

Intangible resource management: social capital theory development for public relations

Intangible
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289

Melissa Dawn Dodd
*Nicholson School of Communication,
University of Central Florida, Orlando, Florida, USA*

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Abstract

Purpose – The purpose of this paper is to conceptualize a meso-level (organizational) social capital theoretical approach to public relations. A theory and conceptualization of social capital as a resource- and exchange-based function of public relations is proposed. Here it is argued that public relations professionals serve as the managers of intangible resources on behalf of organizations. These intangibles serve as social capital for organizations and are managed through strategic, goal-directed communication behaviors. Social capital is conceptualized alongside other forms of capital that contribute to organizational advantage. The author proposes a conceptual social capital model of public relations and argues that the strategic management of intangible resources as social capital offers an ontology for public relations.

Design/methodology/approach – The author employed a process of open-system theory building. Extensive research from multi-disciplinary areas of scholarship – namely, sociology, business, and public relations – formed the basis for the conceptualized model and propositions.

Findings – Public relations theory is narrowly defined and does not offer an adequate ontology. This paper extends and refines existing public relations scholarship surrounding social capital to focus on competitive advantages for the organization. This paper uses input from the larger fields of sociology and business, while contextualizing social capital within the public relations scholarship. The result is a resource- and exchange-based social capital model of public relations and propositions for further theory building and empirical analyses.

Practical implications – The public relations discipline often struggles to demonstrate return-on-investment for organizations. The social capital model of public relations offers support for the capital generation and maintenance role of public relations for organizational advantage.

Originality/value – This paper represents one of the first comprehensive attempts at developing a meso-level social capital theory of public relations focused on intangible resource management for the organization.

Keywords Return-on-investment, Public relations, Social capital, Communication management, Capital, Intangible assets, Relationship management, Intangible

Paper type Conceptual paper

Introduction

Public relation is a strategic management function. Public relations professionals use goal-directed communication to achieve desirable organizational outcomes in a competitive landscape. As with other managers in an organization, public relations professionals seek to achieve competitive advantages for their organizations. Even public sector and nonprofit organizations operate in a competitive environment from which desirable resources are sought (e.g. grants and donations). Yet, public relations objectives are unlike most business, marketing, and advertising objectives that deal with tangible, namely, financial, resources. Public relations objectives deal with nonfinancial indicators of success, otherwise referred to as: intangible resources. As resources that create value for organizations, intangibles have failed to adequately be addressed by theory, method, and evidence from across multiple disciplines.



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Research has also fallen short of theory development and empirical considerations of the link between intangible resources and tangible organizational outcomes. This opportunity for theory development is particularly significant for the public relations discipline because the expertise we contribute comes in the form of relationship management and communication strategies that give way to intangible outcomes: trust, reputation, credibility, legitimacy, and so on. Likewise, the evaluation of public relations professionals' success often rests in these intangible organizational outcomes.

Extant research from sociology and business offers the most insight into the study of intangible resources. The sociology literature contains the most comprehensive discussion from the primordial idea that social ties can facilitate the attainment of resources. For example, embedded in our personal networks of colleagues and friends might be a positive reputation, which can later be exchanged for a job referral. Resources can be exchanged as capital by their owners; hence, the term social capital. The sociological origins of social capital emphasized the structure and content of social behavior. Alternatively, business scholars stressed the economic impacts of intangible resources. Using social capital theory, business scholars focused not on the structure and content of intangible resources, but on the outcomes of ownership. In the business literature, research surrounding intangibles and social capital theory has diverged, although both remain underscored by an outcome orientation. Intangible resources encompass a broad set of assets to include human and cultural capital, for example; whereas, social capital is a concept that refers specifically to the "social resources" available to an individual or collective as a function of their relationships. Social capital – a category of intangible resource – offers an important framework for situating public relations within broader fields and concepts that contribute substantially to our understanding of the discipline. Indeed, a strong argument can be made that public relations, like social capital, is defined by the intersection of social science and economics.

This paper argues that social capital theory offers the public relations field a framework for understanding the organizational role of public relations as the managers of intangible resources. Scholars have suggested social capital may serve as a meta-theory for public relations that offers an ontological argument for the discipline; that is, it answers the question: Why do public relations exist? (Cheney and Christensen, 2001; Dodd, 2012; Dodd *et al.*, 2015a; Ihlen, 2005, 2007; Luoma-aho, 2009). This paper represents one of the first comprehensive attempts at theorizing the role of public relations in the management of intangible organizational resources. A theory and conceptualization of social capital as a resource- and exchange-based function of public relations is proposed. Here it is argued that public relations professionals serve as the managers of intangible resources on behalf of organizations. These intangibles serve as social capital for organizations and are managed through strategic, goal-directed communication behaviors. Social capital is conceptualized alongside other forms of capital that create organizational advantage in a public relations context. A conceptual social capital model of public relations is offered and it is argued that the strategic management of intangible resources provides an ontology for public relations.

A review of the literature from more theoretically and empirically developed fields, paired with inward-facing public relations scholarship served as the foundation for this theory development. Ihlen and van Ruler (2009) called for the integration of social theory and sociology into the public relations scholarship, allowing for the emergence of new frames of reference and more prominent positions for professionals in the management of organizations. Similarly, calls for "making the business case" for public relations are widespread (Public Relations Society of America, n.d.). Broom (2006)

encouraged an open-system approach to theory building in public relations that begins with a “focal concept” of importance to the practice. Moving from the focal concept, public relations scholars should avoid drawing boundaries around our own theories and remain open to conceptual and methodological input from larger fields of study. Intangible resources that serve as social capital for organizations – in the context of public relations – were the focal concept explored in this theory development. Current public relations theory fails to provide an ontological argument. This knowledge gap offered the opportunity for open-systems theory-building that also represents a step toward engagement in outward-facing academic discussions about organizational resource management and capital outcomes.

The review begins by prescribing the importance of intangible resources as social capital for organizations, serving as rationale for the theory building. Next, a conceptual social capital model of public relations is posed (see Figure 1). Each model proposition is outlined and discussed. A conclusion summarizes a discipline-specific research agenda in search of validity and offers implications for public relations scholars, educators, and professionals.

Literature review

Contemporary valuation of intangibles

A modern theme of business research has focused on the valuation of intangible organizational resources. Scholars argue that in today’s knowledge-based economy “financial results account for an ever-shrinking percentage of corporate performance” (Low, 2000, p. 252), and “the percentage of a company’s value that is unaccounted for by tangible assets has skyrocketed anywhere from 50 percent to as much as 90 percent of its value” (p. 253). Intangible resources refer to a broad classification of assets that

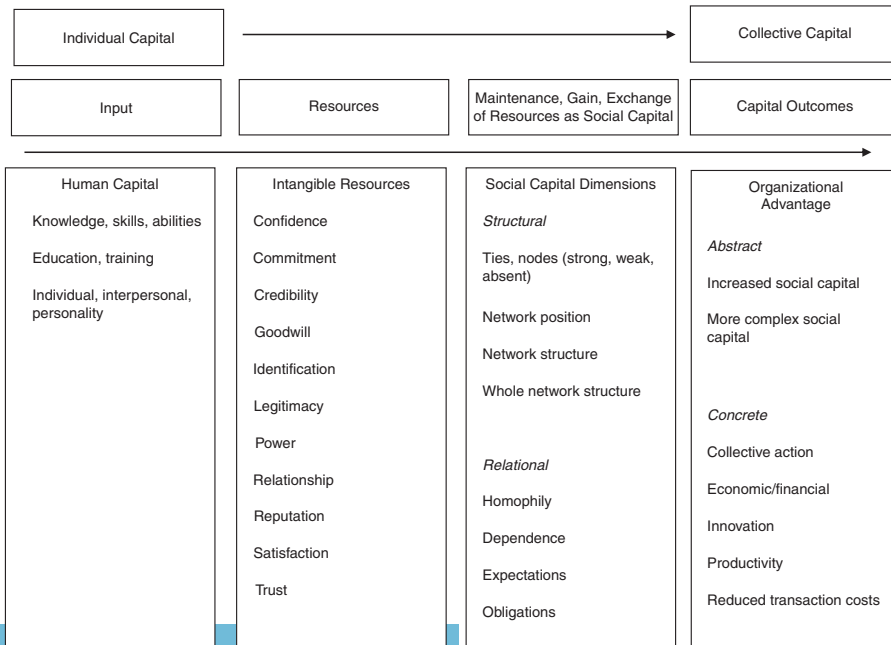


Figure 1. A social capital theoretical approach to public relations

hold value, but have no physical existence. Intangibles may include management credibility, innovativeness, ideas, brand identity, reputation, customer loyalty, trust, ability to attract talented workers, access to networks, research, leadership, social and environmental responsibility, and so on (Dean and Kretschmer, 2007; Funk, 2003; Lev, 2001; Luoma-aho *et al.*, 2012; Roberts *et al.*, 2003). Low (2000) developed a list of nine intangible categories that lead to competitive advantage for organizations: innovation; quality; customer relations; management capabilities; alliances; technology; brand value; employee relations; environmental and community issues. Kaplan and Norton (2004) claimed that intangibles are valuable only when aligned with organizational strategy and goals, and Luoma-aho *et al.* (2012) posed that intangible resources serve as social capital for organizations that impact organizational success over the long term. In other words, intangibles can be viewed as capital because organizations are able to invest in them with anticipated returns. Like other forms of capital, intangibles are a long-lived asset with expected, but uncertain, returns. Also like other forms of capital, intangibles complement and enable the accumulation of other types of capital. However, as public relations scholars are aware, intangibles are difficult to demonstrate as organizational advantage for management in a way that is aligned with traditional evaluations of goals and objectives (Hon, 1998; Roberts *et al.*, 2003; White and Vercic, 2002).

Greco *et al.* (2013) claimed that existing business scholarship falls short of holistic approaches that consider the interdependencies between intangible and tangible resources, and Carmeli and Tishler (2004) argued that attempts at applying traditional accounting measures are erroneous in failing to recognize that intangible resources create value through interactions with other resources. Greco *et al.* (2013) separated the intangibles category into two subcategories: a knowledge category (e.g. human resources tacit knowledge or “know-how”) and a relationships category, termed “social capital,” with internal and external stakeholders. This approach is demonstrative of the conceptual divergence of intangibles and social capital, where social capital serves as one category of intangible resources. Human capital, for example, may best be managed by human resources departments. The current conceptualization argues that public relations professionals are those best able to manage intangible resources that can serve as social capital for organizations. Taylor (2011) stated, “public relations enable organizations to create and maintain relationships that ultimately help the organization to achieve desirable goals. How do we do this? By building relationships that are strategic mechanisms for acquiring, exchanging, or maximizing the use of resources.”

The outcomes of public relations professionals work are almost always theorized as intangible resources, although scholars within the discipline rarely refer to them as such. Public relations scholarship focuses on outcomes such as reputation (Hutton *et al.*, 2001; Stacks *et al.*, 2013), trust (Kazoleas and Teven, 2009; Kent and Taylor, 2002), credibility (Aronoff, 1975; Stacks, 2011), legitimacy (Heath, 2006; Merkelsen, 2011; Waymer and Heath, 2014), commitment (Hon and Grunig, 1999), satisfaction (Hon and Grunig, 1999), power (Smudde and Courtright, 2010), and so on. And that is to say nothing of the dominant body of literature on relationships (Coombs and Holladay, 2015; Hon and Grunig, 1999; Ledingham, 2003; Ledingham and Bruning, 1998). Public relations scholars have argued that intangibles serve as the primary outcomes of public relations work (Stacks, 2011), and these intangible resources can serve as social capital for organizations (Sommerfeldt and Taylor, 2011) that impact organizational success over the long term (Luoma-aho *et al.*, 2012). When intangibles are exchanged for outcomes, they serve as social capital for organizations.

Social capital theoretical approaches

Social capital finds its origins in sociology. Contemporary approaches to social capital evolved from the founders of the concept: Bourdieu, Burt, Coleman, Granovetter, Putnam, and Lin. Despite differences of approach, Lin (2001) stated that the premise behind each approach is “rather simple and straightforward: investment in social relations with expected returns in the marketplace” (p. 19). Social capital is broadly understood in comparison to other forms of capital that provide value for organizations: physical and financial capital refer to tangible indicators (e.g. buildings and earnings); human or cultural capital refers to knowledge that can be passed-on to enhance success; and social capital refers to networks of relationships and the resources inherent within them. Social capital stems from a mixture of social and economic approaches to understanding capital; that is, resources to be used as a form of exchange (Adam and Roncevic, 2003; Portes, 1998). The overarching idea of social capital is that just as physical capital (a hammer, for example) and human capital (a college education, for example) can facilitate productivity toward goal achievement, so too can social resources facilitate outcomes. Portes (1998) identified that the intangible nature of social capital, in comparison to other forms of capital, is a primary feature for differentiation.

Bourdieu (1986) is credited as pioneering what were the first systematic examinations of social capital. He defined social capital as “the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition” (pp. 248-249). In a Marxist tradition, Bourdieu’s approach focused on power and class relations. Coleman, on the other hand, approached social capital from rational choice theories, an economic-social model where peoples’ motivations are central to understanding their actions. Actions ultimately drive social – and thus, economic – phenomena. Coleman (1986, 1988, 1990) examined social capital as it related to both human capital and collective action. Coleman’s work was largely influenced by economist Ben-Porath (1980) who developed the “F-connection,” that is, families, friends, and firms as a source of impact for economic exchange and by Granovetter (1985) who discussed the neglect of economists to identify the salience of personal relationships to the exchange process or what he termed “embeddedness” to include trust, expectations, and norms. The concept of social capital was subsequently popularized by US mainstream media and in the general public by the publication of Robert D. Putnam’s (1995) article and consequent (2000) book, *Bowling Alone: The Collapse and Revival of American Community*. Putnam’s conceptualization paralleled Max Weber’s (1930) thesis that participation in religious groups impacted economies. Putnam also drew from Coleman, but expanded those ideas to threaten that the collapse of participation in social structures – PTAs, church, political parties, and bowling leagues — negatively impacted the health, safety, and well-being of society. Media effects scholars were quick to challenge Putnam’s assumption that increased time spent with media was a leading contributor to the disintegration of interactions that reinforced and created collectives. It was at this time that communication scholarship was first positioned within conversations of social capital (Kikuchi and Coleman, 2012). Within the past 20 years, the application of social capital theory has increased substantially in communication scholarship.

In 1982, Lin conceptualized the central role of “social resources” for the development of social capital theory. Lin explained that in addition to personal resources (to include physical and human capital), individuals can obtain and use social resources; that is, “resources accessed through an individual’s social connections,” and “depending on the extensity and diversity of their social connections, individuals

have differential social resources” (Lin, 2001, p. 21). In other words, within social structures, both formal such as organizations and informal such as friendships, are resources to which value is prescribed by those in the collective. Resources are tangible and intangible. They can be gender, knowledge, wealth, material goods, reputation, power, lifestyle, social networks, and so forth. “We define social resources as those resources accessible through social connections” (Lin, 2001, p. 43), and “when resources are being invested for expected returns in the marketplace, they become social capital” (Lin, 2001, p. 55). Bourdieu (1986) argued that investment in social relations with expected returns need not be a conscious effort, but can occur at an unconscious level.

Researchers conceptualized social capital within various applied contexts. The emphasis on social factors, relationships, communication, and economic outcomes is appealing to many disciplines, but provides a particularly good opportunity for public relations theory building. The burgeoning public relations literature primarily addresses social capital in three ways, though these categories are neither exhaustive, nor mutually exclusive: social capital accrues for use by organizations (Dodd *et al.*, 2015a; Fussell *et al.*, 2006; Hazleton and Kennan, 2000; Kennan and Hazleton, 2006); social capital impacts community and civil society (Luoma-aho, 2009; Sommerfeldt, 2013a, b; Sommerfeldt and Taylor, 2011; Taylor, 2000a, b, 2009; Taylor and Doerfel, 2003; Willis, 2012); and social capital represents power and resource differentials (Edwards, 2006; Ihlen, 2002, 2005, 2007). According to Dodd *et al.* (2015a), “Social capital has the ability to serve as a natural extension of public relations scholarship because of the theoretical emphasis practitioners and scholars have placed on measuring the value of intangible (e.g. relationship, reputation, and trust) and tangible (e.g. financial profitability) outcomes of public relations activities” (p. 473). In a public relations-specific definition, Kennan and Hazleton (2006) defined social capital as “the ability that organizations have of creating, maintaining, and using relationships to achieve desirable organizational goals” (p. 322). In forwarding a public relations-specific conceptualization of social capital, this paper pulls most heavily from Lin’s (2001) social capital theoretical approach. Ihlen (2005) explicitly noted that Lin’s meso-level approach best lends itself to the advancement of public relations theory, as opposed to micro- and macro-level approaches (individual and societal, respectively).

A social capital theoretical approach to public relations

According to the social capital theoretical approach proposed here, both structural and relational dimensions are important for understanding actions that are taken toward the maintenance and gain of resources. Although segregated here for discussion, these dimensions interact in essential and meaningful ways. Four propositions comprise the theory development, culminating in a social capital theoretical approach to public relations: as the central management function of their positions, public relations professionals have expertise appropriate for managing intangible resources as social capital (*P1*); are structurally situated in a unique position within networks (*P2*); where relational interactions lead to differential resources (*P3*); and take strategic actions aimed at social capital maintenance and gain for the achievement of organizational goals (*P4*). These propositions are offered alongside a conceptualized social capital model of public relations (see Figure 1). The model and relevant propositions move from human capital to social capital to organizational advantage, building connections to public relations based on the larger bodies of social capital scholarship. The combination of *P1-P4* forms the overarching social capital theory for public relations.

Theory development

Human capital proposition

First, it is proposed here that public relations professionals have expertise, knowledge, training, and education appropriate for maintaining, gaining, and exchanging intangible resources as social capital. This proposition is twofold in its argument: public relations professionals hold specific expertise that serves as human capital input for their organizations; and that expertise results in intangible organizational outcomes to be managed as social capital. Human capital refers broadly to the knowledge people possess that can be leveraged for the achievement of goals. Research widely acknowledged that the human capital of individuals contributes to competitive organizational advantages at the collective level, often termed “intellectual capital” (Nahapiet and Ghoshal, 1998). The public relations professional acquires knowledge in strategic communication and relationship management, among other areas that subsume technical skills components. Kennan and Hazleton (2006) explained that communication facilitates the accumulation of social capital within an organization based on the successful creation, maintenance, and utilization of relationships. Sommerfeldt and Taylor (2011) referred to social capital as public relations *raison d'être* (p. 199). The gold-standard accreditations for the public relations profession – accreditation in public relations and the chartered institute of public relations – outline specific knowledge, skills, and abilities for professionals. University public relations programs may adhere to the commission on public relations education’s proposed standards for education. These accreditations and standards represent the unique knowledge inputs that public relations professionals bring to organizations.

Public relations expertise in the form of human capital is linked to intangible resources for organizations. As a specific case in point, Coombs and Holladay (1996) showed that when organizations communicated concern for victims during crisis, there was less reputational damage than when responses lacked an expression of concern. Coombs and Holladay (2006) found that a prior positive reputation served as a halo to protect organizations during a crisis. They stated, “an organization with bountiful reputational capital can afford to spend or lose some capital in a crisis and still maintain a strong, favorable post-crisis reputation” (p. 123). Effective human capital in the forms of strategic communication and relationship management impacted reputation. Similarly, Taylor and Kent (2014) claimed that public relations professionals should be trained in how to facilitate dialogue with stakeholders for the creation of social capital. The human capital proposition claims that public relations professionals have specific and identified competencies that have the potential to serve as assets to the organization. These competencies facilitate intangible resources that are capable of being invested and used as social capital on behalf of their organizations.

Although the human capital concept is well-developed in extant literature, this paper uncovered only a few discipline-specific studies addressing human capital. For example, among a sample of 150 public relations professionals in Taiwan, Chen (2011) concluded that the human capital dimensions (level of education, content of education, and hours worked) were not significant predictors of an objective measure of career success (compensation). This evidence suggested education and input did not positively predict success in the profession. On the other hand, Dodd *et al.* (2015a) found significant differences in social capital-related behaviors between those performing the manager vs technician roles of public relations. Yang and Taylor (2013) developed a public relations professionalization index to measure public relations development on an international level. The researchers found that public relations education in

particular had a strong and significant impact on social capital as measured by the world values survey dimensions (trust and associations). There is clearly much opportunity for research about human capital in public relations, particularly with respect to its link with social capital. The various dimensions prescribed to human capital (e.g. education, career tenure, current rank, motivation, etc.) are likely to find a strong foundation in existing public relations roles (Broom and Dozier, 1986) and pedagogical research.

Human capital may also include individual, interpersonal, and personality variables for professionals. Luoma-aho *et al.* (2012) argued that psychological flexibility (i.e. the flexibility and open-mindedness of individuals) aided in the development of intangible organizational resources. Dodd (2011, 2014) found that emotional intelligence accounted for significant differences in promotion for public relations professionals when controlling for other variables. The public relations roles research again offers several opportunities for research with regard to demographic variables that may impact success in resource management. Early sociological recognition of the relationship between human capital and social capital focused on family, gender, and race. Loury (1977) stated, "the merit notion that in a free society, each individual will rise to the level justified by his or her competence conflicts with the observation that no one travels that road entirely alone" (cited in Portes, 1998, p. 176). Loury touched on the concept of social capital here: the social context provides (or fails to provide) opportunities for human capital generation.

Many scholars have debated the relationship between social capital and human capital, focusing particularly on educational performance and career status attainment (e.g. promotion) as the outcome variables of interest. Early research suggested that social capital produces human capital. Coleman's (1988) seminal work in educational outcomes of social capital demonstrated that despite the economic and cultural capital invested in students by their families (thus, becoming human capital for the students), the lack of social capital in the form of investment in the parent-student relationship resulted in higher high school drop-out rates. In other words, better human capital was created when social capital between parents and students was present.

Researchers also argued that human capital produces social capital. Lin (2001) noted that individuals with higher education and more training are more likely to belong to social groups with richer resources. Researchers demonstrated significant impacts of social capital on occupational performance (Burt, 1992; Lin *et al.*, 1981; Marsden and Hurlbert, 1989; Moran, 2005; Tsai and Ghoshal, 1998). For example, Boxman *et al.* (1991) concluded that social capital had a significant and substantial impact on compensation, net of both human capital and position level. They posed that social capital influences human capital at any level of human capital, but human capital does not have a significant impact at the highest levels of social capital. In other words, given certain minimum levels of human capital and social capital, social capital is the more important factor (Lin, 2001). Glaeser *et al.* (2002) described the relationship between human capital and social capital as "one of the most robust empirical regularities in the social capital literature" (p. 455). Field (2008) concluded that even if the relationship pattern between human and social capital is not well understood, it is clear that there is a close relationship between the concepts. In their seminal study, Nahapiet and Ghoshal (1998) sought to conceptualize how social capital impacted the development of intellectual capital within organizations. The researchers ultimately concluded that a feedback loop is present, and that it is

the co-evolution of human and social capital that underpins organizational competitive advantage. *PI* is detailed as follows:

- P1.* Human capital proposition: public relations professionals have expertise, knowledge, training, and education appropriate for maintaining, gaining, and exchanging intangible resources as social capital. Individual, interpersonal, and personality variables also contribute to success in resource management.

Structural proposition

Next, it is proposed here that the public relations professional is uniquely situated within social structures for the management of intangible resources. The structural and relational dimensions of social capital overlap in meaningful ways, but are segregated here for clarity. (Indeed, the mere fact that a structural tie exists implies a relationship). The structural dimension is defined by the presence and pattern of collectives, while the relational dimension is defined by the extent of interaction that arises from shared sentiment, obligations, and expectations. Social structures refer to both formal and informal organizations (e.g. corporations, voluntary associations, social networks, etc.). The structure of collectives is perhaps best visualized through network analysis methods; however, the literature rarely characterizes social structures in the same way. For example, social structures are categorized by degrees of hierarchy, strength of ties, positions of authority, and so on. The structure of organizational collectives is either internal- or external-facing (or both). Social capital approaches have identified connections within, between, and among collectives. Internal structures refer to the distribution of resources within the organization; whereas, external structures refer to the distribution of resources between organizations and stakeholders. Researchers most recently argued for multi-level, nested model approaches (Gedajlovic *et al.*, 2013; Payne *et al.*, 2011). Gedajlovic *et al.* (2013) explained, “social capital perspectives, along with the data utilized to examine social capital phenomena, are inherently nested – individuals within groups, groups within organizations, organizations within networks” (p. 467). For example, Sommerfeldt and Taylor (2011) used a network analysis of a government agency in Jordan to demonstrate that the effectiveness of social capital generation with external stakeholders was dependent upon the individual- and organization-level social capital of public relations professionals. In other words, competitive advantage can be created externally by multiple levels of internal social capital. Leana and Van Buren (1999) highlighted the relevancy of multiple levels of social capital through the potential benefits that accrue in the form of public or private goods (benefits to the collective or individual, respectively). They stated:

Models of social capital might initially appear irreconcilable because they operate from different assumptions about individuals and organizations. [...] The two need not be in conflict if properly managed. For example, newly formed organizations must create organizational social capital where none exists. If individuals within such organizations operate solely according to a private goods model of social capital, it is unlikely that the organization will be able to build a sufficient stock of social capital to make successful collective action possible. However, if individuals act in ways that enhance organizational social capital, secondary benefits will accrue to them as well (pp. 540-541).

Despite the possibility of identifying multiple co-occurring levels of social capital (see Gedajlovic *et al.*, 2013 for example), this paper focused on how individual-level

human capital input has the potential to impact organizational collective social capital and relevant advantages. Here, the structural and relational dimensions of social capital generally refer to the external process between organization and stakeholder collectives, managed by public relations professionals.

Network theorists Granovetter (1973, 1985) and Burt (1992, 1997) specifically characterized social structures with regard to network ties. Network ties are the fundamental proposition of a structural dimension of social capital; that is, access to resources provided as a result of connections. Where ties are present, there is access and opportunity for valued resources. A network tie for public relations conceptualization of social capital consists of the public relations professional's connections to collective stakeholder groups, regardless of whether ties are internal or external; personal or professional. In any of these cases, ties can be leveraged for social capital on behalf of the organization. The concept of appropriable organization poses that social capital created in one context can be used in another (Coleman, 1988).

Ties, according to Granovetter (1973) are either strong, weak, or absent. Strong ties are those related to bonding capital (i.e. individuals in close relationships) (Putnam, 2000) where available resources embedded in networks are similar (Lin, 2001). On the other hand, weak ties are those related to bridging capital (i.e. individuals who are loosely connected) (Putnam, 2000) where available resources embedded in networks are diverse (Lin, 2001). Granovetter (1973) argued that potential resources within close ties are more efficiently reinforced or maintained, making them most desirable. Burt (1992) argued, however, that sparse networks with fewer redundant ties offer more benefits because of the diversity of potential resources. In other words, within close networks, available and potential resources are redundant and, therefore, not as desirable. In examining the social structure of competition, Burt argued that an individual's location in a social network creates a competitive advantage to be used to some benefit. He identified "structural holes" between social networks that could be "bridged" by the individual to access more diverse resources. For example, A is connected to B, and B is connected to C, but A has no direct ties to C. Thus, B has the advantage of filling the structural hole between the differential resources owned by A and C.

In a review of the management literature, Phelps *et al.* (2012) identified three structural features that exist among ties or "nodes" in a network: network position; network structure; and whole network structure. Depending on the level of analysis, nodes are individuals or collectives, organizations or departments, and so on. Network position is the location of a node, relative to other nodes. Network structure is the pattern of ties within a node's own collective; whereas, whole network structure is the pattern of ties among all nodes in an identified population of collective groups. Adler and Kwon (2002) noted that there is no universally beneficial structure; rather, the impact of structure is contingent on the desired resource-based goals.

Here it is posed that public relations professionals are advantageously positioned for the management of intangible resources between an organization and its stakeholders. Daft (1989) first examined and termed the individual who links people within organizations: the "boundary spanner." The concept was extended to examine the role of public relations within an organization. Grunig and Hunt (1984) conceptualized how public relations professionals fulfill the boundary spanner role both internally and externally between organizations and stakeholders. The public relations professional is a boundary spanner because of the structural position they inhabit in the conceptual distribution of resources between organizations and stakeholders, as well as in a literal organizational hierarchy of resources. In other words, public

relations' unique position – interests in outcomes for both the organization and its stakeholders – affords the opportunity to manage resources embedded in various structures. Public relations professionals also operate within an actual organizational hierarchy of differential resources. Lin (2001) argued that those who are structurally located closer to a bridge among different collectives have the most potential for gaining new resources; whereas, those who are structurally located as central nodes in a collective have the most potential for maintaining existing resources. Yang and Taylor (2015) proposed specific circumstances under which public relations professionals employed strategies and tactics aimed at strong, weak, or mixed ties between organizations and stakeholders. The public relations position is structured to both gain and maintain intangible resources among stakeholders who have both strong and weak ties to the organization. Actions aimed at resource maintenance or gain are defined by the goals of the collectives involved in interaction. *P2* is restated:

- P2*. Structural proposition: embedded in structures of stakeholders are resources to be exchanged as social capital. Public relations professionals are uniquely situated for the management of intangible resources.

Relational proposition

The public relations professional, in performing the role of boundary spanner, may serve as a representative for the organization to stakeholders or stakeholders to the organization. Therefore, the unique boundary-spanning role of the public relations professional represents interests in outcomes for both the organization and stakeholder collectives. Whereas the structural dimension is defined by the presence and pattern of collectives, the relational dimension is defined by the extent of interaction between organizations and stakeholders that arises from shared sentiment, dependence, obligations, and expectations. Principles of homophily and norms of reciprocity guide the relational dimension of social capital.

The principle of homophily refers to the tendency of individuals to engage in interactions with those who are similar to them in age, gender, class, roles, education, beliefs, values, and so on. In short, similarity breeds interaction. The extent of similarity in sentiment also links individuals within collectives in shared resources. When there is similarity in values and beliefs within a collective, there is also similarity in resources. Thus, the extent of shared sentiment and resources create homophilous and heterophilous interactions when the professional serves as boundary spanner. For example, a homophilous interaction is with a supportive stakeholder group, who have sentiments and resources that are aligned with the organization. In other words, in a homophilous interaction, stakeholders support the organization's right to exist and operate (e.g. legitimize) and hold positive perceptions and intentions toward the organization (e.g. trust, reputation, and credibility). Alternatively, a heterophilous interaction is with an opposing activist group, who have sentiments and resources that are not aligned with the organization. Stakeholders do not support the organization's right to exist and operate, nor do they hold positive perceptions and intentions toward the organization. Depending on the context of interaction, various stakeholder groups may simultaneously have homophilous and heterophilous interactions with the organization. The resource-based goals of the organization, as well as the goals of the stakeholder groups that interact with the organization, determine the context of interaction. Taylor and Kent (2014) posed that dialogic interaction ("engagement") underlies much of the relational

research in public relations. They argued that through engagement, organizations, and stakeholders can make decisions that create social capital.

In addition to homophilous-heterophilous interactions, extant research posed that the relational dimension of social capital includes dependence, obligations, and expectations. Dependence refers to the extent to which the organization is dependent upon the stakeholders (and vice versa). For example, employees who are dependent upon a local factory for jobs have different interactions with the organization than do consumers of the company's products. Obligations and expectations were originally defined by Coleman (1990) and are commonly included within a relational social capital dimension (Nahapiet and Ghoshal, 1998). Norms of reciprocity guide A to do something for B, trusting that B will reciprocate in the future. These "credit slips" establish expectations by A and obligations for B. In other words, norms of reciprocity suggest that when organizations invest in intangible resources such as trust, the organization expects that stakeholders will reciprocate, perhaps in the form of reputational endorsement or referral, for example.

Theories of organization-public relationships may offer additional insight into the conceptualization of a relational dimension of social capital. Researchers argued for a redefinition of public relations as relationship management (Broom *et al.*, 1997). Indeed, Broom *et al.* (1997) argued early-on that relationships be grounded in properties of resources, shared goals, and exchange. Excellence theory (Grunig, 1992) and relationship management theory (Ledingham and Bruning, 1998) in public relations both position relationships as central concepts or outcomes for study. Close, communal relationships are privileged in existing research where interpersonal variables such as control mutuality, trust, commitment, and satisfaction serve as dimensions of the relationship. The relationship demonstrates the value of public relations (Hon and Grunig, 1999; Huang, 2001). Notably, however, researchers have criticized current relationship-based theory in public relations (Coombs and Holladay, 2015; Dodd *et al.*, 2015b; Heath, 2013; Waymer and Heath, 2014) for its placement of value on close relationships that may not reflect reality. Coombs and Holladay (2015) argued that more one-sided interactions or relationships (termed "parasocial interactions") offer a more accurate concept for study. The authors cite Granovetter's (1985) strength of weak ties as particularly relevant. A single valuation of close relationships as ideal may not be appropriate, and it is argued that there is room – and even a necessity – for alternative theory development. In the social capital theoretical approach to public relations proposed here, relationships are differentially defined in interaction (what is), not outcome (what is desired). P3 is restated:

- P3. Relational proposition: the extent of interaction between organizations and stakeholders is defined by shared sentiments and resources, dependence, obligations, and expectations. Various interactions give rise to differential resources.

Strategic management proposition

To summarize the theoretical concepts proposed thus far: the public relations professional is most suited through human capital and has the most opportunity through structural location to manage intangible resources embedded in relational interactions. Lin (2001) noted that interactions are both rational and motivated toward goal attainment. Portes (1998) stated, "social networks are not a natural given and must be constructed through investment strategies oriented to the institutionalization of group relations, usable as a reliable source of other benefits" (p. 3). In other words, here

it is proposed that public relations professionals engage in goal-directed (strategic) actions for intangible resource management on behalf of their organizations. Adapted from Lin (2001), Table I identifies that when a professional is managing resources on behalf of the organization, the organization may share sentiment and resources with the stakeholders (homophilous interaction) or may not (heterophilous interaction). The resource-based goals of the organization, as well as the goals of the stakeholder groups that interact with the organization, guide interactions. Table I details homophilous-heterophilous interactions that form the basis for how these interactions may be related to specific actions and outcomes. This is an oversimplified representation of interactions that in actuality operate on a continuum from homophilous to heterophilous and are context-specific. Similarly, the extent of effort in action and return-on-investment for outcomes are more accurately expressed along a continuum from low to high. For the sake of clarity, Table I expresses these variables categorically.

According to Lin (2001), expressive actions are aimed at “maintaining one’s resources, which requires recognition by others of one’s legitimacy in claiming property rights to these resources or sharing one’s sentiments. [...] The expected response is primarily expressive: acknowledging property rights or sharing sentiment” (p. 45). On the other hand, instrumental actions are those with “the motive to seek and gain additional valued resources that hope to trigger actions and reactions from others leading to more allocation of resources” (p. 46). In other words, collectives are motivated to either maintain or gain resources in purposive action. Actions directed toward the maintenance of existing resources are termed expressive actions; whereas, actions directed toward the gain of new resources are termed instrumental actions. Because homophilous interactions occur most readily – where sentiments and resources are shared – maintenance of resources is the primary motivation of interaction, and expressive actions are the primary form of action (Lin, 2001).

Expressive actions in public relations include maintaining resources, such as a positive reputation for equality, and instrumental actions in public relations include gaining new resources, such as establishing credibility for organizational leadership. Public relations professional may use specific strategies or tactics to maintain the reputation of the organization as a proponent of equality; whereas, different approaches may be used to gain credibility for organizational leadership on the topic of environmental sustainability, for example. When paired with homophilous-heterophilous interactions, the effort and return-on-investment for resources is conceptualized for public relations professionals performing a boundary-spanning role.

For homophilous interaction, there is a low effort/high return for maintaining resources and a low effort/low return for gaining resources. The effort required is low

	PR professional on behalf of organization	PR professional on behalf of stakeholders
Homophilous interactions	Public shares sentiment, resources	Organization shares sentiment, resources
Heterophilous interactions	Public does not share sentiment, resources	Organization does not share sentiment, resources
Maintaining resources (expressive actions)	Homophilous: low effort/high return Heterophilous: high effort/low return	
Gaining resources (instrumental actions)	Homophilous: low effort/low return Heterophilous: high effort/high return	

Table I.
Boundary-spanning
role of professional
for social capital
interaction, action,
and return-on-
investment

for both expressive and instrumental actions because the principle of homophily provides that these interactions are most likely to occur by way of shared sentiment and resources. The return is high for maintaining resources because the outcome – maintenance of the resource – is readily achieved in homophilous interaction. For example, a company's already positive reputation for equality among same sex marriage supporters is maintained by communicating support or sponsorship of a relevant nonprofit group. For instrumental actions, however, the return is low for gaining resources because the very nature of homophilous interactions suggests a similarity in resources. In other words, the new resources obtained are not so far divorced in type or value from those the organization already owns. For example, the company already has a positive reputation among same sex marriage supporters and, therefore, the resource obtained is similar to that already owned.

For heterophilous interactions, there is a high effort/low return for maintaining resources and a high effort/high return for gaining resources. Heterophilous interactions require greater effort than homophilous interactions. Interactions occur with a dissimilar other, and the likelihood of reciprocation may be low. The effort, then, is high for both expressive and instrumental actions. For expressive actions the returns are low because the nature of heterophilous interactions is a difference of resources, so the maintenance of current resources offers little to a collective that already has limited or unvalued resources. For example, communicating support for same sex marriage may result in the maintenance of a negative reputation among an anti-same sex marriage activist group (a collective that lacks shared sentiment with the organization). Considering the goals of the organization, the reputational resource among this collective may also not be considered a valuable resource. Therefore, the return is low for expressive action.

On the other hand, the return for instrumental action is high when an organization is given access to more diverse and valuable resources through heterophilous interactions. Gaining reputational endorsement from an anti-same sex marriage activist organization is a diverse resource, not previously owned by the organization. Again though, whether or not that resource is desired by the organization is specific to the goals of the organization.

The strategic management proposition suggests that public relations professionals engage in goal-directed behaviors surrounding the management of intangible resources that can serve as social capital for the organization. Different levels of effort and return are theorized based on the extent of homophily for interactions and resource goals. Goal-directed behaviors are primarily communicative in nature. Hazleton and Kennan (2000) outlined a communicative content dimension of social capital, and Taylor and Kent (2014) suggested that dialogue facilitates social capital for organizations. Hazleton (1998) proposed that organizations have two primary communication goals: instrumental and relational. Hazleton and Kennan (2000) argued that "public relations is directly involved in the achievement of relational goals and that the achievement of relational goals is frequently necessary for the achievement of instrumental goals" (p. 83). In short, the strategic management of intangible resources by public relations professionals is related to the achievement of more tangible organizational outcomes. It is these resource-based outcomes of public relations that are discussed as follows:

- P4.* Strategic management proposition: public relations professionals engage in goal-directed behaviors surrounding the maintenance and gain of intangible resources that can serve as social capital for organizations. Actions aimed at maintaining resources are the primary forms of action, defined as expressive actions. Actions aimed at gaining resources are defined as instrumental actions.

Organizational advantages

When intangible resources are invested or exchanged for expected returns, they become social capital (Lin, 2001). Intangible resources, exchanged as social capital on behalf of organizations, create competitive organizational advantages. Research has demonstrated a variety of organizational advantages that range from “the highly concrete to the highly abstract” (Hazleton and Kennan, 2000, p. 84). Like other forms of capital, social capital can contribute to the accumulation of more social capital, is convertible, and can substitute or complement other resources (see Adler and Kwon 2002 for a full review). Putnam (1993) explained, “stocks of social capital, such as trust, norms, and networks, tend to be self-reinforcing and cumulative. [...] As with conventional capital, those who have social capital tend to accumulate more – them as has, gets” (p. 4). In other words, trust is exchanged for reputation; credibility for legitimacy; trust for increased trust; reputation for financial gain; and so on. Increased or more complex forms of social capital are a key outcome for a public relations approach to social capital theory building (Hazleton and Kennan, 2000), but do not preclude the tangible benefits of social capital.

Other organizational advantages of social capital are more tangible in nature. Bourdieu (1986) argued, “every type of capital is reducible in the last analysis to economic capital” (p. 253). Hazleton and Kennan (2000) stated, “expenditures of social capital via communication can result in increases in organizational advantage: productivity, efficiency, quality, customer satisfaction, net asset value, stock value, etc.” (p. 84). Research has found a positive relationship between social capital and financial performance of firms (Stam *et al.*, 2014), reduced transaction costs (Fukuyama, 1995; Fussell *et al.*, 2006; Hazleton and Kennan, 2000), intra-organizational resource exchange (Tsai and Ghoshal, 1998), customer and employee loyalty (Bates, 1994; Krackhardt and Hanson, 1993), and innovation (Gabbay and Zuckerman, 1998; Ichniowski *et al.*, 1996), among others. However, because no single definition of social capital exists, no single measure has demonstrated the benefits it facilitates. Most measures are proxies for social capital, which makes it difficult to establish a clear link among and between intangible and tangible outcomes. Field (2008) stated, “yet if we lack robust evidence to demonstrate that social capital is generally related to growth rates, there is enough to suggest that there may be specific conditions under which it is an important part of the explanation. The possibility of a relationship should certainly not be ignored” (p. 63). A growing body of social capital theory building research contributes to our understanding of its benefits.

Here it is argued that the organizational benefits of social capital are both intangible and tangible. Intangible resources are brokered as social capital by public relations professionals for the achievement of organizational competitive advantage. The process of exchange is contextual, structural, relational, and strategic. The conceptualization of intangible resources as capital brokered by public relations professionals offers both an ontological argument for the discipline as well as a step toward engagement in outward-facing academic discussions about organizational resource management and capital outcomes.

Discussion

The aim of this paper, however seemingly bold, is in reality quite modest. The aim was to use an open-systems approach to theory building where intangible resource management served as the focal concept of importance. An ontological argument based in the integration of sociology, business, and public relations scholarship was

proposed alongside a conceptualization of social capital theory for public relations. The overarching public relations proposition for a social capital theoretical approach is restated here:

As the central management function of their positions, public relations professionals: have expertise appropriate for managing intangible resources as social capital; are structurally situated in a unique position within networks where relational interactions lead to differential resources; and, take strategic actions aimed at social capital maintenance and gain for the achievement of organizational competitive advantage.

Each of four propositions were suggested, supported by broader fields of scholarship and inward-facing public relation scholarship, and conceptualized to form a social capital theoretical approach to public relations.

The social capital model of public relations proposed by this paper is conceptual; however, there are several areas where empirical analyses could provide support and advance theorization. The proposed social capital model opens up the possibility of formulating a variety of empirical questions and hypotheses about public relations' role in organizations and society. An initial step was taken in positioning the public relations professional in a resource management role, offering an ontology for the discipline, and bridging the gap between intangible and tangible organizational advantages that arise from public relations efforts. This may similarly bridge the gap between public relations and management, allowing for more inclusive paradigm building and the opportunity to engage in larger academic discussions.

Despite theoretical support and empirical evidence through proxy measures, it is important to note that an inherent problem with intangible resources to be used as a form of exchange is that it is difficult to measure the resources and processes (maintenance, gain, and exchange) that give way to organizational advantages. It is more challenging to examine the exchange of trust, for example, in regards to consumer purchasing behavior than it would be to measure the exchange of purely tangible resources (money exchanged for a product, for example). It is even more problematic to measure the exchange of trust for more complex forms of social capital such as a greater degree of credibility or reputation, for examples. Fortunately, the measurement of intangibles has begun to receive substantive attention from management scholars (Basso *et al.*, 2015; Gu and Lev, 2011). Although it is beyond the scope of this paper, scholars have begun to measure and report the value of intangible resources in accounting documents. The timing has never been better to position public relations' scholarly knowledge within more theoretically and empirically developed disciplines.

An important and initial step toward this is in refining and strengthening the propositions reasoned in this paper. Public relations researchers should specifically refine and test: human capital inputs; the relationship between human capital and social capital, as well as human capital and organizational advantage; the interaction of the structural and relational dimensions of social capital; intangible resources that serve as social capital for organizations; processes of maintenance, gain, and exchange of resources; and the relationship between social capital and organizational advantages. These are the meta-concepts for a social capital theory building agenda. Each individual proposition also lends itself to multiple areas for further examination.

In the human capital proposition, public relations professionals have specific expertise appropriate for managing intangible resources. Research may seek to examine how a variety of human capital dimensions are related to intangible resources that arise from public relations. Attempting to explore the relationship between public

relations and intangible resources, while controlling for the outcomes of other organizational functions, will be the greatest challenge. When public relations inputs are explicitly linked to intangible resources, a basis for the argument that professionals have organizational expertise in this area is established.

In the structural-relational dimension propositions, network analysis methods should be employed, as have been performed in a growing body of social capital and public relations research (Sommerfeldt, 2013b; Wu, 2016; Yang and Taylor, 2015). When the structural components are paired with the relational components proposed in this paper, a more realistic characterization of the organizational role of public relations professionals is informed. Researchers have posed multiple and competing interpretations of social capital dimensions to include a communicative content dimension (Hazleton and Kennan, 2000) and a cognitive dimension (Nahapiet and Ghoshal, 1998), for examples. Yet, at some point, the research need not settle on specific dimensions to move forward, but begin to explain the multiple concepts therein that give rise to more concrete definitions and relationships among and between variables in a public relations context. For example, Yang and Taylor (2015) hypothesized the specific circumstances under which public relations professionals employed strategies and tactics aimed at strong, weak, or mixed ties between organizations and stakeholders. This allows for a bottom-up approach to social capital theory building.

The strategic management proposition suggests that public relations professionals engage in strategic actions aimed at the maintenance or gain of resources. These actions are either expressive or instrumental. A natural step would be to use a quasi-experimental or case study method to identify how communication and relationship strategies are employed by public relations professionals as expressive and instrumental actions in a specified context. Future research should be aimed at classifying or differentiating more clearly the differences between homophilous vs heterophilous interactions that lead to expressive vs instrumental actions among public relations professionals. The circumstances under which specific public relations strategies and tactics are employed would allow for the creation of a taxonomy and hypotheses testing that ultimately generates best practices.

Future analyses should also focus on intangible resources as they are related to one another or serve to impact one another (are exchanged for an increase/decrease in one another) as well as the extent to which each contributes to organizational advantages, specifically tangible resources. The extent to which specific organizational goals and objectives are achieved may be addressed from a case studies approach to this extent. Public relations researchers studying social capital have successfully used case study methods to identify and measure relevant processes (Ihlen, 2004; Sommerfeldt, 2013a,b; Sommerfeldt and Taylor, 2011; Wu, 2016). Longitudinal research within specific organizations would greatly benefit the overall development of social capital theoretical approaches.

Conclusion

The social capital theoretical approach proposed here is important for diversifying the perspectives through which public relations is examined. Ihlen and Verhoeven (2012) argued that it has only been since the early 2000s when the field opened itself to greater theoretical diversity. They stated, “our main argument is that there is a need for public relations to come to terms with itself as a multi-paradigmatic discipline that can demonstrate its academic value, alongside the traditional emphasis on making recommendations for practitioners” (p. 160), and “we maintain that deliberation and

research from different social theory perspectives will lead to a better understanding of public relations practices and the consequences of those practices for society” (p. 162). The social capital approach proposed in this paper benefits public relations scholars, educators, and professionals in offering an ontological argument for the discipline and an answer to the question: why do public relations exist? Because organizations use intangible resources for competitive advantage. Intangible resources as social capital are best managed by public relations professionals. Moving from this argument to specific hypotheses or assertions about public relations and its impact on organizations and society speaks to a rationale for the discipline. As advocates for our discipline, the ability to first define public relations, not by the success of its outcomes, but by the rationality of its existence should be foremost in our thinking. As opposed to theories that begin with how best to practice public relations, the social capital approach allows for a smooth transition from what is to what should be. The consequences of an ontology for public relations realized through social capital theory allow scholars to enter wider academic discussions about resource management and capital; educators to better illustrate meaning and strategy, as opposed to technicalities and tactics; and professionals to have a stronger footing upon which to argue the value of public relations for organizations and society.

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Corresponding author

Melissa Dawn Dodd can be contacted at: melissa.dodd@ucf.edu

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