 14). This is also evident when investigating Sweden on an individual level, as evident found by Rothstein and Stolle (2003, p. 206) indicate that age, unemployment or marital status does not affect the trust level in Sweden. It further indicates that characteristics such as, high education, non-immigrant, democrat and positivists have a positive correlation with trust (Rothstein & Stolle, 2003, p. 206). As the financial industry is lacking trust, the authors of this degree project would like to investigate how banks in Sweden create social capital, as Sweden is seen to have a high trust level. The banks engage in get to know you activities, as they
already know the people are trustworthy, thus nullifying in a sense, the need to build trust with others.

4.2.1 Swedish Banking

The Swedish financial sector is a cornerstone in society as it is a prerequisite for both companies and private life functions (Svenska Bankföreningen, 2014). It is a key actor as the funds are necessary for a well-functioning society. The Swedish financial industry includes banks, credit unions, insurance providers, et cetera, where banks have a market share of 40% (Sveriges Riksbank, 2011). The financial sector is a big part of society and had in 2011 4% of the total output of workforce to the GDP (Svenska Bankföreningen, 2013, p. 3).

4.2.2 Market Changes

The financial sector and the banking industry in Sweden have rapidly evolved over the last years, where companies have expanded their operation and new entrance blossomed (Svenska Bankföreningen, 2013, p. 3). The Swedish banks are now exploiting areas outside of the national borders more than ever before (Svenska Bankföreningen, 2013, p. 3) and also gaining a wide international trust (Edelman Trust Barometer, 2013a, 2013b). The market has further taken a leap in combining services that previously were separated ie. Insurance companies adapt banking services and the other way around (Svenska Bankföreningen, 2014). Moreover, there has been a change within the customer’s habits, where more and more banking services are made over the phone or internet, that has opened up for new entrances and a more competitive market (Svenska Bankföreningen, 2014).

4.2.3 Types of Banks

As mentioned earlier, Sweden houses four types of banks, commercial banks, foreign banks, savings/retail banks and cooperative (Svenska Bankföreningen, 2003, p. 2, 2013, p. 4). The banking industry has changed and the major banks are not standing alone anymore as the niche banks are moving in and can now invest in co-operative banks such as Ekobanken and JAK Medlemsbank (Svenska Bankföreningen, 2014). These banks are niched and owned by the members, which is a big contrast to the stable banks such as Handelsbanken and SEB that has stood its ground since 1800’s.

Sweden has decreased in the number of bank since 2000 with 124 to 117 banks in 2012 (Svenska Bankföreningen, 2013). The initial downturn is among the small saving banks that have decreased from 79-49 banks, where in contrast commercial banks and foreign banks have increased. The four major banks Handelsbanken, Nordea, SEB and Swedbank are all seen as commercial banks, and dominate the market with 75% market share, accompanied by 33 smaller commercial banks (Svenska Bankföreningen, 2014). The foreign banks were first established in Sweden in the late 1980’s where 10 years later they could open their first Swedish office, that has led to 29 foreign banks operating in Sweden in 2012 where Danske Bank is a major player (Svenska Bankföreningen, 2013, p. 4). The Saving banks are seen as small actors most often owned by Swedbank and located on a local level where 50 independently owned banks exists (Svenska Bankföreningen, 2014). Lastly, there are the co-operative banks, where the members of the banks have a crucial stand. The banks are ruled by their members, where the members have full voting right as they elect their board annually. The co-operative banks are a small segment within Sweden where only two banks operate; Ekobanken and JAK Medlemsbank.
4.2.4 Supervisory Authorities
The banking industry is handling deposits and credit for its customers and is a vital player in the function of society. This vital function needs regulations and laws to keep the banks in line, and also supervisory authorities to review their actions (Banks in Sweden, 2013, p. 14). The regulative and supervisory authorities are the Swedish Financial Supervisory Authority, i.e. Finansinspektionen later referred to as FI and the Swedish National Bank that monitor the banks operating in Sweden to create financial stability (Banks in Sweden, 2013, p. 14). The overall responsibility is put on the Swedish National Bank, where stable functions should be promoted and maintained; such as price stability, whereas FI has a more narrow approach, to monitor each and every financial institution operating in Sweden (Bank in Sweden, 2013, p. 14) approximately 4 000 companies (Finansinspektionen, 2014).
5 Research Method and Strategy

The chapter will explain the method used in further detail and will also focus on the research strategy of this degree project. The chapter will go further into the chosen sample, where the criteria of the companies and the people being interviewed will be explained. The company backgrounds will be accounted for along with interviewees’ profiles.

5.1 Approach

Our method approach will include semi-structured interviews, of which are believed to generate the best information, i.e. in depth information (Gray, 2009, p. 370). The in-depth information will be collected from the interviews, in which firsthand knowledge will be provided by the bank employees being interviewed. As previously stated, this study will investigate different banks within the financial services industry that operate within Sweden, as this is the location of the authors. The companies do not solely have to have operation within Sweden but the focus will be on the social capital they create from their Swedish establishments.

It is important to this study that all banks share the same environment or market, i.e. banking sector, and this study will therefore not be including any other nations within this study as banking systems tend to vary across borders. Governments have a high influence on the financial institutions (Fabozzi et al., 2010, p. 12), where including banks outside of the Swedish geographical market may compromise the uniformity of this sample. This study will focus on the financial companies directed to the Swedish commercial and private markets and will therefore exclude major financial authorities such as the Swedish National Bank. All of the companies included in the study will have to be a bank and have operations in the same environment, i.e. Sweden, but could still slightly differ from one another in aspects such as servicescape, such as those that conduct business in physical locations or only online; that offer single or multiple monetary services; focus on either private or corporate customers, et cetera. As previously stated, the aim for this study is not to generalize results, but solely focus on the result of the investigated banks, as an authentic view has been used. The authentic view will generate a result dependent on a specific context (Gray, 2009, pp. 164-165), which in this study are the Swedish banks studied. The information collected is mainly contextual and will include characteristics such as high contact within a field, collecting holistic overview of the field, using of themes to connect theory and real life verification, and focusing on understanding actions (Huberman & Miles, 2002).

5.2 Data Collection

To be able to find out how banks create social capital, this study needs to get in-depth information from all the banks within this study. In order to collect in-depth information, a qualitative study is advised (Saunders et al., 2009, p. 482) in which in-depth interviews will be conducted. The combination of a qualitative study and in-depth interviews is one of the key combinations within the qualitative data collection (Lewis, 2003, p. 57), that later will be analyzed to try to find similarities or contradictory means of creating social capital between the banks. The analysis will be conducted with an interpretative approach in which the answers from the interviews will be interpreted and summarized in Chapter 6: Empirical Findings and Analysis.
5.2.1 Primary Data Collection – Interviews and Questionnaire
Since interviews are the best method when conducting a qualitative study (Punch, 1998, p. 174) the authors have decided to go with this approach when gathering the data. Interviews are not an easy way to collect data or information, as a result of which Gray (2009, p. 369) considers it to be the human factor and the personal interaction between the interviewee and the researcher to be the most challenging part in collecting data. Gray (2009) means that, the interview is about asking questions, listening, understanding and coming up with follow up questions to be able to generate information, where the personal relation and interaction between the interviewee and the researcher can be disrupted due to the human factor. This also means that the information collected will be dependent on how much information the interviewee feels comfortable to give the authors. Interviews are a research tool used to generate information of the interviewee’s perceptions, situational definitions of reality (Punch, 1998, pp. 174-175). It also includes information that is not spoken, such as body movement, setting, et cetera and will all be part of the final result (Gray, 2009, p. 370; Punch, 1998). What is evident from Gray (2009) is that interviews may be a difficult to conduct, but if done well, they can be used as a strong information tool.

Our primary data will be collected during face-to-face interviews and telephone interviews, dependent on the location of the banks, where the interviews will be held by telephone if the bank is not situated in Umeå, as authors are located there. Telephone interviews are seen as beneficial as they reduce cost, and is a good data collecting tool when the location of the researchers and the interviewee are too far apart. Additionally, the telephone interviews will not generate and body language indications that could be beneficial for the interpretation of the interview (Bryman & Bell, 2011, p. 489). Audio recording data is very common in semi-structured interviews and enables the procedure of being able to go back and review the information collected as note taking might not generate everything that is said (Oliver, 2003, p. 45). When conducting the audio recording it is important to make the interviewee feel comfortable with the information being recorded and also to clarify what will happen to the recording after the interview. A safe bet, here, is to let the interviewee be the one who is closest to the recording, which might create a security to be able to end the recording when he or she feels like (Oliver, 2003, p. 46). The questions have been sent to interviewees prior to the interviews; doing so is in the best interest of the interviewees that they may be able to prepare their answers and not be caught off guard.

Interviews are best conducted within a small sample, with open ended questions to open up for in-depth collection of information (Silverman, 2008, p. 145). This is an approach that has been imitated for this study, as it will result in the interviewees fully answering the questions from their company’s perspective and not persuade the interviewee’s answers in a certain way. Since interviews make people feel more comfortable answering the question (Gray, 2009), the primary focus will be to pursue this data collection tool throughout the degree project. It is believed that the interviewee views the interview more as a conversation, than a written statement (Gray, 2009). Most often, more information is collected through conversation as the interviewee does not consider their language, as they would have if they have written it down, and information could be left out (Boutilier, 2009, p. 104). This also gives the respondent the ability to ask for clarification when needed, which is not possible in a questionnaire. Despite the exhaustive data collecting qualities of interviews, it is still possible to miss important follow-up questions during the interview. Consequently, an additional data collection in the form of a questionnaire with
additional questions will be used in case the data collected did not fully answer the initial key questions or where clarification is needed for a creditable analysis. As a result, the authors believe the use of a questionnaire is a great supplement to the interview where follow-up question or clarification of previous answers could be made. The use of a questionnaire is doable as the interviewees have received the questions in advance and are familiar with the questions being asked. If any questions or uncertainties would arise, the interviewee could contact the authors directly as contact information were published in the beginning of the questionnaire. The questions would further be specialized for each and every bank, where bank specific questions will be shown in a web-based questionnaire, where their specific questions will appear. Using this additional data collection tool might seem time consuming, but is important with the authenticity and validity of this study to collect accurate results. The use of online questionnaires is good as long as the interviewee takes their time to complete the questionnaire. Most often this is not the case and Boutilier (2009, p. 104) expresses that the responses rarely get in on time. Thusly the authors have acknowledged the fact that the questionnaire with additional questions might easily be put aside by the interviewees and will send reminders to the interviewees to fill out the questionnaire.

To be sure to generate desired information from the interviewees Boutilier’s (2009) multiple hat problem has been taken into consideration. The interviewees are not limited to one role solely focused on their bank, they might be involved in other organizations or positions that might differ from one another. This, in the context of study participants, presents a multiple hat problem (cf. Boutilier, 2009, p. 95). Boutilier (2009, p. 95) stating that either a study needs to be carried out separately on the two organizations representing the two hats, or that the author decide to only include one of these hats. By only focusing on one hat or organization will help to narrow the sample, and as this study aim to find the social capital creation by banks solely, the information generated needs to be knowledge from the banks’ perspective, not other organizations’.

5.2.4 Pilot Test

The interview questions were, prior to the interviews, tested in a pilot test. A pilot test is used to refine interview questions and questionnaires to reach a point where the respondent does not have any problem understanding the questions (Saunders et al., 2009, p. 394). The pilot test was useful, as it gave insights to wording and the validity of the questions prepared for the interviews which we alternated to a better word use to reach the desired meaning of the question. The length of the interview could also be estimated during the pilot test (Saunders et al., 2009, p. 394), but the authors found it hard to put an estimate as the length of the interview varied across the pilot tests dependent on the answers detailed content. The estimation was put to 45 min of which interviewees were informed prior to the interview which made it possible for the interviewees to set aside time for the interview.

Our pilot test was carried out on three people who have a certain level of knowledge of social capital. Two of the pilot participants were business students at Umeå University and had some insight into the field of social capital building, while the third respondent had management experience in an industry outside the financial field, featuring elements relations and networking. This pilot test helped to fine-tune the structure of the questions to more rightly correspond to the intent behind them. Knowing that misinterpretations are still possible despite refining of these questions, where necessary, interviewers will
explain to interviewees who appear to have understood incorrectly. This will better ensure that questions are answered with a higher degree of validity.

5.2.5 Researchers Role
The authors of this paper need to live up to certain expectation and issues appointed by Saunders et al., (2009, pp. 185-187) as it is believed to generate expectations on the authors after receiving information from the interviews to produce a good study and a good degree paper with high quality. Moreover, the information is expected to be handled professionally with privacy and confidentiality when needed. As some of the interviewees wanted to stay anonymous by name this is even more crucial to make sure that the real name of the interviewees will not be published, whereas other information such as personal characteristics could be published such as age and position. The interviewees were all aware that this additional personal information makes it possible to find the individual interviewees and raised no disapproval to such information being made available to the reader. The purpose of the study has been clarified for participating banks and they know what is expected from them, what information is striven for, and will in turn be received a promise of privacy and professionalism.

5.3 Sample
When choosing a sample, Becker (2008, p. 67), Punch (1998, p. 193) and Silverman (2008) state that sampling is a major problem within research, they illustrate that it is not possible to study all cases within the research area chosen, neither should anyone want to. The sample should, according to Marshall and Rossman (1989, p. 54), include (1) possible entry; (2) high probability of information, i.e. people needed to answer the research question; (3) the researcher has enough time to distribute; (4) the credibility and quality of the data goes along with the study, where poor sampling decisions are taken out. These characteristics have been carefully considered throughout the sampling where the possibility to enter the banks in the matter of time available and also the credibility of the respondents. The second characteristic will be further evaluated in section 5.4.2 Interviewee Sample Criteria. Furthermore, pointing out the unit of analysis, or in other words sample, is most often done in the design stage of the study (Gray, 2009, p. 176). For this study, the unit of analysis appeared during the collection of theory, and later refined from financial institutions as our initial aim, to focus on banks. Mason (2002) points out the importance of considering your sample early, as this will influence your final result. The unit of analysis will later be studied through interviews, one per company. This unit of analysis will generate information across different banks and not stay solely from individual within one bank.

5.3.1 Sample Size and Quality
Our sample size has been determined by the number of banks wanting to be part of the study. At first the interest of participating in this study was denied by some the major banks, which led the authors to reaching out to the local offices of such banks instead of the main office. Many of the banks believed the study to be interesting and saw it as an opportunity to market their own bank, while others said that they did not have time or resources to take part of the study at the moment. This process led to a few more interviews, and the sample ended with eight interviews. The sample size is tough to determine, as it is evident there is no common ground of the size of the sample. This is evident by looking at Flick (2014), Onwuegbuzie and Leech (2007), Onwuegbuzie and Collins (2007, p. 289), and Strauss and Corbin (2008) believe the sample cannot be too large, as it is much in depth information to go through and analyze, and not be too small,
to make sure to generate enough information for the study needed, i.e. saturation. The minimum required interviews in social research varies across authors where Bryman (2012, p. 425) expresses 20-30 interviews and Gerson and Horowitz (2002, p. 223) with a minimum of 60 interviews. For interview specific sample Guest et al., (2006, p. 59) believe the sample size to be fulfilled at twelve interviews and in a case specific study four to five interviews are enough (Creswell, 2013, p. 157).

The accurate number of participants in a qualitative study is argued to be efficient when it is saturated, and no more information is able to be collected (Bryman, 2012, p. 420). Further evaluated by Repstad (2007, p. 92) who believes that a saturated stage is found when the interviewer does not feel like they have learned something new from this interview in regards to previous ones and thus a pattern is recognized. When this stage is found, the sample size is sufficient. Due to limited time and resources a sample goal of ten interviews was set, representing a wide spread of banks, large and small, is a suitable sample size for this degree project, but fell short on eight interviews due to the response rate. The sample of eight interviews has generated in a good amount of information and is therefore seen as a suitable sample, where interview by interview led to a more saturated data collection.

The sample created has tried to avoid a bias approach although it has been collected through a purposive sampling method. The aim has been to generate a wide sample representing different bank types, as a request to take part in the study was sent out to multiple banks, the sample cannot be accounted for as bias as the final sample is determined by the positive responses gathered from the banks. Mitchell and Carson’s (1989, p. 277) believe that the companies answering the request are most often a company that is successful within the area, as companies who are not, most likely do not want to showcase their poor qualities.

5.3.2 Selection Process
A qualitative sampling does not represent a probability sample; they are seen as purposive sampling (Punch, 1998, p. 193). The purposive sampling was made through contacting banks displayed on FI web page (www.FI.se). The authors further scanned the list for the most prominent banks operating in Sweden and contacted them primarily by email, and later by telephone. In the instances where the head office declined participation, a local office was approached in order to create a wide sample bridging over all four bank types. A detailed list of the companies contacted will be available in Appendix 1, Table 5: Bank Responses. The sample in the end of the day, represent the eight banks that had an interest in taking part in this study; a sample generated from an purposive sampling method where a vast amount of banks were approached. The approached banks will further be displayed in section 5.5 Companies and Interviewees and Appendix 1, Table 3.

5.4 Selection Criteria
The company and interviewee selection was carefully evaluated, even though the sampling process was aimed. Miles and Huberman (1994, p. 34) and Miles et al., (2014, p. 37) further introduce six sample selection criteria, that should be considered when choosing your sample. These criteria include (1) Is the sample relevant to the research question? (2) Will it generate the desired information? (3) Is it generalizable? (4) Lead to believable explanations? (5) Is feasible in terms of money, time, access? and (6) Is it ethical? These criteria are used as a guideline to distinguish this study specific company and interviewee selection criteria, which will be presented in the following sections.
5.4.1 Company Selection Criteria
As the case study is carried out on a variation of bank types some criteria are made to narrow down the segment that will be part of the study. Punch (1998, p. 153) indicates that in each case there needs to be a set of boundaries in an early stage to narrow the segment, or to limit the time and mean of the study (Miles et al., 2014, p. 31). Four criteria were chosen to create boundaries within the data collection. Not only has the sample been narrower to industry, location, and networking, but also by including the six previously stated criteria presented by Miles and Huberman (1994). The three company criteria are relevant for the research purpose, as they will help to narrow down the segment and generate the desired information to answer the research question, it will not be generalizable across the whole industry, but it will create a result generated from this case study that may or may not apply to the rest of the industry, and lastly it is believed that the sample is ethical, as they are still pretty wide company descriptions, and there is no personal limitation, that could be seen as an ethical concern. The banks participating in the study have participated voluntarily and had the right to withdraw at any time of the process.

Criterion 1: Industry - Banking
The companies of the study need to be banks. There has not been any restriction to a certain type of bank, but rather try to reach banks from all bank types present in Sweden. By conducting the study on multiple banks, it will receive a wider knowledge about how banks generate social capital. If the study would have been conducted solely on one company and their bank offices around Sweden, it would result in a single case study of only own company, which is not striven for as the case study desired is made on the context of banks and not the individual banks alone.

Criterion 2: Location - Significant connection
The banks need to be located in the same environment and found to have significant connections to others in their surroundings. The banks should operate in the same market as it is more likely to be able to compare the banks under the same conditions. The location further implies that the banks operate under the same fundamental ruling and governmental decision-making, which will create an equal base for the banks. Although this study does not tend to generalize the results, the authors believe that a comparison between the banks would be easier if they obey the same fundamental rulings.

Criterion 3: Networking
The banks need to be an entity that engages in different kinds of relationships and networks. This could involve stakeholders, shareholders, internal and external networks, customers, et cetera. The relations and networks can differ among the banks with horizontal and vertical relations, but some actors will be the same for all the banks. An example would be vertical ties such as the relation to the Swedish National Bank and FI which all banks are connected to the networking criterion needs to be fulfilled as social capital building is highly linked to networks.

5.4.2 Interviewee Sample Criteria
The interviews will be conducted with bank employees that have been selected by their own bank to answer questions about social capital. As the participation request is sent most often to a general company information e-mail, the authors needed to trust the company to forward the e-mail to the most suitable employee, as they make the final choice of who the person being interviewed will be. In those cases the first connection to
the company was made by telephone, a request was made to speak to someone who had knowledge about their company's social capital structure. Furthermore, the study requires the interviewee to have time for the interview session, be okay with the company name being published in this paper and to have the interview audio recorded for later transcription. Additionally, to participate in the study, the interviewees need to be willing to share information about their company to gain anything from the interview as otherwise the interview would not generate any new information. What is more, the respondent profile does not cover a specific gender or age of the respondent; as long as they meet the criteria as followed:

**Criterion 1: Bank Employee**
The interviewees need to have work experience in the financial field and are currently employed by the bank to be able to get up to date information relaying of the banks position to social capital. The employee function as a gatekeeper that opens the door to the information made available by the bank employee.

**Criterion 2: Bank Operation Knowledge**
Followed by criterion one, as an employee of the bank, interviewees also need to possess knowledge about their bank’s operation and functions in order to answer the questions. The knowledge of an ordinary employee might not be enough, if they do not contain knowledge about the function of the bank as a whole and how they relate to other actors.

**Criterion 3: Bank Identity**
As this study aim to identify how banks create social capital and not specifically the employee interviewed a limitation has been made that the interviewee will solely wear one hat during the interview, the hat associated with the bank. This will later be brought up during the whole interview and will be reviewed as the collected information will be analyzed.

**5.5 Companies and Interviewees**
The initial contact of a total amount of twenty-four banks resulted in eight positive responses whereas ten banks declined participation in the study. A detailed list of the approached companies could be found in Appendix 1, Table 5 Bank Responses, as well as a detailed table of the banks participating in the study in Table 3: Bank Overview.

**5.6 Company Profiles**
This section will show the different profiles of the banks participating in this study, were information such as foundation date, location, et cetera, will be introduced in order to give the readers a better overview of the interviewed banks. This information will not be included in the analysis of the study and is only included as background information.

**5.6.1 Marginalen Bank**
Marginalen Bank is a newly established bank which was recognized in 2010 by FI for conducting banking services within Sweden. FI, also called the Financial Supervisory Authority of Sweden, monitors the businesses within the financial market, to ensure customer safety (Finansinspektionen, 2014). Marginalen Bank is part of Marginalen AB concern and is only operating in Sweden (Annual Report Marginalen Bank, 2012, pp. 3-4). Marginalen Bank, which has a head office in Stockholm, has 350 employees and circa 200 000 customers within the private and corporate sectors (Marginalen, 2014). The company has gradually grown from its start in 2010, seeing in 2013 amassed revenue of 32.3 million SEK after taxes, with assets of 15.5 billion SEK (Marginalen, 2014).
Marginalen Bank has the majority of its customers online or other digital channels, as they have only a few offices in Borås, Stockholm, Sundsvall and Söderhamn (Marginalen, 2014). Their vision explains that their focus as a bank is not solely on the financial aspect; Marginalen Bank wishes to foremost to help people with their ideas and future plans (Marginalen, 2014). Marginalen Bank refers to themselves as being “a different kind of bank” where an emphasis on customers are at hand.

5.6.2 SEB
Skandinaviska Enskilda Banken, or SEB, is a well-established bank within Sweden and accounts for the second largest household aggregate savings within Sweden, and was recognized as the best private bank in Sweden 2013 (Euromoney, 2013), and a vision to be “the foremost trusted partner for our customers with aspirations” (SEB Group, 2014). It was initially called Stockholms Enskilda Bank in 1856 and founded by André Oscar Wallenberg, but merged together with Skandinaviska Enskilda Banken in 1972 to become today’s SEB, acquiring many years of experience along the way. This period of time has enabled them to shape their company and realized the long term perspective is crucial and foremost to keep a close relation to their customers, but also through transparency (SEB group, 2014). SEB’s ambition is to be there for their customers as a helping hand as their customers strive to grow and reach future goals. SEB further indicates that bridging industrial gaps is part of their success factor, as cultural background and competence differ along the colleagues that are complementing each other (SEB Group, 2014). SEB has a total of 16 000 employees, where 8 800 are located in Sweden (Swedish Bankers’ Association, 2014), with currently 164 local offices in Sweden (SEB Group, 2014). By having 16 000 employees, SEB as quite a low employee turnover measured at 11.1 % in 2013 (Annual Report SEB, 2013, p. 13).

Furthermore, SEB argues that they differentiate themselves from other Nordic-operating banks as they have a primary focus on corporate clients and invest in deep customer ties in the Nordic countries, the Baltic States and Germany. Today, they have a client base of 4.4 million customers of which around 400 000 are commercial clients, i.e. businesses (Annual Report SEB, 2013). Their main market is Sweden where 58% of their total operating income comes from, and a net profit of 16.9 million SEK (Annual Report SEB, 2013, p. 21, 149).

The transparency gives the stakeholder a chance to see inside the organization and the processes, which will hopefully generate better understanding of the stakeholders. The stakeholders are also part of the decision-making within SEB as they play an important role when coming up with their corporate sustainability approach, where SEB collects information from their stakeholders of emerging trends, material issues and other priorities (SEB Group, 2014). Furthermore, SEB have been awarded, the best bank of the year 2013 for small businesses (Privata Affärer, 2013), the most highly recommended bank by big companies 2012 (Prospera, 2012), and the Global Private Banking Awards, as the Best Private Bank in Sweden (PWM and the Banker, 2013), Best Private Bank in the Nordic Region (PWM and the Banker, 2010, 2011, 2012).

5.6.3 Ekobanken
Ekobanken is a bank owned by its members, commonly referred to as a credit union. Ekobanken is owned by its current 1 500 members and is classified as an ethical bank, available to anyone who wants to support people’s right to take open initiatives (Ekobanken, 2014), which is typical for ethical banks (San-Jose et al., 2009, p. 2).
Ekobanken originates from 1980’s Kulturfonden and became acknowledged as a bank, i.e. Ekobanken in September 1998 (Ekobanken, 2014). This is a new type of bank in Sweden, namely, a credit union with a foremost focus on sustainable banking. The small Swedish bank is connected to a wider international bank movement called Social Banking or Sustainable Banking where they are part of networks such as International Association of Investors in the Social Economy (INAISE), European Federation of Ethical and Alternative Banks (FEBEA), and Institute of Social Banking (Ekobanken, 2014). With 20 employees and 6000 active customers, Ekobanken reached a turnover of 2.6 million SEK gross revenue (Annual Report Ekobanken, 2012, p. 4). It is a smaller bank that has gotten recognized by its competitors in the banking industry and in 2008 reached its minimum amount of capital needed to function as a bank, now standing on their own feet. Ekobanken has a limited amount of local offices in Sweden, with a focus on the south part with offices in Gothenburg, Järna and Stockholm, as 81% of their client base is representing the south part of Sweden (Annual Report Ekobanken, 2012, pp. 9, 12). Moreover, Ekobanken has a special bond to transparency as they have realized the importance of transparency as their customers desire an open and responsible bank that has ecological, social and cultural values (Ekobanken, 2014). The transparency could further be discussed when it comes to ethical banks and traditional banks, as a study conducted by San-Jose et al. (2009) indicates there is a big difference between them, especially in that area. The study generated clear results showing that ethical banks had more transparency than many of the other banks put together (San-Jose et al., 2009, p. 26).

Ekobanken’s focus is foremost on the small clients, where most of their lending goes towards school, ecological farming/food production, culture houses and nursing homes, but also small businesses that are of great importance for the local community (Ekobanken, 2014). This reflects upon the connection to the stakeholders of Ekobanken, as these create networks within the areas of environment, ecologic production, culture, etc. within close connections are striven for (Ekobanken, 2014). As Ekobanken does not solely have one owner, the propositions and decision-making process is handled between all the members, as propositions are sent to the all the members and later discussed through dialoguing with the other members. The customer interaction is handled through social media, a member magazine, and personal meetings, whereas the employees have weekly meetings (Annual Report Ekobanken, 2012, p. 24).

5.6.4 Handelsbanken
Handelsbanken is Scandinavia’s most international bank with offices in 24 countries (Hållbarhetsredovisning, 2013, p. 4), but sees Sweden, Great Britain, Denmark, Norway and Netherlands as their major markets (Handelsbanken, 2014). Handelsbanken was founded in 1871 by 8 former board members of Stockholms Enskilda Bank, just as SEB originated from (Handelsbanken, 2014). Handelsbanken has, today, over 11 000 employees across the 24 countries and 810 offices (Handelsbanken, 2014); over 7 000 employees and 462 offices are located in Sweden, that makes Handelsbanken the leader in that category in Sweden (Swedish Bankers’ Association, 2013). Handelsbanken has since the 1970s tried to reach their customers in a better way by decentralizing the organization, entailing that the decision-making regarding the customers would be made in close consultation with the customers themselves. The decentralization makes the organization more flat in its hierarchy as the decision-making is put on the individual local offices. It is here the company’s growth strategy starts were the offices make
decisions and the organization as a whole tries to support and back up the emerging offices (Hållbarhetsredovisning, 2013, p. 4).

Moreover, the initial focus of the bank is on the long-term, within steady customer relations and engagement is important, the variable of trust is especially important (Hållbarhetsredovisning, 2013, p. 4, 179). The customer satisfaction at Handelsbanken is high, both in private and corporate customers, where they are over average within all six major markets, and is several of them ranked as the company with the highest satisfaction rate (Hållbarhetsredovisning, 2013, p. 4). Furthermore, Handelsbanken has received The bank of the Year three times, within the last five years by the journal Privata Affärer (Hållbarhetsredovisning, 2013, p. 4; Privata Affärer, 2013), and placed top fifty of the safest banks in the world in 2012 and 2013 (Global Finance, 2012, 2013).

5.6.5 JAK Medlemsbank
JAK (Jord Arbete Kapital) Medlemsbank is a credit union, i.e. cooperative bank, founded in 1965. It is owned by its members as a democratic, nationwide co-operative society (JAK Medlemsbank, 2014), with 37 425 members in 2013 (Annual Report JAK Medlemsbank, 2013). JAK is a Swedish bank that solely operates within Sweden, with offices in Skövde, Orsa and Malmö. In addition to these office locations, JAK has created local departments all over Sweden that is run by engaged members to spread information about JAK. The local members create groups that meet through meetings or other activities, to spread the information about JAK. It is also up to the local departments to decide on the level of activity their region will have. As it is owned by its members, the members every year elect the board of the company were the mandate period is a maximum of three years (Stadgar för JAK Medlemsbank, 2009, p. 4). JAK Medlemsbank was inspired by similar banking concepts from Denmark 1931, where the focus is to keep a co-operative society without the interest rate to function. JAK Medlemsbank believes that the interest rate is unnecessary for a co-operative society, where the bank should not enrich themselves on other peoples loans (JAK Medlemsbank, 2014). “We believe that money should be earned by working, not by passive ownership” (JAK Medlemsbank, 2014). Instead the focus lies on developing economic opportunities where solidarity is crucial (JAK Medlemsbank, 2014).

To be granted a loan at an interest free rate, the loan taker also needs to have saved money in the bank previously (JAK Medlemsbank, 2014). For the bank to function without interest rates, members need to save money in the bank so others have the chance to be granted a loan. The saving/loan does not need to occur at the same point in time, but needs to be prior or after the loan. The only fee that accompanies taking a loan is the administrative fee of the bank which is covered under the absorption principle (Annual Report JAK Medlemsbank, 2013). Moreover, JAK, as a cooperative bank, does not focus on its competitors; they believe it is more important to work together to create a good banking system in Sweden then trying to outdo one another (JAK Medlemsbank, 2014).

5.6.6 Danske Bank
The Danske Bank Concern was founded in 1871, and has today more than 4 million customers. Their vision of being the best and most trusted bank in the Nordic region and a mission of “setting new standards in financial services” (Danske Bank, 2014b), Danske Bank has high standards for themselves. Danske Bank is currently operating in fifteen countries, with main markets such as Denmark, England, Finland, Norway, Sweden, Baltic Region and Ireland, adding on to a total amount of close to 21 000 employees (Annual Report Danske Bank, 2013). Danske Bank is the biggest foreign bank operating
in Sweden as of entry in 1997 when it bought with ÖstgötaEnskilda Bank (Affärsvärd, 1997; Danske Bank, 2014a), and is now accounted as the 5th largest bank in Sweden (Swedish Bankers’ Association, 2013) with approximately 1 300 employees (Danske Bank, 2014). Furthermore, the organization of Danske Bank Sweden is built on a full service network that is divided into around 50 local office locations, and the head office located in Stockholm. Danske Bank focuses on both private and corporate banking, and is striving to reach bigger corporations and institutions in 2014 (Danske Bank Sverige, 2014, p. 2). Today the local offices around Sweden are used as their own business units, that make their own decisions (Danske Bank, 2014a), to be able to satisfy the customers without long decision processes, and is similar to Handelsbanken in that way. Foreign banks are seen as less trusted compared to domestic banks, where customers tend to prefer the domestic banks (Goddard et al., 2007, p. 1916). Goddard et al. (2007, p. 1916) continue by expressing that foreign banks do not have as much information of their international customers, which leads to distrust of the customers, whereas the domestic bank already have that required knowledge is in that way more trusted. One way to get into the domestic market is to merge with an already existing bank in the country (Goodard et al., 2007, p. 1916), which is just what Danske Bank did as they bought ÖstgötaEnskilda Bank in 1997.

Danske Bank Sweden had a turnover of 2 795 million SEK, an increase with 3% from previous year that is believed to be a result of the newly introduced strategy of Danske Bank in 2013 to focus on transparency, advisory services and trust to improve customer satisfaction (Danske Bank Sverige, 2014, p. 1, 8). Their core strategy has four cornerstones: advisory services & solutions, customer interaction, transparency & financial strength and responsibility, that is intended to generate a high trust level of the bank (Danske Bank, 2014b). It will be used to set new standards for proactive solutions, meet customers through different interaction tools, use the capital in an efficient and transparent way and continue to strive for social responsible actions, and meet their mission and vision statements. Danske Bank can also show off with awards such as the Bank of the Year 2004 (PrivataAffärer, 2008).

5.6.7 Nordnet

Nordnet was founded in 1996 in Sweden and later expanded to Denmark and Norway in 2001 and Finland in 2005. Their vision is to become the savers first choice on investment and savings, in the Nordic region (Nordnet, 2014). Nordnet Sweden reached an operating profit of 254.5 Million SEK and accounted for over 200 000 active customers in 2013. Nordnets organization ranges over the border of the Nordic countries through a Nordic platform. Nordnet is run across the Nordic borders where administrative work tasks are divided between Sweden, Denmark, Norway and Finland where the top of the organization is divided into commonly used departments such as analytics, communication, finance, operation, innovation and IT (Nordnet, 2014). This platform serves all four markets where they work together to develop the markets even though their markets can slightly differ. The head office is located in Alvik, Sweden, but with additional local offices in Oslo, Helsinki and Copenhagen, where local offices focus on the national customer service and sales and marketing. Nordnet believes this type of organization is beneficial in the global trends that the market is moving towards (Nordnet, 2014). Nordnet contain on average 325 employees across all four countries, where the majority of them operate in Sweden (Annual Report Nordnet, 2013, p. 23) Furthermore, Nordnet highlights the importance of transparency throughout the organization, and adds democratization and digitalization to the plate. They believe “We connect customers with
each other and put them in control” (Nordnet, 2014). The business idea is focused on offering private and corporate customers a service, where the individual takes control over their financial future, and the target customer is the conscientious saver (Nordnet, 2014), a similar thought process to Marginalen Bank.

Nordnet is an online bank, whose contact with customers are handled either by telephone, email, over the web or other digital platforms. A study made by Mukherjee and Nath (2003) investigate the trust level of online banking, and shows that in highly competitive industries, just like the financial sector, trust has a vital role in the banking relationships when subtracting the physical interaction. This is also emphasized by Jones et al., (2000, p. 81) that express the blossom of e-business expansion is in need of trust. Nordnet was the first bank to change the traditional banking, to an online broker in the Nordic region that led to drastically lowered administrative costs (Nordnet, 2014). They want to empower the customers with tools, transparency and trust, to make their future decisions themselves. Nordnet accounts the other more traditional banks as “Jurassic Banks” where self-interest and risky investments are found, which is something Nordnet do not want to be part of, as they strive to be a modern, simple and active bank provider that do not take unnecessary risks (Nordnet, 2014).

Although Nordnet is an online bank, Nordnet launched Nordnet LIVE in the beginning of last year. This is a LIVE event, accessible for both existing customers and potential customers to participate in, to get an insight in the financial market, where speakers such as CEO’s from other companies, politicians and financial journalist will be present. This event is believed to generate future customers, and build on their existing customer connections. Nordnet LIVE had a great turn over in 2013 with 3000 visitors, and was also organized the following year in 2014, with speakers such as: Peter Norman; Swedish Financial Market Minister at The Financial department, Hans Vestberg; CEO at Ericsson, Johan Dennelind CEO at TeliaSonera, et cetera (Nordnet LIVE, 2014). Nordnet has further made the event accessible for people who did not attend the event through their webpage (www.nordnetlive.se), or YouTube channel, where the whole event is available (Nordnet LIVE, 2014). Furthermore, Nordnet was awarded the Best Company of the Stock Exchange in 2013, by Swedish Veckans Affärer (Veckans Affärer, 2014), Sweden’s Best Banking site for 2009, 2010 and 2011 (Internetworld, 2011). This position seems to be stable for upcoming years as they put much focus on their Internet platform. In 2012 a new connection tool was introduced, a blog function. This blog’s main purpose is to create an interaction between the bank and the readers, where information will be launched about savings, et cetera, and where the readers can also make their own contribution on the blog site.

5.6.8 Nordea

Nordea was founded in 1820, and later merged with the Swedish Wermlandsbanken, Norwegian Christiania Kreditkasse and the Finnish SuomenYhdys-Pankki Bank (Nordea, 2014). Nordea is today operating in nineteen countries, where eight are seen to be their home markets, foremost the Nordic and Baltic region, with a total of 31 300 employees, and 11 million customers, Nordea is seen as Northern Europe’s largest financial service group (Nordea, 2014). Nordea has a strong market position in retail banking, corporate merchant banking and private banking (Nordea, 2014), with a net operating profit of €3 107 Million (Annual Report Nordea, 2013, p. 3). Moreover, Nordea is conducting road shows and conferences all over the world, from North America to Asia, during approximately 30 days per year to meet new potential customers and create relationships.
Aside from that, Nordea has around 300 local offices in Sweden. Their goal is to help people by “making it possible”, through being a great European bank, known for its people and creating superior value for their stakeholders (Nordea, 2014). Nordea want to create long-term relations, to help their customers grow in a fair manner, to be able to reach their goal to build closer customer relationships. One key aspect of their organization is the One Nordea Team created. This team enables the group to work across organizations to create value together through trust and assumed accountability in the organization (Annual Report Nordea, 2013, p. 11). They further believe their relationship to their customers are incredibly important, and want to create the best customer experience possible, which they believe will only be reached by having a strong financial platform to start from. As they point out themselves: “It is all about the people and One Nordea team. When each and every one of us takes personal responsibility, and when we team up and work efficiently together across business areas we deliver value to our customers.” (Annual Report Nordea, 2013, p. 8). Nordea is accounted as one of the big four banks in Sweden and could be seen as a traditional bank, with local offices and personal connection still intact. Moreover, Nordea as all the other traditional banks tries to keep up with the technology and reach their customers through other, less traditional channels such as video conferences, social media and digital platforms. It is a bank that has been around for many years and created a stability on the market where awards such as: Best bank in the Nordic region 2013 (Global Finance, 2014), best banking service provider 2013 (Euromoney, 2013), one of the top 50 safest bank in the Nordic region 2012, 2013 (Global Finance, 2012, 2013) have been granted.

5.7 Interviewee Profiles
The bank employees, who the interviews were conducted with, will be introduced in this section. As some of the interviewees did not want their name published in this study, a decision was made to introduce them all with made up code names inspired by their banks’ names case in point Margareto Banks – Marginalen Bank. The information will be short and concise, focusing on the business perspective, the years of financial experience, current job position and previous positions.

<table>
<thead>
<tr>
<th>Bank - Interviewee</th>
<th>Age</th>
<th>Current Position at Bank</th>
<th>Years of Financial Experience</th>
<th>Previous Work Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>44</td>
<td>Head of Corporate Commercial Banking</td>
<td>18 years</td>
<td>Client Executive - Handelsbanken, Project Manager/Engagement Manager - Kaupthing Bank Sverige</td>
</tr>
<tr>
<td>Margareto Banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEB</td>
<td>56</td>
<td>Head of Corporate Sustainability</td>
<td>30 years</td>
<td>Client Executive - SEB</td>
</tr>
<tr>
<td>Anneli Sebba</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The eight interviewees are quite similar to one another, with minor differences in experience. The interviewees have all been involved in the financial sector prior to their current job position but the actual years of experience differ among the interviewees. JAK and Ekobanken’s representatives have been in the financial sector for the shortest periods of time, 4 years each, whereas SEB, Handelsbanken and Nordnet have, respectively, more than 25 years of experience. Even though there are differences in years of experience within finance and current banking position, all interviewees are assumed to have desirable insight of how their bank involve in social capital dimensions.

5.8 Interview Procedures
The interviews were conducted through either face-to-face interviews or phone interviews throughout the months of March to May 2014. All the face-to-face interviews were held at the interviewees’ respective office location, whereas the telephone interviews were held remotely, using speakerphone. Most of the interviews had duration of around 60 minutes; among these, two interviews had to be held short due to the interviewees’ time constraints. These details are summarized in the table below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Interview Date</th>
<th>Interview Format</th>
<th>Interview Environment</th>
<th>Interviewee</th>
<th>Industry Experience</th>
<th>Interview Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>2014.03.24</td>
<td>Audio Recorded</td>
<td>Remote, separate</td>
<td>Margareto Banks, 44, Head of Corporate Banking</td>
<td>~ 18 years</td>
<td>~ 1 hr, 30 min.</td>
</tr>
<tr>
<td>JAK</td>
<td>2014.05.05</td>
<td>Telephone</td>
<td>Branch Manager</td>
<td>Hans Handler</td>
<td>26 years</td>
<td></td>
</tr>
<tr>
<td>Medlemsbank</td>
<td>2014.05.04</td>
<td>Telephone</td>
<td>Branch Manager</td>
<td>Karl Ek</td>
<td>4 years</td>
<td></td>
</tr>
<tr>
<td>Danske Bank</td>
<td>2014.04.28</td>
<td>Telephone</td>
<td>Branch Manager</td>
<td>Dante Brandt</td>
<td>15 years</td>
<td></td>
</tr>
<tr>
<td>Nordnet</td>
<td>2014.05.10</td>
<td>Telephone</td>
<td>Branch Manager</td>
<td>Natanael Nordegren</td>
<td>25 years</td>
<td></td>
</tr>
<tr>
<td>Nordea</td>
<td>2014.04.15</td>
<td>Telephone</td>
<td>Branch Manager</td>
<td>Petra Nord</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td>Date</td>
<td>Recording Type</td>
<td>Location</td>
<td>Interviewee</td>
<td>Experience</td>
<td>Duration</td>
</tr>
<tr>
<td>----------</td>
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<td>----------</td>
</tr>
<tr>
<td>SEB</td>
<td>2014.03.31</td>
<td>Audio Recorded</td>
<td>Remote, separate locations</td>
<td>Anneli Sebba, 56, Head of Corporate Sustainability</td>
<td>~ 30 years</td>
<td>~ 40 min</td>
</tr>
<tr>
<td>Ekobanken</td>
<td>2014.04.01</td>
<td>Audio Recorded</td>
<td>Remote, separate locations</td>
<td>Karl Ek, 48, Consultant and Loan Processor</td>
<td>~ 4 years</td>
<td>~ 52 min</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>2014.04.02</td>
<td>Audio Recorded</td>
<td>On location, in person: Interviewee’s office</td>
<td>Hans Handler, 47, Branch Manager</td>
<td>~ 28 years</td>
<td>~ 65 min</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>2014.04.10</td>
<td>Audio Recorded</td>
<td>Remote, separate locations</td>
<td>Jakob Melin, 44, CEO</td>
<td>~ 4 years</td>
<td>~ 64 min</td>
</tr>
<tr>
<td>Danske Bank</td>
<td>2014.04.11</td>
<td>Audio Recorded</td>
<td>On location, in person: Interviewee’s office with their dog present</td>
<td>Dante Brandt, 51, Branch Manager</td>
<td>~ 5 years</td>
<td>~ 43 min</td>
</tr>
<tr>
<td>Nordnet</td>
<td>2014.04.11</td>
<td>Audio Recorded</td>
<td>Remote, separate locations</td>
<td>Natanael Nordegren, 55, CEO</td>
<td>~ 25 years</td>
<td>~ 69 min</td>
</tr>
<tr>
<td>Nordea</td>
<td>2014.05.07</td>
<td>Audio Recorded</td>
<td>On location, in person: Bank’s conference room</td>
<td>Petra Nord, 48, Branch Manager</td>
<td>~ 8 years</td>
<td>~ 59 min</td>
</tr>
</tbody>
</table>

**5.9 Interview Guide Design**

The interview guide will be divided into different themes wherein focus will be placed on a certain kind of social capital. These themes will make the interview guide more structured and questions easier to follow and analyze. As previously stated, the interview will be semi-structured with open-ended questions to be asked under each theme. The themes are divided into subsections or topics wherein a basic question will be presented and followed by follow-up questions that are intended to evoke the interviewee to cover these themes more in depth. Arthur and Nazroo (2003, p. 111) postulate that having a semi-structured lay-up, themes and follows-up questions will keep the focus on the question per se. The authors have divided the questions into the following themes, to be discussed in full in the subsequent subchapter: preliminary information, connections, trust, networks, concluding information; company specific information is not a part of the actual guide and are based on follow-up questions that are bank type-specific. An interview guide is used to create an overview of the semi-structured questions (Flick 2009, p. 165, 167). This can be regarded as a template to help the interviewers and the interviewee adhere to the themes without being confined to a strict order or structure. The interview guide can be found in Appendix II: Interview Guide.
5.10 Interview Themes
To be accounted for in this section is the relevant subject matter to be posed to the interview subjects. This subject matter will take the form of themes to be discussed in order. There will, however, be a certain degree of freedom for subjects to engage in topic jumping, so to speak, which is in keeping with the flow of a semi-structured interview (Bryman & Bell, 2011, p. 467). That is, interviewees will not be dissuaded from speaking their piece and neither will they be told to stick to the script. Grouping data into themes is referred to as coding, more specific to this case is the term hypothesis coding, and is primarily utilized for pulling out and categorizing similar chunks of data, relating to a particular aspect of the research question and/or purpose, making these data easily retrievable come time for the analysis (Miles et al., 2014, p. 72). Hypothesis coding accommodates predetermined frameworks or themes to work within (Miles et al., 2014, p. 78). Topics discussed, bearing similarity to each other, will become coded elements to be grouped together in tables and consequential Chapter 6 subchapters. To start, the interviewee is thanked for their willingness to participate and briefed as to the purpose of this study as well as the intended publication of the material on DiVA-publicering, an electronic publication system that grants access to users of its own and other search engines such as LIBRIS, SwePub, Google Scholar and more. Upon informing the participant of the intention to publish the completed study electronically, they are offered the option of being anonymous as far as their names; this portion is a part of the profile questions, such as and years active within the industry company position. After this, follow questions pertaining to background information.

5.10.1 Preliminary Information Theme
Preliminary information pertinent to this study consists of assessing interviewees’ prior knowledge of the subject matter. Interviewees, despite familiarity, are presented with a summative, self-same definition and explanation of social capital which consists of both a quote from Pierre Bourdieu (1986, pp. 248-249) and a summary of key characteristics from us, the interviewers; please refer to Appendix II: Interview Guide. Upon trying to ensure a universal conceptualization of social capital among participants, questions are asked that assess whether or not the interviewee’s company invests in this form of capital, the importance of this kind of capital, the duration of their involvement in social capital investment, who is in charge of said investments and characteristics of their networks, if their organizations are active network members. To conclude the key questions, interviewees are asked to assess, in their own opinions, whether or not their company’s overall investment in social capital is successful.

5.10.2 Connections Theme
The connections theme highlights the relationships themselves, the first question being: *with whom do you invest social capital*. Interviewees are also asked to provide insights as to whether or not these connections are formed with similar actors as one’s own company, i.e. assessing if bonding takes place, and whether or not they have any connections to dissimilar actors, i.e. assessing if bridging takes place. Additionally, the authors ask about the nature of connections with similar and dissimilar actors respectively as well as what spurs them to form these types of connections and what they gain from doing so. Interviewees are also asked to judge ties with similar and dissimilar parties based on which relationship yields the most social capital dividends. To conclude, incentives and thresholds for forming and maintaining relationships, as related to social capital, are also looked into.
5.10.3 Trust Theme
Trust, a key player in social capital discourse, is analyzed through plainly asking interviewees how their company elicits trust with similar and dissimilar parties along with how this trust is maintained with both parties respectively. In addition, reciprocity is analyzed in terms of its prevalence and how it is perceived and engaged in by the interviewee. In addition, the network side effect known as solidarity is broached to conclude this section of four main question points which see participants take a stance on the importance of network solidarity and whether or not their company enjoys this peripheral network effect.

5.10.4 Network Activity Theme
Befittingly, interview participants are first asked to describe the appearance of connections made within their networks as a whole; by doing so, the interviewers can assess the extent to which bridging, bonding or linking take place as well as assess the relative informality or formality of networks. Participants are also asked to shed light on whether or not there are vertical and horizontal interactions possibilities present within their networks and to describe how vertical linking is handled. On a more micro-level, interview participants are asked to describe their networks and give insights as to their nature. Furthermore, interviewees are queried as to their opinion on what participation in a network contributes to their company and whether or not these networks breed honesty and candidity. The importance of candidness and being honest is also discussed as well as what these two virtues bring to the network culture in order to get a picture of the banks’ cognitive social capital. In conclusion, the sub-themes reputation, information sharing and institutions, i.e. rules and norms followed within the network, are all broached. The participants are encouraged, in this instance, to elaborate on their use of networks to attain these sub-themes and the capability of the network to further such endeavors.

5.10.5 Concluding Information Theme
The eight concluding questions are geared towards ascertaining which asset of social capital is most important to the focal organization and to ascertain the organization’s effectiveness in attaining the asset of most importance, in the participant’s own words. Furthermore, this section aims to gain insights as to any follow-up efforts made by the organization to assess the fruitfulness of their efforts to build social capital as well as to gain insights as to what challenges their company has come across that have stood in the way of successfully investing in social capital.

5.10.6 Company-specific Questioning Theme
This final section is optional and can be viewed as a follow-up to the entire interview. These questions are firm-specific and are intended to be used to gain further insight into themes that arise by virtue of the interview itself or any statements coming from that particular company’s communication channels. For instance, Nordnet and Marginalen Bank were asked how their organizational form affects their social capital investment possibilities given that one is an Internet bank and the other lacks of localized offices. Knowing such information imbues this study with cognizance of the effect organizational form can have on social capital investment.

5.11 Interview Limitations
One participant was insecure about their ability to assist with meaningful insights as this participant felt that the approach was too theoretical and difficult to approach in a way that was self-evident and practical for this particular interviewee. This occurred in the
first interview, which resulted in the rewording of questions to be less theoretical for subsequent interviews. All themes were still discussed with the others, only less ensconced in theoretical jargon. Such terms as bonding and bridging will be removed and instead spelled it out in terms of do you close knit, homogenous network connections or do you branch out to other industries. This compromises the reliability to a certain degree, but it is hardly mentionable given the free, semi-structured lay-out which allows for certain variations in wording around the same concept. Nonetheless, as with all interviews it is difficult to guarantee that the interviewers and interviewees share a universal starting point and understanding when it comes to social capital. Likewise, one cannot go so far as to assume that every participant understood each questions equally and that all answers are valid. The interviewers have, however, taken necessary steps to be sure that only social capital was being discussed, such as introducing the definition to all participants in the pre-interview e-mail of the interview guide. What is more, an inherent limitation of the study set-up is that no insights from other actors within the network are accounted for. Accordingly, only a one-sided assessment of how social capital is built will be accounted for. As social capital is built by means of an interactive dynamic between two or more parties, it is harder to get a full purview, to the fullest extent, of what these companies actually do in order to invest in social capital. Despite the fact that understanding how social capital is invested in would benefit from a more multiplex array of participants, this study has consciously limited its scope to one pocket of the network, looking into how banks’ alone invest in social capital and what they seek out.

Moreover, guaranteeing the uniformity of the interview environments has not possible as some interviews were able to be conducted in person, while others had to be done either over the phone. As a result of remote interviews and Internet-administered questionnaires, reading the participant becomes harder to do as one is unable to report, with certainty, all aspects of their deportment, such as facial expressions or their becoming distracted. Case in point, at certain points during the interview with Marginalen Bank, he had become silent for short periods from time to time, along with one notably long period. As he had been able to continue on the conversation without answering totally left field of the topic, one cannot say that he was distracted to a degree that would be worth noting, or even say he was distracted at all. In fact, the most likely explanation is that he was mulling over the question. Even there, mulling over the question may have been done in order to buy time for a more politically correct answer to be thought up. Again, this is nothing one can ascertain over the phone; even in person, this is no simple task.

However, as a consolation, the quality and amount of the information gathered from either the phone or face-to-face format are “virtually the same” (Sturges & Hanrahan, 2004, p. 112). Indeed, in a comparative study conducted by Sturges and Hanrahan (2004, p. 112), results showed that either method of data collection did not influence interview responses, neither in terms of amount, nature nor depth of said responses. Although, it is certainly felt that not conducting the interviews within the same or similar environments is a nameable, though not detrimental, discrepancy within this study. The authors are comfortable with presenting findings garnered through the chosen formats. This conviction is further strengthened by the knowledge that telephone interviews are gaining equal standing with face-to-face interviews as technology improves, thus making them considerable as a means of enhancing qualitative data collection (Sturges & Hanrahan, 2004, p. 116). What is more, telephone interviews are regarded as a means of catering to the privacy and convenience preferences of those being interviewed (Sturges & Hanrahan, 2004, p. 113).
Furthermore, the authors were unable to interview all bank types in equal measure. The result is that the majority of participants have ended up being universal banks, which marks the failure of this study to achieve an equal spread of, for example, Internet banks and that would facilitate the transferability of findings. One highly minor practical limitation is that the sound equipment failed to record around eight seconds of the interview held with the interviewee with Marginalen Bank. This was due to an accidental switching off from speakerphone on the iPhone that was being used to make the telephone call. Because of this mishap, one is unable to say for sure what was being said between the time frame of 38:31 and 38:39. At this particular point, the issue of what it would take for the company, in the interviewee’s opinion, to think it in vain to pursue social capital was being discussed. Despite this eight second interruption, the authors are confident that any information or conclusions derived from the totality of the interview will not be compromised terribly. The same goes for the interview with Danske Bank in which audible disturbances from inside the room had been recurring; these were minor enough for listeners discern what was being said.

5.12 Data Processing
Throughout the entire processing of answers, considerations have been made to the storage and use of personal data. Participants within this research have been informed of their right to remain anonymous, if they so choose, as well as of the study’s purpose, the scope of the questions and the intended use of the data collected. All interviewees have ended up receiving a code name despite certain members’ willingness to have all profile question points on record. It is important to note that, in such a situation, it is difficult to eliminate the possibility of readers’ being able to apply the process of elimination to deduce who is who of the interviewees. For example, it is not difficult to figure out who the CEO of a certain bank is. This scenario is something Boutilier (2009, p. 103) warns of as being one of the hazards of conducting social capital research. Boutilier (2009, p. 103) argues that it is a virtual impossibility to guarantee statement privacy as even certain statements, by nature, are deducible to certain individuals or groups; not least societal prominent ones.

Even if positions had not been divulged, this is understandable as certain aspects of the testimonies given by interviewees can only be said with the authority and insight of a handful of individuals within that particular company, or even a certain industry. Interviewees have been made privy to the intent of this study and all have offered up circumstantial details as to their positions and experience, therewith approving the use of their company’s name with full knowledge that this degree project will be published. Having a list of interviewees with personalized details can admittedly appear, at first glance, to defeat the purpose of guaranteeing anonymity, but the authors feel that this information gives the reader a fuller understanding as to how vast a frame of reference interviewees possess depending on their years within the financial services industry or, more importantly, their particular bank. As will be pointed out, this study does not discount the equal contribution value of each interviewee as it pertains to insights into their own company, no matter their total years of industry experience. However, interviewees’ respective years of social capital building experience for their particular bank will likely correlate with their total years of employment there which is something that can either add credence to their practical immersion into the concept or detract from it. As strong relationships are built over time, the authors of this project deem such values
as total time of employment to be alimental to this study, warranting their inclusion, especially since permission to do so has been rendered.

Nevertheless, the confidential data linking anonymous participants to their names will be kept under wraps and coded in the final report, original notes, recordings, subsequent drafts and transcriptions. This is done in accordance with the guidelines of Swedish Council for Research in Humanities and Social Sciences - HSFR, upheld by Umeå University. It is also stipulated that participants must be provided with enough information to be able to give “informed consent.” In accordance with these guidelines, participants have not been subjected to a study in which reported findings and data collected will be inconveniently presented or carried out. In so keeping, from the onset, participants are informed of the study conditions, such as how deeply questions need to be answered, how findings will be reported and approximately the amount of time required to collect of well-rounded, usable and insightful data. As a consequence, all featured participants are actually participating as a result of their willingness to contribute to the study, given all its abovementioned parameters. Moreover, participants are fully entitled to be provided with information and research results upon request and have been sent their quotes used within this study before this study’s deadline.

What is more, all interviews have been recorded, with interviewee consent, for the benefit of interview participants, their employer(s), the university and lastly, ourselves - the interviewers - in aid of maintaining a more open and trustworthy data processing procedure. As a consequence, non-questionnaire content, i.e. telephone and face-to-face interviews, have been recorded in an effort to uphold these very guidelines, which demand the non-deceptive collection and reporting of data. All data transcribed is reserved for viewing by the students implementing this degree project as well as relevant, supervisory members of staff in the Umeå School of Business Economics Department. Answers received in text form, by means of questionnaires, also enjoy this privilege. Resultantly, transcriptions will not be subject to Internet publication through DiVA-publicering or any other medium. What is more, participants have been informed, upfront, that selections of their word-for-word opinions will be subject to being featured in the final, published degree project, which will, indeed, be published on DiVA-publicering and made accessible on the worldwide web. Despite being subject to publication, the data collected will in no way be used for commercial purposes by the authors themselves. In addition, any attempt to transfer this data for consequent research will be done with the knowledge of concerned parties, including information on who will control this data. Furthermore, this degree project has been written and processed solely by the two credited authors. Consequently, the authors assume responsibility for both the content of the text and for the equal division of workload. Over and above that, there has been no attempt to widely extrapolate data in an attempt to present desirable findings, to mislead or to take credit for the work of others.

The authors of this degree project hereby affirm that all personal data has been processed fairly, lawfully and in accordance with rights granted to data subjects by the Swedish Personal Data Act (Personuppgiftslagen, PUL, SFS 1998:204).

As for the analytical technique, this study employs a theoretical reading approach, explained by Kvale and Brinkmann (2009, p. 235) as the theoretically informed purusing of the transcribed data. A form that this technique can take on is that of a continuous interpretative text, often entailing the absence of elaborate analytical processes as well as
the abandonment of tables and qualified categorizations altogether (Kvale & Brinkmann, 2009, pp. 236-237); this study has, nonetheless, employed the use of tables. Theoretical reading necessitates keeping the theoretical foundation of the study top of mind during data processing and facilitates the discovery of new context as well as new nuances to familiar phenomena (Kvale & Brinkmann, 2009, pp. 238-239). This is an excellent reason to utilize this form of analysis, as well as because the authors of this study would like to have a smoother flow to the analysis, which is why empirical data is only interspersed, thus avoiding an all too prolix study. To this end, the authors feel it is unnecessary to relay incites from each interviewee on each point, especially if these insights closely match those of others. As a result, answers to the same phenomena are subject to be presented aggregately. Moreover, techniques used by Boutilier (2009) for measuring social capital will also be interspersed throughout the analysis in order to process the data in accordance with indicators of social capital dimension elements. For example, in order to gauge the existence of structural social capital one takes into consideration the frequency of meetings as well as what efforts are made to bond and bridge (Boutilier, 2009, p. 74). Having discussed the choice of analytical technique, it is time to move on to the next chapter which is comprised of a combined empirical and analytical account.
6 Empirical Findings and Analysis

Having transcribed the interviews, the next step in analyzing qualitative data is to recognize important themes, patterns and relationships within the data as well as to draw parallels to relevant presuppositions or theoretical frameworks (Saunders et al., 2009, p. 488). It was made a point from the outset to code and categorize the questions’ respective theme into relevant, theoretically anchored themes. Upon doing so, matrices were constructed, seen in Appendix I, in order to systematically display the data material, thus enabling the easy viewing, which permits a more systematic analysis and facilitates cross-case analysis with comparable cases (Miles et al., 2014, p. 109). These matrices, comprised of Tables 5 to 10, also enable all interviewees’ answers to be presented without having to present each person’s answers verbatim within this chapter, thus cutting down on unduly repetitious and copious reading material. As a result, if interviewees respond similarly, this will be indicated to the reader, but not detailed from case to case; if there are differences in answers, however, these will be accounted for more extensively. What is more, data presented is subject to take the form of quotes from the interviews themselves, summations of interview portions, ratings depicting interviewees opinions, for example, the current company reputation being positive, and researchers’ explanations (Miles et al., 2014, p. 116). In service of the readers’ overview, these themes will constitute the subchapters of chapter 6. Empirical Findings and Analysis.

All participants were cooperative, although one, in particular, detectably demonstrated annoyance throughout the interview, sometimes raising their voice and sighing audibly. Nevertheless, the interviewees provided the authors of this project with a high level of access, although certain aspects were out of the question such as exact client base numbers and the nature of certain partnership activities. Moreover, the interview environments varied among participants. This was anticipated which is why interviews have been transcribed in close proximity to the interview date lest any vital nuances risked being forgotten. Noteworthy is that one onsite interview participant had their playful and inquisitive household pet with them during the interview whose antics were audible in the final recording. Another incident that resulted in unspoken insights into the interviewee’s environment came in the form of a turn signal from the car the interviewee was apparently driving at the time. The interviewers were also made aware this interviewee was making purchases at a gas station and corresponding via text message with their assistant whilst being interviewed.

On another occasion of unspoken indicators of environment came in the form of electronic interference caused by what is presumed to be the interviewee’s private mobile’s headset clashing with the office’s speaker phone. This made for extremely minor holes in the transcription attributed to pockets of sound being distorted thus eliminating any chance of picking up what had been said. Although these diverging interview milieus may have had a slight effect on interviewees’ respective levels of attention and intelligibility, it is felt that each participant answered questions germanely and that these incidents did not affect the final interpretation to a degree that is worth mentioning. The totality of events made for eclectic and diverse interview settings, which are described respectively in each transcription file. In addition, the authors are aware that the interviewees also have diverse hats, or roles, in their personal lives that this study needs to be sure to address. It turns out, though, that interviewees were able to keep their role as bank members in focus and did not divert from the particular role of interest to this study; if this had been detected, it would have been eliminated from the analytical body accordingly. What is more, follow-up questions from the personalized questionnaires,
which cover any possible interview insufficiencies, have been returned by four interviewees. Any answers used within this section taken from the questionnaires will be noted as being such and are, furthermore, written in italics in relevant tables in Appendix I. These questionnaires, in addition to the interviews, themselves, have been given in interviewees’ native tongue of Swedish in order not to jeopardize full understanding. This means that quotes seen within this chapter have been translated by the authors, one of whom is a native English speaker and the other, a native Swedish speaker. Moreover, all interviews have been recorded using the iPhone app, Voice Memo; interviews have tolled a total transcription time of 72 hours, amounting to 194 pages of written data. The authors ask readers to keep in mind that Handelsbanken, Danske Bank and Nordea are all local branches, i.e. not headquarters as the other banks in this study. In conclusion, the authors understand that the masses that will have access to this body of work will not all have a command of the Swedish language. This makes Appendix II: Interview Guide’s current state a bit of an issue as translated interview guide, translated to English, is not a feature of this degree project. For the purpose of evaluating data collection instruments, this is certainly worth including. However, due to the semi-structured nature of the interviews, in which themes are addressed, the stringency of having a more linguistically accessible interview guide has not been paramount. What is most important, according to the authors of this project, is that all themes are featured and that the data presented within the text, itself, are accessible to the reader. Resultantly, all quotes featured in this analysis chapter will be translated to English from Swedish to aid accessibility.

6.1 Preliminary Information

It behooves the authors of this degree project to state that the financial crisis, 2007-2009, lays the foundation for inquiry into this subject matter. That is to say, this particular subject matter is intended to constitute a motivation for finding this topic interesting to investigate. Questions asked to interviewees pertaining to the financial crisis and its effects have, for one, only been asked to a smaller number of interviewees, and secondly, have solely been asked as follow-up questions and thus do not appear on the interview guide. The authors of this thesis would, however, like to point out, for analytical reflection, that no bank listed the financial crisis as being a hindrance to building social capital (see Table 10). Moreover, Handelsbanken has attributed harsher EU directives to this crisis, while Ekobanken claims the financial crisis had been to their benefit. Ekobanken has stated, namely, that customers retreated from untrustworthy big dogs, so to speak, in preference of the more down-home Ekobanken. When it comes to JAK Medlemsbank’s view of the financial crisis’ effect on social capital, Jakob states that since their bank does not borrow money from other banks, and is more or less self-contained, which allows them to avoid any misconstruance as to their trustworthiness as it pertains to the economic crisis. In continuation, the preliminary question responses will be addressed.

What social capital is and how investments are made in it are the main topics of discussion in this section. All participants confirmed that they have a certain amount of exposure to the focal subject matter; social capital that is. Worth noting is that there were variations, for example, among participants pursuant to the terminology used to describe the concept and where they first stumbled across the concept of social capital. For instance, Marginalen Bank’s Margareto Banks, states the following: “… I was still forced to Google the concept in order to, like, see, in a way, what one puts into it now(adays), but I believe I had read about it when I too studied at university…” This quote from the interviewee from SEB, Anneli Sebba, shows that she too had her own take on the concept, referring
to it, instead, as relational capital, which is used synonymously with social capital: “Well, for me, I would say that it is (about) relational capital and confidence (in the other person). That is how I would sum it up.”

As discussed earlier, the interviewees were provided with an explanation of the concept in the words of Pierre Bourdieu (1986, pp. 248-249). All participants said that this description matched their idea of what they feel social capital entails although Petra Nord of Nordea wanted to make an addendum: “What I otherwise thought was included in social capital when I hadn’t read that (referring to the author’s short description) ... but it’s called more so social responsibility. Yeah, that’s what I get when I hear the word social capital, I get a kind of, you know, taking responsibility within the community that one certainly does [alone] but in some kind of network or acquaintanceship.” The authors were sure to correct this notion on-site. Moreover, the interviewee from Ekobanken, Karl Ek, had found it peculiar that there seems to be blurred lines between network theory and social capital theory: “… like social capital, erm, there is not much talk of that in the industry, there I think more than one talks about networks and such, so one can wonder where the boundary is with that. Do they go into each other?” Although participants had not all initially shared a universal frame of reference, the authors felt confident, at the time of interviewing, that all had a correct grasp of the concept by the end of the preliminary information questioning. All interviewees were able to confirm that their company does, in fact, engage in the investment of social capital. Moreover, every interviewee asserted that social capital is in fact a part of their company’s strategy. Nordnet says simply: “Yes, it is definitely a part of our strategy. It is very pronounced, I would venture to say.” Although it has not been explicitly so in all cases: “Absolutely! We don’t say - we don’t say it that way in fact, we discuss long term relations and, why, that is (at the) the core of our company strategy” says Sebba of SEB. Hans Handler from Handelsbanken retorts similarly when asked the same question; that is, is social capital a part of your company strategy: “Yes, definitely due to the fact that it is completely vital. If I were to sit here in my room and not, like, go out into town, it would never work.”

Having established the importance of social capital among these companies, in the authors felt, at the time of interviewing, comfortable with continuing the interview process, satisfied as to the validity of those being questioned. Interviewees’ duration of employment in their current industry varies greatly; the two lowest being four years, one of which has less than two years in their current position and with the highest and second highest being 30 and 25 years respectively in the financial services industry. Perhaps because of short employment spans, many participants have been unable to provide a time span of their company engagement in social capital investment. The authors do not feel this encumbers the usefulness of interviewees’ overall knowledge of their bank’s current situation. Of importance is, as stated previously, that these companies do, in fact, participate in capital investments of this kind. As far as how well the interviewees feel their company’s investment in social capital is going, all answered that things are going well. Many of the respondents refer to monetary gains and/or customer satisfaction reports to indicate that social capital investments are on the up-and-up. However, these successes can be seen as attributable to these companies’ overall efforts, if anything. In the end, no one can be said to be able to definitively point out an acceptable and traceable denominator as to why their social capital investment is successful. This is to be expected as investments of this kind are likely conflated along with other strategies.
However, one interviewee, Sebba, has pointed out that when “long term relationships” had been put on the back burner, things seemed to be going less than desired for the company. This is Sebba’s response when asked about this topic of the success of her bank’s investment in social capital: “I reckon it is going well and those times it had not gone well were during those times when we maybe did not emphasize it (social capital) as much, absolutely. It is definitely an important success factor.” This indicates, roughly, that social capital’s benefits may not be immediately identifiable, but that it is so much of a force that those at SEB notices when it is not there. In addition, respondents are all convinced that social capital in their firm is a collective matter; both a task and responsibility of each person in the entire organizational body. As Sebba put it: “I mean, to speak on each department respectively - as I said, we work with relationships almost everywhere.” In kind, Ek responded in this way as to whose responsibility it is to cultivate social capital: “It is the entire company.” Even Handler from Handelsbanken feels everyone shares the load to a certain extent: “... as I said ... how much (of a) network and social capital I want to build, it is up to me. And the same goes for the employees at this office, some do it more and others do it less.” After having said at first that all responsibility falls on the CEO’s shoulders, Nordegren, who is the CEO of Nordnet later stated: “Yes, sure. Everyone has a part in it, but certain (people) more than others, naturally.” To the same question, Petra Nord responds: “I would say that it is, of course, spread across a handful of people here... If you work in a small town... when I worked in Kiruna before... I would say that it was mostly me, and perhaps another was involved.”

Handler, however, states something similar to Nord’s Kiruna anecdote: “Yeah. Yeah. It is up to each branch manager to run their branch and their market.” Handler was speaking much of the time in terms of personally building social capital for the company. The interviewer, in her asking of the question, had, however, led the interviewee somewhat by asking if it was up to each branch manager in the actual wording of the question which may have affected Handler’s answer to an extent. Nevertheless, Handler had been, in effect, answering, throughout the entire interview, based on own deeds and opinions which goes hand in hand with Handelsbanken’s decentralized organizational structure. Because of this, it would seem that this interviewee is the main one contributing to social capital investment thus making Handler the main one responsible for its investment at that particular branch, although he does discuss office workers’ having a hand in social capital investment activities, such as choosing what associations to join. One would have to hope that other branch managers follow suit in order for the statements from this interviewee to be applicable to how the whole of Handelsbanken conducts its social capital investments; however, this is unknown. See Figure 2: Preliminary Information for a summary of the important aspects discussed in this subchapter and Table 5 for a full table of answers.
6.2 Connections

When it comes to initial contact with actors, banks form connections with, only one bank gave an answer that differed substantially from the rest, who by and large stated that their connections derived from events, conferences, associations, interest groups, and formal networking groups. By formal networking groups, associations, guilds, leagues, unions, alliances, federations, coalitions, confederations, confraternities, and the like refers to formally arranged group of individuals or organizations coming together voluntarily for a specific purpose. Namely, Nordnet has indicated that they, along with engaging in meet-up activities, others do, even make contact with others through social media. Nordnet’s activity in these channels, according to Nordegren, surpasses that of their banking counterparts. Given that Nordnet is an online bank, with next to no office locations throughout the country, it is fitting that they would make use of their IT-competencies to reach out to others, customers included. Nordnet’s connections made using social media, highly featuring Twitter, range from customers to journalists to politicians.

Nordnet’s CEO claims that they probably have more contact with their own customers than the majority of banks out there, in relation to their exigency: “... I believe that we physically meet more customers in relation to our size, in terms of total number of customers, than what any other traditional bank does.” Nordnet’s lack of physical market presence does not seem to harm customer perceptions; admittedly, the authors have not contacted the company’s customers directly to confirm this for sure. In any event, according to Nordegren, their customer service is positively perceived according to customer satisfaction surveys, but hints at there being more to work on in certain areas: “When I look at the customer satisfaction surveys, I know that I don’t need to do anything for, like, customer service, rather, the problem does not lie there if we are going to increase the overall customer satisfaction.” It is unclear if the CEO means that the customer service over the phone is not lacking, or the overall customer reception. It is also unclear whether or not overall scores meet the mark, but as long as these customers’ threshold needs are met, keeping them from leaving the company, one can assume they are being served whether remotely or not.

Otherwise, as stated, all of these banks are attempting to build social capital through events, typical networking activities, and the like. Handelsbanken goes one step further in their networking deeds, though, seeing to it that they form networks among the customers
themselves: “We also work with trying to create networks for our customers. Why, we have customer get-togethers where we invite customers and they get to know each other and then, it is like, Handelsbanken that has created this network for them.” In so doing, Handelsbanken is able to build second-hand social capital, derived from creating a forum for positive associations with the company as well as a way in which news can be spread about the banks’ offerings and how they treat their customers. This encouragement of inter-customer networking is similar to JAK Medlemsbank’s infrastructure; therein are different fora and learning spaces for their current and potential customers to meet with each other to speak on issues within the financial sector; learn more about the banking trade; help each other out with financing needs through the “support savings” plan and the like. Interviewee Jakob Melin, of JAK, after having described members coming together to finance roof refurbishment/replacement for a fellow member, expressed: “Why, that is a form of social capital that we try to encourage in local communities - to come together and ensure that one accomplishes the changes or needs that one wishes would remain in the neighborhood (town) or wherever one happens to live.” In ensuring that customer needs are met and the company’s offerings are known, these two banks in particular are forging ties between their revenue sources, i.e. customers, which in turn can create more buzz, new connections and, eventually, increased business, for these banks. These forged ties also come in the form of JAK “internship week” for different customers, allowing them to gain an inside view of the company ten times a year.

From the outset, one was able to see that all companies engage in making connections with actors both inside and outside their respective industry categories, as in other actors in the financial services industry. This bridging is not unusual as banks, and companies in general, tend to require a multitude of connections in the marketplace in order to run a smooth operation, ranging from suppliers, to consultants and to integrated regulators of the financial market such as the Swedish Financial Supervisory Authority (or FI), which is regulated by the Swedish Ministry of Finance. Thusly, different industries and customer types naturally exist in banks’ networks. Sebba, of SEB, puts it this way: “Why, it is really broad because ... why, we exist in the community and we have connections with private parties that are customers; we have (connections) with small businesses; we have (connections) with medium-sized enterprises; the largest corporations of them all; we have (connections) with institutions. Naturally, we have (connections) with ... competitors; we have (connections) with our owners; we have (connections) with, like... the municipalities we are based in. We can have (connections) with our suppliers... That is, there are an enormous amount of different relationships in different parts of the operation.”

Concerning the way in which banks associate themselves with other banks and financial services providers, as far as Marginalen Bank is concerned: “And then (again) I believe that we really do not make a lot of informal contact with other banks and so on.” Marginalen Bank, being a member of the Swedish Bankers’ Association (SBA), assuredly makes connections with other banks in its ties forging process, though these connections seem to be of a purely formal nature. Ek says plainly that Ekobanken has no bond with other banks, stating: “We have no special relationship with others in the financial services industry... Then we have a certain collaboration with other social banks, Cultura and Merkur (Adelskasse)... we share the risk if it is a larger loan... we also have a knowledge transfer between us.” Here, is a situation in which the interviewee contradicted himself to a certain extent. It would seem, considering the totality of the interview, that Ekobanken separates itself from the traditional definition of a bank, seeing other, non-
social banks as being diametrically opposed “profit maximizes.” Even when it comes to giving out loans, Ekobanken prefers to involve themselves, in this case exchange information, with socially conscious businesses. This strengthens theory in which a common cognition lays a significant foundation for the forming of relational ties (Mohammed & Dumville, 2001, p. 103).

In any event, Ekobanken and the Danish Merkur are both current 2014 members in the social bankers’ association called Inaise; the Norwegian bank Cultura is not, though it is a social bank nonetheless. Ekobanken is the only social bank in Sweden and is the sole Swedish member in Inaise. As social, or ethical, banks are few and far between on the world stage, it is understandable that Ekobanken would have to go across the border to find like-minded network members with similar values. It would, however, be a stretch to consider Ekobanken (organizational members) as being bonded with Cultura (organizational members) and Merkur Adelskasse (organizational members) as Ek initially stated that their bank has no special relationships with anyone else in the financial services industry. However, these two, and possibly others within Inaise, are Ekobanken’s closest connection to other financial institutions, even considering Ekobanken’s business relationship with the government run ALMI Företagspartner AB, which in essence is a financier and consultant to start-ups that co-finance these start-ups with actual banks, like Ekobanken. Ekobanken’s situation is reminiscent of sentiments expressed by JAK Medlemsbank, who is quoted as saying the following about other banks: “I think we feel a greater sense of trust to cooperative banks, (mutual) savings banks, that type of bank, rather than purely profit-driven banks. Why, we have relationships to them as well, but it is because we need to and have to.” What is also discernible thus far is the fact that most connections banks make with others seem to be of a formal or professional nature. This is also capable of being stated because all interviewees had spoken in terms of more professional relationships. There had been virtually no mention of social interactions that had no direct business-building intent.

Continuing on the subject of associations, of all the participating banks, JAK Medlemsbank has no membership within the SBA. When it comes to their bank’s lack of membership within this widely used association, Melin maintains: “Why, it’s more, maybe, a political or economic stance than - yeah - Quite simply. It is expensive and we maybe do not agree with them because it is a lobby organization.” As an example, Jakob Melin states that the association is against breaking up the banks into a risk and loan side respectively; something that JAK champions. Their absence can, then, be explained as an issue of conviction, which is once again in line with theories pursuant to the cognitive dimension of social capital. Unless there are common expectations for behavior in place that the network members agree with and choose to uphold, there is no real opening significant enough for network members to procure relational capital in the form of trust, reciprocity, et cetera, thus rendering any attempt at integration and membership pointless (cf. Lin, 2001, p. 189). The same can be said for the lack of connections formed between Ekobanken and so-called “profit maximizing” banks.

Having established with whom and from where connections are formed, the issue of why these connections are created and why these networks are being joined, in the minds of the interviewees themselves, will be addressed. It comes as no surprise that all banks wish to promote themselves. All banks explicitly state that forming network ties are done, in part, to promote their bank. SEB is less explicit in affirming this but Sebba has said, instead, that her company’s policy is to promote long-term relationships and create
connections. Apart from recognition, certain banks specifically state that positively strengthening the bank’s reputation has been a palpable goal in forming relationships; these banks are Handelsbanken, JAK Medlemsbank, Danske Bank and Nordnet. All four of these banks happened to be interviewed in succession towards the end of the interview process. As a result, there is a possibility that there may have been some influence in their explicit answers that may be traceable to influence from the interviewers. As all themes were present in the interview guide sent to each bank beforehand, all interviewees should have been affected equally. More importantly, as the authors do not feel that the questioning had become more and more leading throughout the process, the risk of influence or bias specific to the interviewers is less than formidable. To re-emphasize, this coincidence does not seem to be capable of being narrowed down to interviewers’ emphasis on certain themes or posing leading questions towards the latter half of interview process.

All banks have stated that information transfer is an incentive for creating ties when asked specifically about information sharing. Nordnet has gone as far as to say that this is the entire reason for even joining a network: “I was about to say, that’s what we have them for, damn it. When one thinks about a network, it is information exchange and opinion exchange that build the value.” Nordegren continues: “Without the exchange of information, a network would be nothing.” Naturally as what is a network, i.e. structural social capital, without assets, i.e. the relational dimension of social capital? The type of information exchanged will be discussed further on. Suffice it to say that networks bring about the prototypical assets discussed in the theoretical chapter. One bank, in particular, though, adds an extra motivating factor into the mix. Namely, JAK Medlemsbank additionally forms connections in order to bring about political change and, to some extent, start a revolution against the current banking system. To this end, Jakob replies, pertaining to its members’ role: “... the fact that they spread the message on to their friends and associates and tell of how much of a good bank they have, of course - the fact that one can make a difference and take a stance on how Sweden’s banking system looks today.” Although the authors had been aware, from theory, of companies’ forming ties in order to shore themselves up against political risk (cf. Glanville & Bienenstock, 2009, p. 1514), this kind of political involvement and seeming willingness to disassemble one’s own industry as one knows it had not been anticipated.

When it comes to the practical implication of networks and formed ties, the participating banks have given a plethora of actualities. To be discussed, here, are those implications that do not concern the content type of the assets, such as information types, as these will be brought to bear in subsequent sections. SEB has mentioned some tangible outcomes of forging ties, namely, putting a stop to the documented sexual abuse of children where the Internet is used as a tool. Namely, the horizontal collaboration of SEB and others involved in the effort, ECTAP, serves to block the ability of making purchases on websites engaging in the sale of material depicting the sexual exploitation of children. This particular project had been brought up as an example of SEB’s broad-reaching connections where both vertical and horizontal ties are realized. Another useful element to forming ties is preserving towns on the brink of dying out, so called “glesbygder” in Sweden, or sparsely populated areas. In service of this, Ekobanken has joined forces with Coompanion, Hela Sverige Ska Leva (HSSL), in order to better these underpopulated areas’ economical chances of both surviving and thriving; JAK is also involved with these two associations.
In conclusion, one can definitively say that these banks forge ties with any and everyone, although some seem to be on the picky side, with their own right, such as Ekobanken. All banks get themselves out there in one form or the other through traditional means of arranging events, seminars, joining networks, et cetera. These banks have also shown an unwillingness to participate in networks or form connections with those who do not share their convictions concerning how business is done and what is allowed in those networks. More on this will be forthcoming. What is more, these banks seem to be involved in activities that build second hand social capital through being positive societal forces such as SEB’s efforts with ECPAT, JAK and Handelsbanken’s building customer networks and Ekobanken’s becoming noteworthy pillars in struggling local economies. Banks have also displayed interest in raising awareness of their company and positively impacting the company’s reputation. Many of these tactics are very much typical, but unique insights have been gained in regard to the following areas: 1. the existence of disloyalty to one’s own industry; 2. the use of social media as the main interactional tool of a company; 3. the struggle of certain banks to find industry cohorts within the same industry or country. See Figure 3: Connections for this subchapter’s discursive highlights and Table 7 in the Appendix for a full table of answers.

![Figure 3: Connections](image)

6.3 Trust

These banks tend not to discriminate when seeking to attain social capital assets, in the form of trust, within network schemes. As for Marginalen Bank and Handelsbanken, their way of building trust is to be forward-looking, which is similar to the way in which SEB builds social capital in general. Furthermore, Marginalen Bank, SEB, Handelsbanken and, to a lesser extent, JAK Medlemsbank have all affirmed that practicing what one preaches, keeping one’s convictions and being reliable are among the ways in which they build trust. Being open, transparent and democratic are all answers JAK Medlemsbank, Danske Bank and Nordnet have given, while Ekobanken has given the answer of working together on projects. JAK Medlemsbank’s answer also sticks out, saying that it is important for them to be within the regulations of FI in order to build and maintain trust. Furthermore, all interviewees have highlighted the importance of trust in social capital building and for their organization as a whole, many stating that they are operating in a trust-based industry, which entails being entrusted to superintend others’ assets. A typical quote, provided by Danske Bank reads: “Yeah, well, trust and having confidence (in us) is our industry really... I think for our industry, it is crucial that one has confidence in us.” Responding in kind on topic of customers’ valuation of trust is Handler notes: “I would say that it is extremely important [referring to trust] - especially important for us
within the financial sector - I mean, if they don’t have confidence and trust in what we’re doing, they’re not going to remain a customer either.”

However, the desire to come off to others as being trustworthy goes far beyond just words for one bank. In particular, Handelsbanken has been sending somewhat subliminal messages to their customers, and really the world, this whole time, in the form of servicescape symbolism. Handler vocalizes this sentiment in this way: “Like, this talk of having confidence (in someone) and that customers trust us as a bank builds, of course, on the fact that customers trust that the money they deposit will still be there. That’s why this building looks the way it does, like a stronghold (or tower). Because back then things had to look sturdy.” The line of this statement can be interpreted to mean that one would get the impression of the credibility and security of an edifice, such as a tower, based on appearance. It would seem that Handelsbanken seeks to capitalize on and evoke the connotations society has with such formidable structures in order to project trustworthiness outwardly. It would seem though that trust building techniques are used as a means to an end, rather than a by-product of building a meaningful relationship. It would seem that banks are actively engaging in trust-building activities in order to be seen as worthy pecuniary stewards, showing these activities to be just an inherent part of their businesses’ operation. Answers given for attaining trust have been being open and the like, which can be seen as strategies to improve the banks’ image of being suitable money managers.

One sentiment that shines through is that without trust, honesty and openness, there is no way to cooperate with any one or even maintain the network itself (cf. Dasgupta, 2002, p. 333); as Nordegren puts it on the role of honesty and openness: “Yeah, otherwise there won’t be a network, I don’t think.” Nordegren further adds to this discussion by saying: “I define network and relationships in a positive way that presupposes trust, honesty, openness and transparency.” According to many of these banks (see Table 10 in the Appendix), trust facilitates collaboration and the achievement of common goals, both within the company and outside of the company. These sentiments establish a link between trust and the achievement of solidarity and reciprocity. However, the trust that is engendered cannot be attributed to the existence of relationships, as discussed earlier. Furthermore, reciprocity within these networks can be seen as a result of network norms governing behavior rather than occurring due to preexisting trust between parties. Nordnet illustrates this point, as Nordegren knows there is a limit to the extent of solidarity, and resulting reciprocity, one can expect from certain connections: “... if one takes journalists, for example, there we can’t even expect any solidarity and that’s not even their job. I mean, they can like us as much as they want, but if we mess up, they have to write about it.” This would be more like a case of currying favor with the journalistic community rather than really creating an environment in which solidarity and reciprocity is fostered. Here, one can discern that much of the reciprocal behaviors are based on how well one serves the needs of the other person involved, whether it be journalists or customers who reciprocate by not switching banks. The inclination to reciprocate, here, does not stem from genuine relationships but rather from whatever best serves the whims of the would-be reciprocating party. It is based not on a relationship but rather how well one’s threshold needs from the business relationship are met. In order for this to be a true result of social capital to exist, reciprocity would have to stem from creating a closer bond within a network that views reciprocity as a norm (cf. Putnam, 2000, p. 322). This does not seem to be the case here.
Nordea is careful when it comes to association and reciprocation, stating: “... then again, with the whole network thing, why, it’s a balancing act because sometimes it can be the opposite that it goes overboard. One realizes that one gets a response from Nordea and they want to join in and be available (to them), but then the problem arises, I would say, where we have to be neutral... It often in the next stage leads to them wanting us to get involved in board work, then one becomes even more active than, so to speak, just being in a network och, there, I would say, generally when it comes to board work, it is very sensitive.” In this instance, Nordea welcomes the idea of being a helpful network member but, as Petra Nord states, reciprocity gone overboard is not at all in line with the bank’s neutral stance towards external parties. Here, is a prime example of institutional convictions, or more simply bank policy, colliding with the expectations placed on a network member by fellow network members. Not reciprocating by meeting all of the other party’s expectations, all the way up to board involvement, may have consequences for the amount of trust one stands to generate with that individual and ultimately their inclination to consider reciprocating, themselves, in other areas. It would seem that if Nordea has, with certain parties, turned down ways in which they can reciprocate, that Nordea is joining networks it may not be well suited for, perhaps in order to derive as many benefits as possible to a certain point. This is typical of a more business-esque relationship. Nord also expresses the desire for the company to not partner with actors whose views may be in conflict with others’ and not necessarily the bank’s. This behavior indicates that Nordea would like to be as relatable as possible to as many contexts as they can by limiting their association with any parties with the potential to be in conflict with another: “I would say that it is important that - since we’re in the banking business - it is important for us to be neutral to other parties so that one does not - firstly it can be political, of course. ‘I see, you’re chummy with the Green Party, why is that?’” Seeking to cover all bases does not indicate that there is a desire for Nordea to build social capital, instead there is a desire to be all things to all men, which is a strong tactic to have as an organization that serves all types, but not recommended for building relationships of substance.

A show of professional solidarity, and expected reciprocity, that has been described between bank and customer reads as follows in the words of Danske Bank’s Dante Brandt: “... if we really help out and make sure that we are present even when it blusters, then of course, then, the customers says how important this was and we’re never going to switch banks because they were with us when times were bad.” Yet another example is the one discussed earlier about the encouragement of JAK Medlemsbank’s customers to help each other out with each other’s’ own financial needs, without the bank itself stepping in. Once trust is built, however, many of the trust building activities can be kept to a minimum and collaboration can begin; M. Banks, of Marginalen Bank, says it best “If there’s trust, a handshake can be enough... then you don’t need a legal document every time you meet.” See Figure 4: Trust for a summation of insights gleaned from this section and Table 7 for a full table of answers.
6.4 Networks: Structural and Cognitive Social Capital

When it comes to how banks create structural social capital, one can say that the landscape appears to be pretty uniform. Formal networks and associations is the main form that banks’ structural social capital takes, discounting customer relationships, seeing both networks and associations on a national level, such as the SBA, and more localized ones like Morgonpasset. All banks are, quite intuitively, a part of a more bridged network structure, given their broad customer base and the fact that they all must answer to the FI and of course have dealings with the Swedish National Bank. For certain banks in this study, the credit unions in particular, not least JAK Medlemsbank, have vast subnetwork structures in which the customers have special interaction opportunities, at events for example, with each other courtesy of the bank itself. In this case, still, the bank’s structure is a more bridged one as customers do not constitute a part of one’s own industry, with which one typically bonds. Although, in JAK Medlemsbank’s particular case, these customers adhere more closely to the internal corporate framework than the average, creating an insurmountable amount of cross-pollination of social capital in JAK Medlemsbank’s favor, as positive interactions in JAK Medlembank’s fora, can give rise to positive connotations with the bank itself.

In any event, all banks belong to formal network structures, though; some banks seem to be more immersed than others. Danske Bank, during the interview, rattled off a few of their current local networks, featuring Morgonpasset (which organizes seminars for university students), Rotary, Handelskammaren (Chamber of Commerce), Företagarna (The Entrepreneurs) and Umeå fabriks- & hantverksförening (roughly translated: The Factory and Artisan Association of Umeå) as did Nordnet who listed larger, fund-related associations Svenska Fondhandlarföreningen and Fondbolagens Förening. Handelsbanken’s local branch also confirms having involvement with Rotary, Umeå Kommun project networks geared towards sustainability and renovation, Morgonpasset and Umeå Företagarservice. Marginalen Bank also joins in, listing their formal networks, thereamong Svenska Franchiseföreningen, Kreditföreningen, Svenska Finansbolag as well as associations that cater to new, young and female entrepreneurs. Nordegren also tells of there being networks that address issues from both FI and Finanspolisen alike, although the extent of Nordnet’s involvement is unclear. Pursuant to the contribution of networks, these banks are currently in, answers vary. Nordnet, in particular, has said that social capital through networking provides for increased brand’s value and information acquisition; the SBA, for Nordnet, acts as a consultative body and provides for Nordnet’s internal, structural needs, such as payment system infrastructures, as well as a platform.
to discuss regulatory changes. See Figure 5: *Formal Memberships* for an overview of banks’ formal memberships.

**Figure 5: Formal Memberships**

For many, that is the role the SBA has come to play, not least for SEB who describes the SBA as such: “It’s an association for all banks in Sweden, if you’re a member, like I said... it can often be sets of regulations, consultative body if one wishes to solve common problems, for example, payment systems only work if you have, so to speak, everyone cooperating. It is for the industry’s cooperation, quite simply.” Marginalen Bank, which has 20 representatives present in the SBA, says this about industry-related associations: “Really, we’re in a lot of associations... industry associations in order to, in some way, keep ourselves abreast of game rules, that is, the finance industry is, today, very much regulatory driven and new rules come in, like, more or less every day.” Relationships with those within the financial industry seem to be a case of needing to “play nice;” as Handelsbanken sees it: “We network with others as well, but we are bitter rivals when it comes to our customers. But when it comes to certain things, if we take for example, cash management, well then, there is nothing to be gained from not cooperating, in that case, of course we’ll work together on security matters.” JAK Medlemsbank agrees, replying in this manner on associating with profit-driven banks: “… Why, we have relationships with them too, but that’s (only) because we need to have to.” Jakob Melin goes on to say the following about their profit-maximizing bank partner: “Nordea probably couldn’t care less about us.” Once again, bonding is indiscernible.

Marginalen Bank, SEB and Danske Bank have acknowledged using their networks to show interest in certain issues; Danske Bank elaborates in this way: “What it boils down to, being in these networks, is being interested in these issues specifically, and then that one shows that we are very interested in, yeah, for example, regional development.” So even though it may not have anything to do with their business affairs directly, issues close to the bank’s heart, so to speak, are incorporated into the banks’ networking activities. Through being involved in interest networks, these banks stand to amass a bounty of information about their pertinent business areas as well, as in the case of JAK Medlemsbank and its involvement with HSSL, Nyföretagarcentrum, Coopanion and Lokahnäringslivsorganisation, which all cater to small and medium-sized businesses, who are also potential customers for JAK Medlemsbank.
Faking interest in order to keep up appearances does not seem to be a factor, as Handler puts it: “I mean, if we take that example with the municipality which wants to have a network for properties and remodeling, why, that is like a natural network for us because we work with property financing, for example. If we would say, yea now we even want one for cultural matters, then I would probably say well, that is probably not our or my area; I’m not a specialist in that area so, there, I would probably not join in.” Marginalen Bank supplements this by saying the following about their SBA presence: “It is an important forum for us, as a small bank, so, of course, there we ensure that the appropriate people are there, who deal with those matters in their daily work tasks, every day, and that one, like, does sit in on a forum where one isn’t affected by what is being discussed.” From this statement, it would seem that Marginalen Bank does not want to mismanage resources when networking. A sentiment that is shared by other banks, Marginalen Bank, Ekobanken and Nordnet included; Handelsbanken puts it this way: “If it’s a network that I am involved in, that I may some kind of annual fee for and so on, then I expect a certain delivery for that.”

As far as the cognitive social capital of these organizations, one is able to discern the existence of prevailing norms and unwritten rules. Describing networks’ unwritten rules, Handelsbanken articulates the following: “... what is expected of you, what you are expected to deliver and so on, there are, like, unwritten rules about how one behaves and what one is expected to contribute with.” Handler further states that these unwritten rules contribute the following to the network culture: “... the fact that one knows, about, which the norms are, it can be easier to seek out contact, or develop... it can be easier to get a foot in the door... I don’t need to start from zero all the time, rather (you know that) in this network, things work like this.” As has been deduced from literature, relations with others, when building social capital, is eased with the presence of a shared undercurrent of expectations for behavior during interactions (cf. Aslanian, 2011, p. 170).

All interviewed confirmed the importance of having a meeting of the minds with fellow network members, not least in more formal network structures, like associations. Both Ek, from Ekobanken, and Sebba, of SEB, confirm that in order for one to be able to collaborate with others within the network, one needs to have a shared set of values in order for the relationship to work. This is a sentiment Nordnet’s Nordegren sympathizes with, namely, the ease of collaboration given cognitive embeddedness when it comes to values (cf. Bolino et al., 2002, p. 502; Leana & Pil, 2006, p. 354; Nahapiet & Ghoshal, 1998, p. 244). As for Ekobanken, it is important that their fellow network members are not only out to maximize profits within the relationship; rather, Ekobanken seeks out those interested in “idéburenhet,” which has been described as having to do with promoting certain values, not seeking profit, benefitting the collective’s or members’ interests and disassociation from the state or any of its municipalities. Margareto goes as far as to say that networks promote honesty and openness in all its members, which is very much in line with theory concerning the networks’ tendency to not only create the governing rules and norms but to act as a catalyst for upholding and perpetuating these among its members (cf. Lin, 2001, p. 188). What is more, both JAK Medlemsbank and Danske Bank emphasize the importance of openness and honesty for completing networks. Moreover, Danske Bank has been able to add another dimension to the cognitive social capital discourse, namely, the following: “I think that the norms are that one is open and honesty that one is prepared to share. I think that is the foundations, then, also, you need to have some form of common values.” Preparedness to share is a key facilitator in the transference of information, of course, and can be seen as a consequence
of openness, which other banks, such as Marginalen Bank, Handelsbanken, JAK Medlemsbank, Danske and Nordea, expressed as being necessary cognitive feature in the network. All cognitive aspects mentioned by the banks are all typical features in both well-functioning network and even business relationship. Without the existence of such cognitive alignment, or embeddedness, collaborative efforts would be strained and a sense of shared responsibility would not be obtained (cf. Leana & Pil, 2006, p. 354). More typical of the business relationship were answers such as business partners’ common sense, according to SEB, and sticking to what has been promised, according to Handelsbanken.

What is more, all banks say that information sharing within networks is almost seen as a necessity. Danske Bank even sees this as a prerequisite for joining the network; that is, a preparedness to share with others. Specifically, Marginalen Bank, Ekobanken, Handelsbanken, JAK Medlemsbank and Nordnet speak about networks’ contributions as being competency or knowledge transfer. Particularly, Handelsbanken divulges that not only are new customers and information gained through networks, competency transfer is also a part of membership: “Yeah, we try to get out... more customers... that’s of course a part of being in a network. That’s what we get out of it, then it’s a given that you learn a whole bunch, hopefully, and also increasing one’s own competencies by being in a network.” Customers are also seen as valuable sources of information. It is not uncommon, among commercial banks, to seek about relevant information about customers’ own industry, as Marginalen Bank divulges on the topic of where the majority of their information comes from: “The majority of information comes from industry associations, and, why, that is (about) what demands are to be placed on us in the future, that’s the first, and the other is in the form of our customers, I would say, and how they see things, what is important for them. Those are the two sources, I would say.”

Here, customers, with whom the bank naturally builds relationships, share the spotlight with associations due to their sourcing of valuable information. This form of information exchange can be seen as typical of a noncohesive network within which novel information is exchanged (Burt, 2005, pp. 17-18). Organizations in this situation have the advantage of information arbitrage in which one has earlier access to diverse information within the networks from differing parties (Burt, 2005, p. 18). More redundant information is passed between highly bonded actors, whereas the more pivotal information sources take the form of actors outside of one’s own wheelhouse (Burt, 2005, p. 17). Banks in our study seem to have a plethora of information sources taking the form of customers and organizations dealing with different subject matters. It would seem, however, that banks’ gaining access to information pertaining to customers’ respective industries is access to novel information, yet not entirely personal information resulting from trust (cf. Shane & Cable, 2002, p. 370). Industry information can be obtained without forming trusting relationships as this information can be considered public market information to be discussed further in the next paragraph.

One such act to gain access to novel information is conducting market research on consumer tendencies and needs. To this end, Marginalen Bank takes a more socially based approach: “We were, amongst other things, in Kiruna, in January and met, then, businesses that have their base in the mining and forestry industries and we had a lot of customers there and met them there. There were both current customers and new customers during one week. We met 50 new customers there that we could show ourselves off for, that we could speak to and ... see each other’s faces.” Marginalen also goes as far as to integrate themselves into their customers’ sphere: “It can be different types of customer groups that are important (to us) and where we want to, like, go ahead...
and signal to them that what they deal in is an important part for us and that way we can be a part of those networks as well.” However, to call this kind of information anything more than market research is misguided. As has been described in the theoretical chapter, weak ties are subject to produce such information as market information, capable of being extracted by anyone with even the remotest of ties to the informative actor and their situation (cf. Acquaah, 2009, p. 69). No banks disclosed having such ties as strong as to give rise to exclusive information, such as strategically anchored corporate governance decisions, such as reasons behind issuing a pink slip to the second party’s CFO. This is a strong indicator for ties being predominantly weak pursuant to social capital investment.

Furthermore, there is a strong connotation among banks of networks having reputation building potential. Reputation building, as a prime social capital asset, leads to the implicit trust of cohorts, aiding in the accountability among network members, thereby reinforcing the network’s standards (cf. Askanian, 2011, pp. 171, 173; cf. Burt, 2005, p. 110; cf. Gargiulo & Benassi, 2000, p. 184). Although, Ekobanken says that even though they may see reputational benefits to being in networks, efforts would have still been put into building the bank’s reputation, if social capital investment were absent. According to them, they can stand on their own two feet when it comes to building their reputation and do not rely on their network partners to act as reputation strengthening or corroborating sources. Others, however, such as Marginalen Bank, Handelsbanken, JAK Medlemsbank and Nordnet ascribe much reputational value to the word-of-mouth of other network members.Danske Bank considers the value of social capital itself to be highly correlated to the value of one’s market reputation. As for how much of their reputation they can accredit the networks themselves, Dante had been unable to give an answer, but assured the interviewers that it is, in fact, a benefit of being in networks. Moreover, Nordnet has no qualms about pinpointing the source of their reputation, saying that customers had an influence level, on a scale of one to ten, of ten.

Nordnet gives even more insights on reputation, saying the following: “... on one hand, if one looks at it from a denigrating perspective. If I have a lot of darn networks or the company has a ton of networks and information flows there are fast and if I mess up, then I will get a negative damn impact pretty quickly. On the other hand, if I use those networks to quickly react to my own clumsiness and inform (others) about what is being done it correct it, why, I can actually turn it around.” Here, Nordegren highlights the quickness with which Nordnet’s reputation can be compromised given missteps within the network itself. Keep in mind, however, that Nordnet associates highly with journalists. Dependent on the rapidity with which information is exchanged; one can stand to do quite a bit of backpedaling in order to assure fellow members of your intention to straighten up. Likewise, one can assume, positive company news can make its way through the network ranks to the bank’s benefit, though the speed with which it will do so may not be comparable to the speed with which negative news may. It would appear that banks are engaging in reputational building activities in order to better ensure trust. However, as mentioned before trust seems to be a prerequisite for continued business and not a by-product of first guaranteeing social relationships. See Figure 6: Networks for an overview of elements brought to light in this section and Table 8 and 9 for a full table of answers for this subchapter.
6.5 Concluding Information

Nordea says that information sharing is the most important social capital asset, while a fine number of the participating banks say that the most important social capital asset is reputation, with two banks, Marginalen Bank and Nordnet, stating that this particular asset is the most important aspect for social capital investment and their company in general. Coming in first, though, supported by Handelsbanken, JAK Medlemsbank and Danske Bank, is trust. All three said that trust was chosen based on their being in the banking industry and the weight trust carries with it within this milieu. When it comes to SEB and Ekobanken, their answers were difficult to categorize. This is because when they had been asked what the most important aspect is, SEB offered up relationships as being most important, while Ekobanken said that doing a good job is the most important. As much as the authors desired to classify Ekobanken’s answer as reputation, it was difficult to pinpoint for sure. When it comes to SEB, no asset was chosen, it seemed social capital itself was. Further clarifications are needed, but despite answering the questionnaire Ekobanken gave no further insights into this area as for SEB, the questionnaire remains unanswered.

Concerning the effectiveness of their investments in these assets, all banks affirm that they are successful in attaining the asset most important to them, although Nordea believes that they would be able to be more effective in network building and information sharing with the help of social media. Danske Bank simply maintains that their current reputation is positive, Sebba rejoins that SEB is skilled in fostering long term relationships and JAK Medlemsbank assured, simply, that they are effective at generating trust and presenting an air of trustworthiness to the world. As for Ekobanken, Karl Ek has said that they are currently seeing positive results from social capital investments, while Marginalen Bank said that not only are they effective at building trust, their trust levels would be a lot worse if efforts were not dialed in on social capital investment. Likewise, Nordnet vocalizes that their bank is making great strides in reputation building at the moment. When it comes to Handelsbanken, Handlers says that the bank’s ability to build trust is reflected in its satisfied customers and its prizes for being commercial bank of the year. A similar answer, regarding customer satisfaction, had also been given by Nordnet as a means for the bank to measure as well as track the process and effectiveness of social capital investments. As one has come to learn, social capital is difficult to track in terms of returns on investment. In any event, tracking is certainly not able to be done
exhaustively nor accurately using only the means to which Handelsbanken and Nordnet allude.

The authors of the project must conclude that all banks do not track social capital outright. Despite these banks’ claims of engaging in such, in their view, social capital tracking activities as monitoring the growth of their customer base, as Marginalen and Nordea have said, as well as tracking customer and worker satisfaction, as SEB, JAK Medlemsbank, Danske Bank and Nordnet have all specified. Banks that stand out here are Ekobanken and Handelsbanken, who indicate respectively that tabs are kept on social capital investments by speaking with network members and making sure you leave the interaction or network with something. When it comes to any hindrances to building social capital and approaching potential social capital building avenues, all banks say that they feel that it is a free for all. JAK Medlemsbank, with its thousands of members, many of whom are onsite in these networks JAK has set up for them, has stated that there is no issue for them when it comes to building social capital. Their unique format, of not charging interests seems to be a plus rather than a negative when it comes to striking up conversation and building relationships. Not even their lack of local offices seems to present a roadblock for social capital investment; the same goes for Nordnet, who sees no issue with its lack of branches and their predominantly Internet-based presence. The only remotely critical statement that has been made here comes from Marginalen, Ekobanken, and Handelsbanken, Umeå, who say that one has to make trade-offs when investing in social capital as it requires a fair amount of time and invested effort. As a result, this study is unable to confirm that social capital is built by first overcoming significant hurdles. See Figure 7: Concluding Information for an overview of the important aspects discussed in this section, Figure 8: Findings for an overview of the entire empirical results and analysis chapter characterized by social capital dimension and Table 10 in the Appendix for a full table of answers for this section.

Figure 7: Concluding Information
### 6.6 Homogeneity of Banks

The universal banks SEB, Handelsbanken and Nordea, express bridging as their foremost used networking tool, whereas, here, the private-commercial bank, Marginalen Bank, in comparison with the others can be regarded as having elements of bonding. The homogeneity among the commercial banks could be accounted as all use networks relatively similarly and, aside from that, one has been able to identify similarities in structure as all are using a bridging technique.

The online retail bank is the only bank that utilizes social media as their foremost used connection tool, whereas the other bank types seem to have a more traditional approach and use social media only as a supplement. The online retail bank stands out from the other banks as it address the most important social capital asset to be the reputation of the bank, before trust that is the majority of the banks first choice.

The foreign, retail bank does not stand out in any aspect of this study and is well in line with the other universal and retail banks of the study.

The credit unions on the other hand have a more unique approach to customers, as seen in the analysis. These banks’ convictions also set them apart as they are more exclusive when it comes to whom they choose to form ties with. When it comes to building trust, the credit unions stand out as they use a more member-friendly approach consisting of democratic member involvement. Moreover, the credit unions are not part of the SBA and do not receive any information from there, but still believe they generate knowledge and problem solving through other avenues.

The social capital creation cannot be generalized over these eight banks although similarities overwhelm the observed differences. The same can be said based on bank type, although one has been able to discern that “smaller” banks tend to engage in some bonding relationships rather than solely bridging as the other banks seem to do.
exclusively. Thusly, the findings found in this study have been highly bank-specific and bank-bound.
7 Concluding Remarks

The following section discusses the findings and conclusions drawn based on the empirical data collected and analyzed. Also to be discussed are the contributions and implications of this study as well as suggestable future research areas.

7.1 Findings

When it comes to the findings of this study, one can draw quite a few conclusions as to the involvement and extent of social capital investment of banks interviewed. These conclusions will be grouped based on the dimension of social capital they constitute; that is to say, structural, cognitive and relational. As far as the structural social capital, which is based on the structure and existence of the network itself, one is able to conclude that all banks are active members of networks, both formal, such as SBA, and less structured or informal such as community networks. When it comes to the cohesiveness of these networks, one can say that there is no significant bonding taking place within these networks between banks. Therewith, there is no social capital investment being made between banks, whether they be like minded or not, although they may affiliate themselves and join similar formal associations with each other such as the case of Ekobanken. Although, Ekobanken seems to associate solely with other ethical banks, which happen to be overseas, and environmentally conscious companies, one cannot conclude, based on the information received, that these networks are especially cohesive and that ties are especially strong as this sub-network seems like a reference point for business matters. In actual fact, it would appear that most of the networks, here, take on a more bridged structure, in which not many ties are made with fellow banks; rather these ties are made with customers, associations, interest groups, et cetera, in services of bank objectives, at the end of the day. By virtue of ties outside of the banking industry, access to nonindustry-specific information is gained, typical of a noncohesive network with bridging tendencies (cf. Burt, 2005), although it can be asserted that the information, such as that garnered from customers, is not of a personal nature, thus not requiring the establishing of trust. As for the form the structural social capital takes, as has been discussed in great detail previously, networks take on the form of more formal networks such as associations and the like, as well as less formal network connections meeting customers and stakeholders at events and seminars. These associations and interests groups are utilized to promote the company's interests. Banks' networks tend to be both exclusive and nonexclusive, which is natural given that, for example, the SBA is reserved for bank only. When it comes to other ties, as said before, everyone from customers to journalists and to other project partners, such as the municipality and charitable organizations, are welcome.

Cognitive embeddedness is very important to these banks when it comes to joining a network with other members. It is thus important, as has been theorized by researchers (cf. Leana & Pil, 2006, p. 354), that there is a oneness of mind when one is to join in with others and thereby put one’s trust in them to live up to the expectations placed on them as members and to uphold the network’s institutions. The attractiveness of these norms is very much understandable as they are, pretty much, universal and take the form of such desirable qualities as honesty and openness. With such network norms, it is understandable that banks would have no difficulty joining in as it is unlikely that they go against bank policy.
Concerning the relational dimension of capital and its assets, one can conclude that all banks value the relationships they have with their customers. When it comes to networking with customers, banks seem to understand that a more personal and longstanding relationship is desired. Gone are the days of feeling inferior to the imposing carriage of big banks and big business. Customers are banks’ primary social capital focus which is mutually beneficial from an information sharing perspective. Information the banks receive in regards to customers’ own industry or operation is gleaned in order for the relationship to be of more substance and more beneficial for both parties financially. JAK Medlemsbank is a shining example of making sure customers, or rather members, feel that they are a part of the organization. In fact, they pretty much do everything short of issuing identification cards for their customers as they do such inclusive things as allowing their members to be temporary interns for a “internship week,” which takes place ten times a year, allowing them to interact with the higher-ups in the organization. Great examples are also Handelsbanken who encourage their members to interact with each other and even provide a ready-made network of sorts. One can glean that, by fostering trust, the banks are referring to their customers and those who partner with them, and not necessarily other banks within the industry.

Overall, though, there appears to be a prevalence of weak, business ties over strong ones, no matter who the contact is. As has come to be understood, social capital assets come by virtue of building a relationship with others, whether ties are weak or strong (Boutilier, 2009, pp. 60-61). Not only do ties between banks appear to be weak, they seem to be, in fact, strained. In an atmosphere mired by rivalry, one can question whether or not formal networks and associations, such as the SBA, in which banks can meet and interact with each other, are, more so, a classroom than anything else. They are learning spaces, of sorts, for banks to solve common, customer-benefitting problems and keep up with changes in their industry, and not necessarily for these banks to seek out potential relationships among rivals. Just as a student, as the authors of this degree project are, joins a university expecting for there to be a transference of information, even if one does not have to pay for it outright. The same goes for these banks. Whether or not they are paying for membership in industry associations, banks join these networks in order to come out of each interaction having added something to either competencies or knowledge-base.

If one follows the rules, one can continue to be a part of the dynamic, if not, no more benefits may be extricated from that particular context (cf. Lin, 2001, p. 187). In all instances in which the SBA has been mentioned, not one bank actually said they were there for the relationships they are able to build with fellow banks. All interviewed banks, that are a part of the SBA, only mentioned the competency and knowledge benefits one stands to reap as a member. One is unable to discern whether or not there are any social capital assets to speak of between members of the financial industry. These banks all have access to the same market information and standards, virtually making it easier for them to be independent of each other. It would seem that these relationships, more so, take on the character of business partnerships and collaborations, if any contact is made at all. Exchanging deeper, non-market information with and building the reputation of other banks, i.e. rivals, may not be in the best interest of the banks themselves as these actions stand to compromise one’s own profitability or market penetration/position.

Trust and other social capital assets seem to be direct goals, used to attain company objectives, as opposed to results of cultivating worthwhile relationships. This is indicated by the fact that banks seem more concerned with engendering trust for their operation in
order to protect their longevity as opposed to cultivating, more so, a mutually trusting relationship. As for a more concrete look at what banks are doing, in actual fact, one would have to say that these banks are actively building their images by directly connecting with people and giving off an air of trustworthiness, openness and vested interest in fostering long-term relationships. To build their images, banks are sure to have regularity in their meeting of individuals and treat these individuals as valuable to the company as a whole. Using social capital principles in pursuit of this comes as no surprise as social capital and reputation are seen as highly correlated to brand image (de Castro, 2004, p. 576). These individuals are fellowshipped with at events, seminars, in workshops and associations. These banks make themselves available to the masses and invite people in, especially potential customers, into a transparent environment, much less imposing than the dated images of banks.

Moreover, these banks show interest in issues important to those important to them and are sure to meet these important actors on their own level while learning how to better serve them based on their market or personal situation. They ease this process by standing for such good values as being trustworthy and democratic; making it easier to stay members of the networks they join. Through all of these efforts and activities, they build up a rapport with those that come in contact with them and with the general public as word spreads of their citizenly and inviting natures. These are all excellent image-building activities or if one would have relate it to social capital, weak social capital investment activities. Through using their social connections banks are able to forge ahead by virtue of becoming more informed and well-connected. Banks’ activities resemble more so, contact acquisition as opposed to genuine relationship building. Banks do not invest in the deep-rooted social capital that was accommodated for within this study. Yet, social capital assets are still being obtained. This can mean one or both of two things: that banks are either capable of meeting certain threshold social capital levels well enough to actually procure benefits or that banks only place themselves in situations or networks in which their intentions, expectations and capabilities are clear and predictable. Indeed, by joining an association, such as the SBA, for example, one is able to almost ensure that information sharing, for example, is a part of the deal and is implied.

On a scale from tradition stakeholder management to social capital investment, one would have to conclude that social capital theory practices are a long way away from being the norm in banks. As far as the absolute occurrence of strong social capital, one cannot conclusively say whether or not it exists within the industry based on a sample of eight. It is perhaps understandable that professionals in such wide-reaching enterprises would have the wherewithal to view forming strong relational bonds on behalf of their company as a part of their job description especially given that these practices are less crucial to guaranteeing smooth interactions, not least business ones, in high implicit trust Sweden. All the same, social capital is a suggested model for small and medium enterprises who are more locally connected and have, perhaps, more of a personal stake in their companies. This circumstance, as can be imagined, may demand a more personal approach, especially with the competition being, at times, industry giants with their own departments devoted to public relations.

7.2 Significance and Contribution

With the successful completion of this study, insights into the nature of social capital within a specific context, the banking industry, have been reaped. These insights have exposed the tenuousness of the sampled banks’ strong social capital investments, their
lack of solidarity amongst each other as well as the overall approach to such investments. Far be it from the authors to claim that this work has been groundbreaking within the field of social capital research or especially strategically definitive for the banking industry as a whole. Nonetheless, this study has successfully fulfilled its purpose, contributing to a cognizance of the nature of social capital investment in banks, specifically from this sample and specifically from Sweden. The authors of this degree project have been unable to find comparable studies to this one and feel that this study has contributed to the body of knowledge on social capital theory in a way that avails a springboard into other avenues of both organizational and bank social capital investment research. This study has also given the participating banks the chance to look into the social capital efforts of their counterparts, enabling some knowledge transfer to take place interorganizationally. Over and above this, this study has contributed to banks the chance to look at their interactional efforts more objectively and in the context of extant theory. Beyond this study’s findings, the contribution and significance lie in the food for thought provided by this work as to the applicability of social capital theory’s relationship building paradigms to any which context, beyond a societal, political or small and medium enterprise level. Moreover, this study raises doubts as to the real need for banks to grow beyond customer relationship management systems, currently in place, as well as current weak tie networking activities which seem to get the job done when it comes to engendering trust, gaining access to information, safeguarding one’s reputation and maintaining long-term connections. More specific implications in the way of academia, the business field, and practical application will be presented in the subchapters below.

As far as the social significance of this study, the authors maintain that society can benefit from this degree project through understanding how banks operate and address their relationship partners. Societally speaking, this study has not uncovered any revolutionizing discoveries. Additionally, this degree project has not uncovered any game-changing environmental consequences of banks’ actions nor has it generated new ethical implications for the behavior of banks pursuant to this context.

7.2.1 Academic Implications

This study has contributed insights to the field of business administration and economics into how relationships can be forged between organization and customer as well as between organizations and other societal counterparts. In so doing, this study has also contributed to the theoretical body of research in network theory and social capital theory with insights into the networking and relationship-building tendencies of corporations with the societal standing of banks. Moreover, this study adds to social capital theory research on how connections are formed. As has been stated, there is little that is known about the creation of arm’s-length and strong ties respectively (cf. Uzzi & Lancaster, 2003, p. 397). The authors maintain that this theory has given insights into not only what activities are engaged in in order to foster such ties, it has also contributed to the profile of those with whom banks form ties, such as preferring business ties that share one’s corporate social stance. Additionally, this study has given an account of social capital building for the sake of forming a connection and attaining assets and not benefits. In other words, this study has been a relief from the works conducted on the social capital investment involving banks with the sole purpose being how financial returns are generated (cf. Baron & Markman (2003); cf. Knack & Keefer, 1997) or how financial development is aided (cf. Guiso et al., 2000; cf. Uzzi, 1999, p. 500; cf. Uzzi & Gillespie, 1999, p. 397). Furthermore, there is a research gap on industry-specific contexts when it comes to social capital investment (cf. Dasgupta, 2002; cf. Stan et al., 2014). The authors
feel that this degree project as given extant research a view into a specific industry from which further theoretical implications may derive. For instance, the need for such fabric of society entities as banks to build social capital, some of whom have been in aiding economic growth for over 100 years. In conclusion, this degree project reveals real-world and present day relationship building techniques of prominent and thriving organizations, which can provide a point of reference to other members of this field as well as social capital research and business administration. By virtue of this study, viable means of maintaining long-term relationships as an enterprise have been unveiled, in addition to information as to the merits of social capital, or at the very least, relationship-building, within an organizational context.

7.2.2 Practical Implications
This study has raised some questions as to the actual engagement in social capital investment of banks. The practical implications of this study would be the encouragement of banks, Swedish and otherwise, to engage in social capital investment due the potential benefits collaborative actions, such as knowledge transfer, can bring. It is evident that there is not much bonding ties in the banking industry of the banks studied, as a more bridging approach is used between the networks they are in. Theory implies that there are benefits to maintaining both bonding and bridging, along with both strong and weak ties (Boutilier, 2009, p. 65). This study has found that banks tend to use mostly a bridging approach, however, if the banks were to take on a more bonding approach, they would be able to use the internal cohesiveness within the network to reach collective goals of the network (Alder & Kwon, 2002, pp. 19-20; Boutilier, 2009, pp. 59-62). Indeed, although such bonding, bank to bank, will result in the sharing of more redundant information, one is able to attain more reciprocal behaviors from counterparts (cf. Putnam, 2000, p. 322). This study has helped identify some network ties and functions within the banks that can be beneficial when joining a network with any of these banks. Banks have the ability to use this study to gain insight into how fellow banks tend to network and what they value in their networking partners; trust being an example, in order to realize what they, themselves, might be lacking. In theory, social capital is an effective tool for attaining personal information by virtue of forming strong relational ties which can, in turn, lead to better investment decisions (Shane & Cable, 2002). This study shows that there is a limited flow of information sharing and social capital building between the banks of this study, information such as prosesed market changes, company insights, et cetera. The information that is shared currently is information that is open to the whole market, and is not built on a close relationship, as social capital is a part of. This study has found that the social capital creation is lacking the benefit of information sharing and these banks are missing out on what could be information that could be used to optimize their relationships, where internal information could be shared for mutual benefit. Such information and shared solidarity could benefit both parties and give them a head start on their competitors, but could also lead to some kind of indebtedness, that neither of the banks wants to fall victim to.

7.3 Future Research Directions
As touched on earlier, it may prove beneficial for future research to take a look at a larger sample of banks in order to gain more valuable and hued insights, especially as the industrial environment changes, i.e. given a possible exit from this regulatory phase. Additionally, future research should be in the direction of uncovering the seeming difficulty of banks to investment in social capital between one another, thus enabling some form of solidarity to burgeon. This study has successfully given insights into the nature of social capital investment among banks, but has not been able to excel as far as
to ascertain, with certainty, why there is a lack of true partnership among banks, despite having so many associational memberships in common. Moreover, it is of interest to find out more about the perceptions of other actors within the social capital building contexts of banks. That is, to find out what the opinions and views are of those in whom banks invest social capital. Their point of view will undoubtedly supply greater knowledge about the way in which banks invest in social capital as it pertains to techniques that banks may have failed to notice.

What is more, this study encourages social capital researchers to dig deeper into how social capital can possibly be built in other industries with low trust levels to see if there are revelations to be gleaned there such as whether or not social capital is used to give a competitive edge. In addition, if nothing else, this study has provided food for thought as to the universal achievement of full social capital. As has been discussed in section 4.2 Sweden, this country is teeming with implicit trust. This can bring into question the need for organizations to even take to trust building activities in order to ensure favorable interactional outcomes. Thusly, organizations’ inclinations to invest in social capital when existing in a high implicit trust environment constitutes an interesting area for future research within social capital theory.

Lastly, this degree project would like to raise the question as to the use of social capital principles in situations in which much of the building blocks within the organization have been cemented. Within social capital research, it has been seen that stronger ties can aid businesses in the start-up phase, constituting a key success factor in terms of resource and information acquisition, after which businesses need to form ties according to new resource and information needs for the next phase (cf. Adler and Kwon, 2002, p. 19; Maurer & Ebers, 2006, p. 285; cf. Putnam, 2000, p. 322). Banks are well established organizations, whose imposing societal presence and demand elevates these organizations, one can argue, above the need to build significantly strong relationships in order to get to the next level in market resource acquisition, reputation building or solidarity that spurs collective action. One may further venture to argue that banks have the resources to forge ahead with whatever organizational objective they pursue with little or no need for help from relational momentum. As extant research has ascertained that there are different stages at which organizations need certain ties, researchers may find it beneficial to, in the future, look into the next organizational level, so to speak. This next level being pillars of society. Some banks within this study, for instance, have been staples within society for over 100 years; this fortitude can certainly be thought to have implications for how social capital principles are likely to be applied or overlooked.
8 Truth Criteria
Truth criteria, especially for quantitative research, concern reliability, validity and objectivity which establish and assess the quality of research conducted (Bryman & Bell, 2011, p. 394). These criteria have been applied to qualitative research, however, they have been argued to be ill-suited to qualitative research given the instability of social settings, especially across a broader milieu (Bryman & Bell, 2011, p. 395; Miles et al., 2014, p. 313). As a result, qualitative research-friendly criteria have been developed to correspond to the four validity and reliability criteria as well as the objectivity criterion of quantitative research. Credibility has been devised as an equivalent to internal validity, transferability is said to answer to the criteria of external validity, while dependability and conformability answer for reliability and objectivity respectively (Bryman & Bell, 2011, p. 395). These alternative criteria have also been suggested in the USBE department of this university, perusable in the endorsed and current thesis manual for business administration students, titled Thesis writing in Business Administration. We, therefore, feel comfortable using all the above mentioned tools to review the admissibility of this degree project’s findings.

8.1 Reliability and Dependability
The different truth criteria will be discussed systematically in this section along with the alternative means of assessing this study’s quality. Major provisions to secure the external reliability, which concerns the extent to which the study can be replicated, have not been made by the authors (cf. Saunders et al., 2009, p. 371). For this study to have been remotely capable of being externally reliable, as qualitative research, one would have needed to make sure that one detailed the social role one intended to adopt during the current research so that, beyond just the questions, someone else would be able to replicate the study from as self-same a starting point as possible. For an ethnographer, for example, one would have to specify what level of immersiveness is in play. In addition, the lack of non-probability sample complicates the ability for any researcher to be able to attain an equivalent, second group of participants. What is more, this study deals with qualitative and subjective information that is dependent upon the current social setting of the interview as well as the environment, individual situations and lifeworlds of companies and those being interviewed. The same reasoning lies behind the difficulty to guarantee internal validity, especially given this study’s semi-structured interview format. The authors can, however, attest to the dependability of this study, which concerns the researcher’s ability to guarantee the trustworthiness of this study (Bryman & Bell, 2011, p. 398). This has been done by adopting an “auditing” approach (Bryman & Bell, 2011, p. 398), which means that records have been kept of the process, including the selection of interviewees, interviewee criteria, interview transcripts and data analysis decisions, to name a few, in an accessible manner. Equally in service of dependability, the reasoning behind conclusions drawn have been presented along with the exact quotes from interviewees. To conclude, to the best of their ability, the authors have also made sure that inferences have been justified and unbiased through objectively looking at the data as well as considering theory’s intended meaning and contextual use.

8.2 Validity, Credibility, Transferability and Objectivity
As for the internal validity of this study, which seeks to ensure that what the researchers have sought to investigate is actually being investigated (Bryman & Bell, 2011, p. 395), one can say that is study is internally valid. It is the opinion of the authors that all those interviewed had an understanding of the concept of social capital and were able to give responses in their entirety as to how this concept is pursued by their organization. It just
so happened that these companies are under the impression that they actually engage in building social capital on a more penetrating level than they actually may, in the eyes of extant literature. This negative outcome does not in any way mean that the validity of the questions had been compromised. To safeguard credibility, one can also go one step further by engaging in respondent validation, which entails providing the interviewees with the findings of this degree project, which has been done prior to the final print of the document and by using a post-interview questionnaire with questions seeking further specification as to intended meanings. Given the fact that, upon respondent validation, no organization wished to change the way in which answers had been interpreted signifies that there were no significant issues in this area in terms of what was meant to be said on these topics even as much as a month later.

Pursuant to external validity, which has to do with the generalizability of this study, one can say that it is virtually impossible to attain uniformity across social settings, even in comparable organizations and especially with such a small sample. The authors would venture to say that study is in no way externally valid as sentiments expressed by those interviewed around these topics may not reflect those of individuals in the entire field. This is especially blatant, as has been observed even with this very small sample, that the banking industry is diverse not only in its offerings but in its objectives, purpose as well as its members’ association to the banking industry and belief systems therein. This means that attaining generalizability among sampled participants has even been strained. Easing transferability has been done by using thick descriptions of data presented, which are rich depictions of the details of a culture (Bryman & Bell, 2011, p. 398). In this case, one has been sure to present the country’s situation, bank types of each participant, the industry’s situation, along with a profile over the participants therein, in order to give an idea as to how far data can be transferred to other social environments. In so much as can be helped, the authors have also tried to protect the objectivity, or in the case of qualitative research, the confirmability of this study. In doing so, the researchers have acted in good faith, taking pains to refrain from interposing personal values into the analysis and interpretation of data.

8.3 Authenticity

Authenticity is also of concern when discussing truth criteria. Belonging to authenticity are the following criteria: fairness, ontological authenticity, educative authenticity, catalytic authenticity and tactical authenticity (Bryman and Bell, 2011, pp. 379-380). To ensure fairness the interviewers should present perspectives from different viewpoints fairly. In the case of social capital, one would argue that getting the viewpoints of the social actors in which banks invest social capital would more securely guarantee fairness. The authors of this degree project agree with this assessment; doing so is also going to be recommended for future research. Although, the fairness of this project is not entirely on point, it can be argued that given the research question, one has been as fair as possible, as the authors wanted to know, from the banks’ perspectives how social capital is invested in. In service of fairness, the authors have also been sure to present diverging opinions among the interviewees themselves. Concerning ontological authenticity, the authors have been sure to help the interviewees to arrive at a better understanding of their social environment by helping them understand, amongst other things, their networks from a more theoretical point of view and helping them to understand the reach they have in terms of who constitutes a network member. However, upon the completion of this study, interviewees will stand to better understand their social environment in terms of how their actions measure up in comparison with others within their field. Educati
which involves helping the actors appreciate the perspectives of other members of their social settings (Bryman and Bell, 2011, p. 379), has not been applied. As has been mentioned, this study has not been as concerned with the actors to which social capital is directed, thus information of these actors had neither been gathered nor presented to interviewees. Concerning catalytic and tactical authenticity, which involves motivating actors to engage in actions to change their circumstances and empowering actors to engage in said actions respectively, have not been secured completely (Bryman and Bell, 2011, pp. 379-380). However, through discussing issues inherent in social capital and social capital’s assets, one can assume that the actors have become more aware as to the areas that may lack in their social capital building activities and what benefits that can stem from investing in relationships. Interviews are conducted in order to learn as much as possible from those who as seem as well-learned in this area, as this is an exploratory study, therefore much thought was not given as to how the authors may better the situations of those interviewed. The totality of assessments using relevant truth criteria, the authors feel that this degree project is admissible as a quality qualitative study.
Reference List


### Appendix I: Tables

#### Table 3: Bank Overview

<table>
<thead>
<tr>
<th>Company</th>
<th>Category</th>
<th>Employee Count</th>
<th>Customers</th>
<th>Swedish Service Locations</th>
<th>Interviewee Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>Private &amp; Commercial Bank</td>
<td>350</td>
<td>200 000 total</td>
<td>4</td>
<td>Head of Corporate / Commercial Banking</td>
</tr>
<tr>
<td>SEB</td>
<td>Universal, Commercial Bank</td>
<td>16 000</td>
<td>4.4 million total</td>
<td>164</td>
<td>Head of Corporate Sustainability</td>
</tr>
<tr>
<td>Ekobanken (1998)</td>
<td>Credit Union / Community Development Bank</td>
<td>20</td>
<td>6 000</td>
<td>0</td>
<td>Consultant &amp; Loan Processor, B2B</td>
</tr>
<tr>
<td>Handelsbanken (Umeå)</td>
<td>Universal, Commercial Bank</td>
<td>11 184</td>
<td>Swe 7648</td>
<td>N/A</td>
<td>Branch Manager</td>
</tr>
<tr>
<td>JAK Medlemsbank (1965)</td>
<td>Credit Union as of 1997</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>CEO</td>
</tr>
<tr>
<td>Danske Bank (Umeå)</td>
<td>Foreign Retail Bank</td>
<td>21 000</td>
<td>Swe 1 300</td>
<td>4 Million Total</td>
<td>Branch Manager</td>
</tr>
<tr>
<td>Nordnet (1996)</td>
<td>Online Retail Bank</td>
<td>325</td>
<td>404 000</td>
<td>0</td>
<td>CEO</td>
</tr>
<tr>
<td>Nordea (Umeå)</td>
<td>Universal, Commercial Bank</td>
<td>31 300</td>
<td>11 Million Total</td>
<td>300</td>
<td>Branch Manager</td>
</tr>
</tbody>
</table>
Table 4: Bank Responses

<table>
<thead>
<tr>
<th>Answer</th>
<th>Banks Contacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Danske Bank Umeå, Ekobanken, Handelsbanken Umeå, JAK Medlemsbanken, Marginalen Bank, Nordea Umeå, Nordnet, SEB</td>
</tr>
<tr>
<td>No</td>
<td>Avanza, Carnegie Investment Bank, Forex Bank, GE Money Bank, Ikano Bank, Lärarförsäkringar Bank, Nordea Centrala, Swedbank, Volvofinans Bank</td>
</tr>
<tr>
<td>No reply</td>
<td>AMFA Bank, Blue Step, Lendo, Resurs Bank, SBAB Bank, Skandiabanken,</td>
</tr>
<tr>
<td>Total:</td>
<td>24 Banks</td>
</tr>
</tbody>
</table>

Table 5: Preliminary Information Overview

<table>
<thead>
<tr>
<th>Bank</th>
<th>Grasped Concept</th>
<th>Part of corp. strategy</th>
<th>Length of social capital investment</th>
<th>Successful investors in social capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>Yes</td>
<td>Yes</td>
<td>Risen since start of regulator period</td>
<td>Yes: A small bank needs to network</td>
</tr>
<tr>
<td>SEB</td>
<td>Yes</td>
<td>Yes</td>
<td>From day one, varying emphasis</td>
<td>Yes: Social capital is an important overall success factor</td>
</tr>
<tr>
<td>Ekobanken</td>
<td>Yes</td>
<td>Yes</td>
<td>From day one</td>
<td>Yes: No financial setbacks in 15 years; highest growing org. form in Sweden (co-op)</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>Yes</td>
<td>Yes</td>
<td>Beginning of 1970s</td>
<td>Yes: Most satisfied customers of any org. (top of SKI) &amp; profitability</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>Not initially</td>
<td>Yes</td>
<td>Almost 50 years</td>
<td>Yes: 38 000 cohesive members</td>
</tr>
<tr>
<td>Danske Bank, Umeå</td>
<td>Yes</td>
<td>Yes</td>
<td>Increased last 15 years</td>
<td>Yes: Customers &amp; Employees are satisfied</td>
</tr>
<tr>
<td>Nordnet</td>
<td>Yes</td>
<td>Yes</td>
<td>Accelerated since current CEO started</td>
<td>Yes; measured by customer, employee satisfaction, brand awareness and “liking”</td>
</tr>
<tr>
<td>Nordea</td>
<td>Yes; Incl. CSR</td>
<td>Yes</td>
<td>Same over time</td>
<td>Yes, it is worth the time and effort.</td>
</tr>
</tbody>
</table>

Answers seen in italics are those taken from the follow-up questionnaire.
<table>
<thead>
<tr>
<th>Bank</th>
<th>Nature of social capital</th>
<th>How Initial Contact is Made</th>
<th>Intent behind connections</th>
<th>Nature &amp; Usefulness of Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>Several association memberships; Built mostly with cohorts (bonding)</td>
<td>Network memberships, bankers' association</td>
<td>Promote the bank, come to grips with new regulations</td>
<td>Cohorts generate: regulation info; Others generate: insight into customers' plight, promotion</td>
</tr>
<tr>
<td>SEB</td>
<td>Invests in everyone: customers, politicians, small businesses, municipalities (bridging)</td>
<td>Bankers' associations, involvement in the community, government initiatives</td>
<td>Problem-solving, tackle regulations</td>
<td>Social capital permeates the org.; Joining forces to solve social issues</td>
</tr>
<tr>
<td>Ekobanken</td>
<td>Associates must be like-minded; no relationships with non-social banks (bonding, but not with other banks)</td>
<td>Network and association memberships, interest groups, other social banks, outreach to struggling municipalities</td>
<td>Promote Ekobanken; Receive help (e.g., with large loans), knowledge transfer, get in reach local economies</td>
<td>Drives company mission to preserve sparsely populated areas; Leads to cooperation</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>Invests in everyone: university reps., hospital reps., diverse customers (bridging)</td>
<td>Directly contacting customers &amp; community figureheads (calls, e-mails, meet-ups), conferences</td>
<td>Promotion &amp; customers; Strengthen reputation of bank &amp; its employees; Share experiences with local branch managers</td>
<td>Social capital generates: business</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>Invests in everyone: mostly their members, interest groups; Only one bank partner: Nordea (more bonding); politically opposed to the SBA</td>
<td>Through interest groups; JAK School; Seminars; Events; Entertaining</td>
<td>Promote JAK's message (defy mainstream); Strengthen reputation; Achieve political changes; Learn about market and customers; Broaden network</td>
<td>More use from formal contacts; Informal contacts: promotion</td>
</tr>
<tr>
<td>Danske Bank, Umeå</td>
<td>Most important connects are with customers then with partners, then others</td>
<td>Networks Calls, visits, conferences</td>
<td>Boost customer-base; Keep up with current market; Strengthen reputation; Point of certain networks: information</td>
<td>Bilateral (with customers); Down to business with business contacts; More social capital with customers &amp; network members</td>
</tr>
<tr>
<td>Nordnet</td>
<td>Invests in everyone: Customers, media, politicians, partners; More involved with politicians than other banks</td>
<td>Mostly social media: important outreach tool; Events; Face-to-face meetings</td>
<td>In short: Money; Upon thinking: Spread the word &amp; Become Well-liked; Information</td>
<td>Social capital is crucial to corporate strategy; More of a formal relationship to others in the financial industry</td>
</tr>
<tr>
<td>Nordea Umeå</td>
<td>Invested in everyone; Not much with others in the financial industry, but they do play floorball once in a while</td>
<td>Most often there are arranged events where someone is the speaker; People are recommended to the bank</td>
<td>Gain market information, promotion, have access to business opportunities</td>
<td>Gain and share market information; # 1 promotion is through word-of-mouth, so having happy customers is crucial</td>
</tr>
<tr>
<td>Bank</td>
<td>How Trust is Built</td>
<td>Role of Trust in Social Capital</td>
<td>Network Trust</td>
<td>Network Reciprocity &amp; Solidarity</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Marginalen Bank</td>
<td>Forward-looking and keeping convictions on what is right; Built uniformly; Most important social capital asset: trust/confidence in the company</td>
<td>Building up trust is the most important asset</td>
<td>-</td>
<td>Defensive about reciprocity</td>
</tr>
<tr>
<td>SEB</td>
<td>Practicing what you preach; Meeting others' expectations; Financially able to serve customers; Putting effort into relationships</td>
<td>Means everything to their operation (relationships are their operation); Because relationships are important, trust, mutual respect and mutual trust are equally important</td>
<td>Important, especially mutual trust</td>
<td>No solidarity internally leads to no solidarity externally, so it is important</td>
</tr>
<tr>
<td>Ekobanken</td>
<td>Working together on projects; Regular contact with target groups and customers</td>
<td>No trust = no collaboration</td>
<td>Networks are synonymous with trust &amp; honesty; Less trusting of others in financial industry; More trusting of social orgs.; Believes bank perception: trustworthy</td>
<td>Trust results in an easier collaboration; Reciprocity is present and works well</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>Being clear, forward-looking &amp; reliable and consistent (applies to all); Hardest to build, especially in the intro. phase, yet engendering confidence in the bank’s brand is easiest to do</td>
<td>Every important, especially being in the financial industry</td>
<td>Without honesty and openness (trust), there is no network</td>
<td>Does not want to be taken advantage of; it must be mutual. Evens out eventually</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>Being open, transparent and democratic; Holding workshops, staff introductions and intern weeks; being law abiding in FI’s eyes; Do not feel they need to trust other banks if they are not cooperatives</td>
<td>The most important social capital asset: trust; Not needed for purely supplier-type relationships</td>
<td>Extremely important to the network</td>
<td>Reciprocity exists: natural part of all relationships; Evens out eventually; Solidarity from members towards each other and the bank is important; The bank views their fellow credit unions as comrades; Nothing to say on solidarity in the network</td>
</tr>
<tr>
<td>Danske Bank, Umeå</td>
<td>Honesty and candidity (same for everyone)</td>
<td>It is crucial to their industry; It is the most important asset and is therefore most difficult to attain; Yet instilling confidence and maintaining a good reputation are the most easily attainable according to customers</td>
<td>Without trust there is no way to work together and achieve a desired result. No trust, no solidarity</td>
<td>Important to the network; Reciprocity and solidarity, esp. with customers: sticking with customers through tough times and their showing appreciation for that; Solidarity: team spirit is important</td>
</tr>
<tr>
<td>Nordnet</td>
<td>Being a good citizen, transparent and maintaining relationships; Treating customers as equals; Added pressure to deliver what customers want</td>
<td>Trust is crucial to social capital; More fluid trust if you are recognized (more contact, easier trust is built)</td>
<td>Without honesty and straightforwardness there is no network.</td>
<td>Great reciprocity tendencies; One cannot expect reciprocity from certain people, like journalists, one misstep and you are out</td>
</tr>
<tr>
<td>Nordea</td>
<td>With customers: keeping up the privacy policies; With partners: ensuring Nordea is neutral as not to ward off potential contacts</td>
<td>Extremely important the bank works with trust and instilling confidence all the time</td>
<td>Trust to one another in the networks</td>
<td>Do not like reciprocity, careful in relations even in private. Solidarity true to their own bank and employer, network solidarity can not interfere with its own bank values</td>
</tr>
</tbody>
</table>

Table 7: Trust Overview
<table>
<thead>
<tr>
<th>Bank</th>
<th>Networks Contribute</th>
<th>Network Institutions (Cognitive)</th>
<th>Structural Social Capital</th>
<th>Nature of Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>Knowledge and the ability to make an impact on society and the (industry) game rules</td>
<td>Networks promote honesty and openness in everyone; Being just; Everyone involved should be able to understand conditions (customers)?;</td>
<td>Bonding in informal, mostly bridging in formal; Not much exclusivity</td>
<td>-</td>
</tr>
<tr>
<td>SEB</td>
<td>Bankers’ association; used for collaborative efforts in the banking industry; Societally beneficial projects</td>
<td>Important that those who collaborate with SEB share the bank’s value system; Rely on common sense of business partners</td>
<td>Spread contact</td>
<td>Business oriented, with focus on long term relationships; The interviewee struggles to find any relationships not directly related to making money, there are efforts to improve society however</td>
</tr>
<tr>
<td>Ekobanken</td>
<td>Competency transfer (consciously and not); Included: Companion, HSSL, Fair Trade</td>
<td>Objective is not just to make money; (inaudible for part of it)</td>
<td>Both vertical and horizontal ties; Horizontal with those within the same social community; Exclusivity present in network</td>
<td>Vertical relationships: inspectorate; No competition between members</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>More customers; Knowledge; Competencies; Eg. of formal: Rotary, Eg. of informal: branch managers meet up</td>
<td>Unwritten rules &amp; expressed expectations; Sure not to sway in their way of doing business; Easy in knowing what to expect from others, gain entry and fit in</td>
<td>Describes network as bridged containing structural holes (unknown people); Many local networks; Linking with FI and the Swedish Tax Agency</td>
<td>Place to discuss new regulations;</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>Reputation, problem-solving, exposure/promotion and information</td>
<td>Must be in line with their principles and be critical to current societal issues; Openness, democracy</td>
<td>There are both vertical and horizontal ties; Vertical are tolerated as essential; e.g. Riksgälden</td>
<td>Members have their own networks and subnetworks; Favor cooperatives; More use from their formal contacts, than informal, such as family, etc.</td>
</tr>
<tr>
<td>Danske Bank, Umeå</td>
<td>Connections that relationships can be built on; Platform to speak about and show interest in issues, such as regional development</td>
<td>Must exist: Trust, openness and honesty; Preparedness to share; Common values are important</td>
<td>There are both vertical and horizontal ties; Not much social capital from vertical</td>
<td>Have the ambition that employees should be active in networks; No exclusivity; Everyone should be treated with respect</td>
</tr>
<tr>
<td>Nordnet</td>
<td>From the bank association: internal, structural support, competency building and collaborations such as Swish; otherwise: “value” in the form of e.g. information, ultimate customer satisfaction and brand value; They are in a lot of industry networks</td>
<td>All networks have them; Must share their values and norms;</td>
<td>There are instances where they have vertical and horizontal ties. They would consider the vertical ties to be formal, with e.g. FI</td>
<td>Employees are much more satisfied this year; How people are treated depends on the network: in the bankers’ association, it seems that the big dogs run things</td>
</tr>
<tr>
<td>Nordea</td>
<td>Keep up with happenings within the market &amp; industries (hardships therein); Recruitment source for customers and personnel; Strengthening the brand; Meeting new people</td>
<td>The network need to have shared norms of the bank. Often pre-set rules of the networks. Some are open some are closed</td>
<td>Local office no vertical connection, made by Nordea Head office. Horizontal networks through bridging</td>
<td>On the local level, kept mostly neutral; Only a handful people are involved in these networks; Focus on the business world</td>
</tr>
</tbody>
</table>
Table 9: Structural and Cognitive Dimension Overview cont.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Network Info. sharing</th>
<th>Network Info. Sharing Importance</th>
<th>Network Reputation</th>
<th>Network Reputation Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>Use their networks as source of information; Information about the industry and about issues germane to the customer; Majority of information is from the bankers' association and their customers</td>
<td>Important for knowing how to interpret new regulations, demands in the future, etc.</td>
<td>Great place to build up the bank's reputation; When building social capital: no special focus on reputation, they would build it even if they did not interest in social capital</td>
<td>Pretty important</td>
</tr>
<tr>
<td>SEB</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ekobanken</td>
<td>Great info. sources, esp. about other industries and those industries' interests; Build customer base; A lot from collab. partners</td>
<td>Pretty important;</td>
<td>Currently: reputation is positive; A good rep. is helped by doing their job; The bank itself accounts for its reputation and does not attribute much of it to &quot;others&quot;</td>
<td>Without a good rep., you cannot get into the network to begin with</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>Information such as the economic situation in Norrland; e.g. of info. networks: Skatteverket: new rules and accountancy firms</td>
<td>Some information is redundant and others are crucial (new tax regulations)</td>
<td>Built up all the time in these networks; Sourced in networks; Currently positive</td>
<td>Extremely important; Building a rep. in networks is the key to trust and a strong brand</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>Business relationships you demand things you want, can get or wish to bother with; No source to interpret new laws in the network; Gaining knowledge of what members want</td>
<td>Company evolves depending on customer opinion</td>
<td>Stems from their members (spreading the word); Reputation is largely affected partly by members' actions and by &quot;official contacts;&quot; Lies in following laws norms and demands</td>
<td>Extremely important being a bank in charge of others' money</td>
</tr>
<tr>
<td>Danske Bank, Umeå</td>
<td>“If we need information, we get information.”</td>
<td>If nothing is gained, we don’t continue</td>
<td>Reputation is very important, even internally; Reputation is a part of the network's big picture; Considers social capital to be highly related to market reputation</td>
<td>Having a good rep. is extremely important and desired, even internally; Current rep. is positive and on its way up</td>
</tr>
<tr>
<td>Nordnet</td>
<td>That is the whole reason for even having a network; They are gathering information from several sources</td>
<td>Seen as an information source; Important for finding out what customers want; what customers think of their brand</td>
<td>Seen as a strong source of reputation; Seen as a way to make up for mistakes as word travels fast, yet negative news can as well.</td>
<td>A good reputation makes the network function; Reputation is the most important asset of social capital</td>
</tr>
<tr>
<td>Nordea</td>
<td>Information from the market and others' situations (real estate agent example)</td>
<td>The market information was foremost pointed out, assumed important</td>
<td>Marginal connection between networks and reputation</td>
<td>No real focus on building up a good reputation in networks</td>
</tr>
</tbody>
</table>

VIII
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginalen Bank</td>
<td>Reputation is important, but trust is probably the most important</td>
<td>They are effective at building trust, and if they did not invest in social capital their trust levels would be lower</td>
<td>No real tracking but customer base is growing</td>
<td>One makes a trade-off in terms of invested time and effort</td>
</tr>
<tr>
<td>SEB</td>
<td>Interviewee: relationships were the most important (Admissibility questioned)</td>
<td>They are great at fostering long term relationships</td>
<td>Not quite, but customer and employee satisfaction surveys are given</td>
<td></td>
</tr>
<tr>
<td>Ekobanken</td>
<td>Doing a good job in current network</td>
<td>They get something out of investing in social capital</td>
<td>Not tracking it, just being in talks with network members.</td>
<td>None; Lack of time. Others in the industry have a poor image, being the alternative has been a strength</td>
</tr>
<tr>
<td>Handelsbanken, Umeå</td>
<td>Trust is extremely important; Work a lot with confidentiality</td>
<td>Successful because of their satisfied customers and their prizes for comm. bank of the year</td>
<td>Making sure that you get something out of each network, esp. if one pays for membership</td>
<td>None; No big obstacles to overcome but building social capital takes commitment; The bank type is seen as an asset in social capital building; They meet their org. objectives through getting new customers</td>
</tr>
<tr>
<td>JAK Medlemsbank</td>
<td>Trust, esp. being a bank</td>
<td>Effective</td>
<td>No real tracking, but keep track of members’ and workers’ satisfaction</td>
<td>No issues because of no local offices and no problem handling many members</td>
</tr>
<tr>
<td>Danske Bank, Umeå</td>
<td>Could not decide, but put in the context of banks in general: Trust was chosen as a top asset</td>
<td>Reputation is positive at the moment</td>
<td>Not much said here but they regard it as being successful and follow it up with customer and employee surveys</td>
<td>None (at first); The bank type is seen as an asset in building social capital. They advertise as being a relationship bank. When customers focus too much on price, relationship building is difficult.</td>
</tr>
<tr>
<td>Nordnet</td>
<td>If one had to choose: Reputation; Trust is seen as the hardest to achieve. Easiest to get: Awareness. Nordnet’s reputation is up there compared to other banks</td>
<td>They are doing a fine job at creating a good reputation</td>
<td>Really only a measurement of satisfaction of customers and employees</td>
<td>No hindrances as a result of org. form. The most typical hindrance is a lack of resources.</td>
</tr>
<tr>
<td>Nordea</td>
<td>Foremost important is the market knowledge that is received through information sharing of the networks.</td>
<td>Could be more effective, especially using social media to gather info. and create networks</td>
<td>Seen as being measurable by new customers are brought in</td>
<td>When neutrality is compromised; None or when people want us at Nordea to join their board of directors. That is one step too far.</td>
</tr>
</tbody>
</table>
Appendix II: Interview Guide

Hej och tack för visat intresse i Crystals och Lisas examensarbete som går ut på att kartlägga egenskaperna av socialt kapital-investeringar hos finansinstitut. Med investering menas satsningar och investering i form av resurser, vare sig dessa resurser är i form av tid eller monetära medel. Ert deltagande är avgörande för vårt projekts framgång, så tack än en gång för att ni tar er tid att svara på dessa frågor.


Tack återigen för att ni tar er tid.

| Vill ni vara anonym? | Ja eller Nej. (Vid anonymitet publiceras inte namnet på den intervjuade.) |

<table>
<thead>
<tr>
<th>Profilfrågorna</th>
</tr>
</thead>
<tbody>
<tr>
<td>Namn</td>
</tr>
<tr>
<td>Ålder</td>
</tr>
<tr>
<td>Befattning</td>
</tr>
<tr>
<td>Antal år ni har varit med ert företag</td>
</tr>
<tr>
<td>Antal år ni personligen har varit verksamma inom finansbranschen</td>
</tr>
</tbody>
</table>
### Intervjufrågorna

#### Bakgrund/Introduktion

Vad är socialt kapital för er?

**Kort beskrivning av socialt kapital:**

"Socialt kapital är summan av de resurser, aktuella eller potentiella, som finns tillgängliga för en individ eller grupp genom att ha tillgång till ett bestående nätverk av mer eller mindre institutionaliserade relationer av ömseqvande erkännande eller igenkännande."


Socialt kapital kännetecknas alltså av medlemskap i ett nätverk, stiftande av bekantskaper med andra aktörer, underhåll av dessa relationer och förmånerna som dessa relationer ger upphov till.

#### Hur anser ni att ert företag satsar på denna sorts kapital?

- Ingår i företagsstrategin?
- Hur länge har ni hållit på med att satsa på socialt kapital?
- Framgångsrik satsning?
- Huvudansvarig inom socialt kapital?

#### Relationer

<table>
<thead>
<tr>
<th>Hur ser ert sociala kapital ut om man utgår ifrån relationer?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Med vilka? Industri? Något segment som sticker ut?</td>
</tr>
<tr>
<td>• Hur kom ni i kontakt?</td>
</tr>
<tr>
<td>• Vad är avsikten med att skaffa sociala kontakter?</td>
</tr>
<tr>
<td>• Hur ser relationerna ut?</td>
</tr>
<tr>
<td>• Finns det skillnader mellan relationer (inom/utanför finansbranschen)?</td>
</tr>
<tr>
<td>• Vad genererar dessa relationer? Någon som genererar mer?</td>
</tr>
<tr>
<td>• Vad krävs för att fatta beslutet om att avsluta en relation?</td>
</tr>
</tbody>
</table>

#### Tillit/Tilltro

<table>
<thead>
<tr>
<th>Hur skapar/behåller ni tillit?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Är det densamma gentemot alla, oavsett industri?</td>
</tr>
<tr>
<td>• Vad är er inställning till tillit när det kommer till socialt kapital?</td>
</tr>
<tr>
<td>• Hur viktig/avgörande är tillit (från de inom/utanför industrin) för företaget?</td>
</tr>
<tr>
<td>• Vad tillför tillit nätverkskulturen?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hur siktigt är ärlighet och uppriktighet i nätverket för ert företag?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Hur är inställningen till dessatvå aspekter i ert nätverk?</td>
</tr>
<tr>
<td>• Vad tillför tillit nätverkskulturen?</td>
</tr>
<tr>
<td>Hur fungerar ge och ta-principen?</td>
</tr>
<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>Vad är inställning till gentjänster?</td>
</tr>
<tr>
<td>Hur viktig/avgörande är solidaritet i ert nätverk?</td>
</tr>
</tbody>
</table>

### Nätverk

<table>
<thead>
<tr>
<th>Är ni med i ett nätverk av något slag? I så fall, hur många och vilka är ni?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vad tillför deltagandet i ett nätverk till ert företag (allmänt)?</td>
</tr>
<tr>
<td>Vilka normer, regler eller förväntade beteenden finns det i ert nätverk? <strong>Kognitivt</strong></td>
</tr>
</tbody>
</table>

- Vad tycker ni om dessa?
- Hur viktiga är de?
- Vad tillför dessa nätverkskulturen?
- Har ni någon uppförande kod inom företaget?

<table>
<thead>
<tr>
<th>Hur ser ert nätverk ut? <strong>Strukturellt</strong></th>
</tr>
</thead>
</table>

*Inom gruppen och utanför för att få in överbryggande, sammanlänkande, linking + vertical/horizontal*

- Hur skapas/behåll ni de horisontala resp. vertikala banden? Vad vill ni uppnå med banden/vad tillför respektive? Vad genererar resp. bandtyp i slutändan?

<table>
<thead>
<tr>
<th>Hur fungerar nätverken som informationskälla?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlättar/hinder? Ursprung? Var kommer majoriteten av infon. ifrån? Innehåll/Typ av info.?</td>
</tr>
<tr>
<td>Hur viktig/avgörande är informationen (från nätverket) för företaget?</td>
</tr>
</tbody>
</table>

### Hur anser ni att anseende och nätverk hänger ihop?

<table>
<thead>
<tr>
<th>Underlättar/hinder? Ursprung? Vem bidrar mest till ert anseende?</th>
</tr>
</thead>
<tbody>
<tr>
<td>År ert anseende för närvarande positivt eller negativt?</td>
</tr>
<tr>
<td>Hur viktig/avgörande är anseendet (genererat i nätverket) för företaget?</td>
</tr>
</tbody>
</table>

### Avslutande frågor

#### Vilket område inom socialt kapital ser ni som det viktigast för ert företag?

(Är det att skapa tillit, bygga upp ett gott anseende? Är det ömsesidigheten, solidariteten eller informationskällorna ni får tillgång till?)

#### Anser ni att ni är effektiva med att utvinna de förmåner ni prioriterar allra mest?

<table>
<thead>
<tr>
<th>Har ni haft några uppföljningar av era satsningar på socialt kapital?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hur har uppföljningarna sett ut?</td>
</tr>
<tr>
<td>Vad blev resultatet?</td>
</tr>
<tr>
<td>Något specifikt område som ger bättre resultat än andra?</td>
</tr>
<tr>
<td>Problem med att försöka satsa på socialt kapital?</td>
</tr>
<tr>
<td>Lösning?</td>
</tr>
</tbody>
</table>

### Hur anser ni relationen mellan nätverk och informationsdelning är?

- Hur fungerar nätverken som informationskälla?
- Underlättar/hinder? Ursprung? Var kommer majoriteten av infon. ifrån? Innehåll/Typ av info.?
- Hur viktig/avgörande är informationen (från nätverket) för företaget?