

# Social capital and job search success: The case of undergraduates in Ho Chi Minh City, Vietnam

Nguyen Van Phuc<sup>1\*</sup>, Nguyen Le Hoang Thuy To Quyen<sup>2</sup>

<sup>1</sup>Ministry of Education and Training, Vietnam

<sup>2</sup>Ho Chi Minh City Open University, Vietnam

\*Corresponding author: nvphuc@moet.gov.vn

ARTICLE INFO	ABSTRACT
<p><b>DOI:</b>10.46223/HCMCOUJS.econ.en.8.2.160.2018</p> <p>Received: July 2<sup>nd</sup>, 2018</p> <p>Revised: July 26<sup>th</sup>, 2018</p> <p>Accepted: August 16<sup>th</sup>, 2018</p> <p><b>Keywords:</b> job satisfaction, job search convenience, job search cost, PLS-SEM, social capital</p>	<p>The literature has proven the positive role of social capital on job search success, but the researchers' community has not been convinced completely because social capital is not always good. Moreover, only certain dimensions of the two latent variables were analyzed in the previous research though they are multidimensional. This paper approached the social capital and job search success multidimensionally by applying Partial Least Square - Structural Equation Model (PLS-SEM) to explore the path that social capital impacts on job search success. The primary data of 400 undergraduates in Ho Chi Minh City, Vietnam were used in the model. The results have confirmed the positive role of bonding social capital and general trust in acquired job quality, job search cost and job search convenience.</p>

## 1. Introduction

The transformation to mass from elite higher education in Vietnam has resulted in an increased number of universities as well as enrolled students. The consequence is a high unemployment rate of undergraduates. Anh and Hayden (2017) referred to the labour market report issued by Institute of Labour Sciences and Social Affairs, 2016 with a jump of undergraduates' unemployment to 115,400 in 2016 compared to 72,000 in 2013. The status was not improved when the latest labour market update no.16 reported the figure of 215,300 in the 4th quarter of 2017.

Ho Chi Minh City has experienced tremendous achievement in economic, cultural and social aspects and becomes the national growth driver. However, the labourers have recently dealt with the serious competition for job acquisition with the highest ratio in the country (1:46) (Navigos, 2017). The competition for undergraduates' job seekers is not an exception.

The solution for this issue is skilling up undergraduates (World Bank, 2013). However, this human capital approach did not completely explain the undergraduates' success in acquiring a job because the human capital theory relies on the assumption of the perfect labour market. Social capital theory is a complement to human capital theory in explaining the different individual job status given the same level of education and skill.

This paper is to approach social capital as an additional resource to the job acquisition success of the undergraduates. The findings are useful for guiding the students to accumulate social capital stock to successfully access the labor market. For the educational institution, a well-prepared means of effective job searching strategy is implied.

## **2. Theoretical background**

Social capital refers to a quality created between people through both offline and online activities. In this paper, three different theoretical approaches: weak ties theory (Granovetter, 1973), structural hole theory (Burt, 2001) and social resource theory (Lin, 1999) are integrated as key explanatory variables for job search success.

### ***2.1. Social capital definition and measurement***

Social capital is a multi-dimensional and contextual concept. This results in various definitions due to different approaches. However, the researchers' community comes to an agreement that social capital is created with networks that facilitate cooperation (Hanifan, 1916). This view was developed by Bourdieu (1986) and Coleman (1988) when clarifying network as a structure of more or less institutionalized relationships as well as emphasizing trust, shared norms and networks as a coordination actions driver in the society.

The individual network resources vary with his or her tie strength (bonding/bridging) and social standing (linking) with the network members. Bonding can boost the consolidation in a closed network but it may, without bridging, cause the interest group and outsiders' exclusion (Portes, 2000). The same issue can be found with linking. A strong linking may benefit the interest groups by favorable funding or regulations, which leads to corruption. Therefore, the combination of social standing with bonding and bridging to form bonding-link and bridging-link besides a traditional way of analyzing social capital as bonding, bridging and linking is innovative and desirable for micro-research on the social capital outcomes (Nguyen & Hoang, 2016). Trust has widely supported as cognitive social capital (Newton, 2001). The two functions of bonding and bridging have led to the popular classification of particular trust and general trust respectively (Stone, Gray, & Hughes, 2004).

Social capital measurement in this study is designed based on the research of Chen, Stanton, Gong, Fang, and Li (2009), and Nguyen and Hoang (2016) to measure social capital at six dimensions: i) bonding, ii) bridging, iii) bonding-link, iv) bridging-link, v) general trust and vi) particular trust. The questions are focused on i) networks size, ii) contact frequency, iii) network resources, iv) reciprocal, v) individual role in the networks and vi) mutual trust (see Table 1).

**Table 1**

Social capital measurement

Dimension		Description
	<b>Social capital</b>	<b>Questions</b>
Network	Bonding (Bond)	1) Rate the routine contact with closed network 2) Help provided to closed network 3) Benefit from closed network
	Bonding-link (Bolink)	Rate the networks resources accessed by individual 1) Position/ role in political entities 2) Position/role in economic entities 3) Reputation/ influences (religious, educational, cultural, social entities)
	Bridging (Brid)	1) Member of sport/art/culture club 2) Group meeting 3) Active role in the group 4) Help provided to the group 5) Benefit from the group
	Bridging-link (Bridlink)	Rate the networks resources accessed by individual 1) Financing support 2) Relationships development 3) Social influences
Trust	Particular trust (Part)	1) Rate the trust to closed network 2) Rate the emotional intimacy 3) Rate the borrowing possibility from the closed network 4) Rate the lending offered to the closed network
	General trust (Gen)	1) Rate the possibility to be supported 2) Rate the reciprocal possibility

Source: The researcher's data analysis

## **2.2. Job search success definition and measurement**

Job seeking time is widely accepted as a criterion for job search success (Brasher & Chen, 1999). This involves the cost aspect of job search success. In general, Saks (2006) considers it a process of job opportunities pursuit involving information collection, evaluation and decision for the expected outcomes: to be interviewed and offered the job position. However, Franzen and Hangartner (2006) argued that this definition ignored the job quality as well as subjective factors such as pressure and difficulties encountered by the job seekers. Therefore, a perfect job search success should comprise the following criteria: i) job search cost, ii) job quality and iii) job-seeking convenience.

Wang (2008) applied the questionnaires on income, promotion, skills training and job satisfaction (1: Yes, 2: No) to measure the job quality. This measure is superior to the traditional evaluation of job quality which is only relied on income measurement, a sensitive question to labourers. However, the Yes/No category scale may largely cause errors. Brasher and Chen (1999) proposed the remedy for this shortcoming when using a 6- point scale for job satisfaction assessment. Recently, OECD (2013) recommended the application of the 11-point scale (0: fully disagree- 10: fully agree) in measuring the subjective evaluation. The previous survey has confirmed the favor of 0-10 scale (Nguyen & Hoang, 2016). In this study, the 11-point scale is used in the job search success measurement with 3 main criteria as detailed in Table 2.

**Table 2**

Job search success measurement

Criteria	Description
<b>Job quality (Job)</b>	<b>Rate the satisfaction on:</b> 1) Income 2) Promotion 3) Skills development 4) Major compatibility 5) Job satisfaction, in general
<b>Job search cost (Cost)</b>	<b>Rate the followings:</b> 1) Job search time 2) Job applications sending 3) Job interviews 4) Job cost, in general
<b>Job search convenience (Conv)</b>	1) rate the personal job search convenience 2) compared to your peers, rate the personal job search convenience 3) job search convenience, in general

Source: The researcher's data analysis

### ***2.3. Social capital and job acquisition success model***

#### ***2.3.1. The strength of weak ties theory (Granovetter, 1973)***

The identification of strong ties is based on the following criteria: i) time devoted to the relationship, ii) emotional intensity, iii) intimacy and iv) reciprocal services. The merits of strong ties are high trust and shared information within the closed networks. Despite the advantage of closed networks, it is an open network that provides new and useful information for job seekers.

#### ***2.3.2. The structural holes theory (Burt, 2001)***

This theory focuses on the pattern of relationships. The structural holes networks offer

at least 3 advantages i) timely access to the information, ii) bargaining power and iii) job opportunities. In the imperfect market, those who own structural holes shall enjoy the favor.

### 2.3.3. The network theory (Lin, 1999)

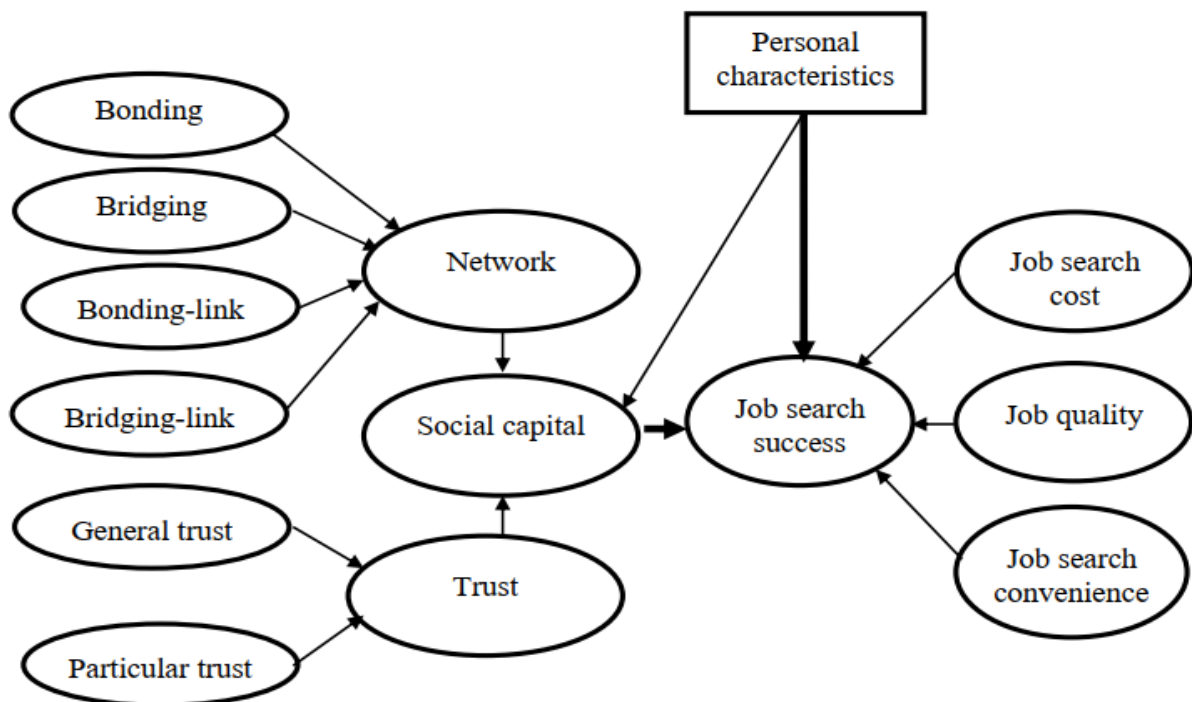
The role of resources embedded in the network is emphasized in this theory. The individual who participates in the network shall enjoy the entire resources. It was empirically proven that the open network with weak ties relationship was the driver of the job search success because it provided the opportunities for each individual to approach the higher position people

In general, the three theories focus on different approaches of social capital to job search success. However, the key explanations for the positive role of social capital to job search success are greater access to information and resources.

In addition to social capital, labour market and personal characteristics shall impact the job search success (Osberg, 1993). In this study, the social capital and personal characteristics of the undergraduates shall be included in the job search success model because of the same labor market, i.e., Ho Chi Minh City is analyzed (see Figure 1).

### 3. Methodology

Qualitative and quantitative approaches are used in designing this research. The results of previous empirical researches and group discussion are fundamental for exploring the social capital and job acquisition success structure as well as the optimal scale of measurement for primary data collection. The pilot survey has been done to confirm the favor of 0-10 scale (11-point scale) and similarity in understanding 3 domains of successful job acquisition and 6 dimensions of social capital.



**Figure 1.** Social capital and job search success model

### **3.1. Data and participations**

The study analyzed the data from the cross-sectional field survey in Ho Chi Minh City, Vietnam in 2017. A structured questionnaire was designed as a data-collecting instrument to take advantage of closed-end questions regarding responses uniformity and easy processing. Participants are the undergraduates from the universities in Ho Chi Minh City with 1-3 years after graduation. A simple random sample was applied. Firstly, 5 higher education institutions including Ho Chi Minh City Open University, University of Science, University of Social Sciences and Humanities, Nong Lam University and Saigon University were randomly drawn from the list of current higher education institutions in Ho Chi Minh City. Then, 180 students were randomly selected in each institution to reach a total of 900 students. The students were contacted via email with written questionnaires and follow-up calls.

### **3.2. Data analysis**

Structural Equation Model (SEM), a multivariate technique based on the combination of both factor analysis and regression, has been considered as an advanced statistical method for data analysis in complicated models of the latent and measured variables (Hair, Sarstedt, Ringle, & Mena, 2012). Two methods: covariance-based techniques (CB-SEM) and variance-based partial least squares (PLS-SEM) are taken into considerations when conducting SEM. PLS-SEM becomes an optimal alternative for researchers when dealing with i) non-normality data set ii) minimum demand of sample size and iii) the use of both formative and reflective models. In this study, skewness and kurtosis are unavoidable because they are normally found in the data with self-perception and attitude based questionnaires. Therefore, PLS-SEM is superior to CB-SEM in this situation.

## **4. Data description**

Survey questionnaires were sent to participants who have satisfied the criterium as mentioned in section 3.1. Nine hundred (900) questionnaires were emailed with further explanation by follow-up calls. Of these, 400 responses were returned with 44.4% rate of response. Male and female rates were approximately equal. The largest proportion of participants (48.5%) were from the social sciences, natural sciences were ranked second with 32.3% while others shared 19.3%. Over half of them graduated from 1 to under 2 years. The descriptive results present the self-rated bonding with mean of low range, from 1.81 (help provided to closed network) to 3.41 (rate to routine contact with closed network). Particular trust is evaluated at mean from 4.44 (rate the emotional intimacy with closed network) to 6.59 (rate the trust extended to closed network) while general trust mean of 7.08 (rate the reciprocal) to 7.21 (rate the possibility of receiving help in difficulty). This illustrates the modern tendency of trust developed with the focus on general trust.

## **5. Result and discussion**

The PLSPM package in R is used to estimate the model with iterative steps to optimize the initial model. Then bootstrapping is processed with the initial model as input data. Both outer and inner models are tested.

### 5.1. Outer model

Unidimensionality is verified with: 1) Cronbach's alpha, 2) Dillon-Goldstein's rho and 3) eigenvalue of the indicators' correlation matrix. The first parameter implies how well the measured items reflect the construct. The second refers to the variance of measured items in the construct. As a rule of thumb, the unidimensional criterion is met when the two parameters exceed 0.7. The third criterion evaluates the 1st eigenvalue, which is greater than 1 whereas the 2nd eigenvalue is less than 1 (Sanchez, 2013). Table 3 presents the results which satisfy unidimensional criteria.

**Table 3**

Unidimensional test of the model

	<b>Cronbach's alpha</b>	<b>Dillon- Goldstein's rho</b>	<b>1<sup>st</sup> eigenvalue</b>	<b>2<sup>nd</sup> eigenvalue</b>
Bonding-link	0.91	0.94	2.54	0.28
Bridging	0.95	0.96	2.70	0.16
Bridging-link	0.92	0.95	2.60	0.23
Bonding	0.77	0.87	2.06	0.52
Particular trust	0.80	0.87	2.50	0.66
General trust	0.73	0.88	1.58	0.42
Job quality	0.90	0.93	3.61	0.55
Job search cost	0.91	0.94	3.15	0.40
Jobs search convenience	0.78	0.87	2.08	0.56

Source: Data analysis result of the research

Convergent validity test verifies the loadings of the measured items as well as the average variance extracted (AVE). A common rule of thumb for loading value of 0.708 or higher. The rationale of this rule is the square of loading, defined as communality, equaling 0.50 (Hair et al., 2012).

Discriminant validity implies the unique and distinct construct by comparing the square root of the AVE values with the construct correlations (Fornell-Larcker criterion). The behind logic is that more variance is explained by a construct associated measured items than with others. Another method is based on cross-loadings, which is to imply the different levels of a given construct compared to the others. (Sanchez, 2013).

The convergent and discriminant validity of the reflective model, indicated in Table 4 are reached with the measured items' loadings greater than 0.7, and they are the highest in the measured constructs.



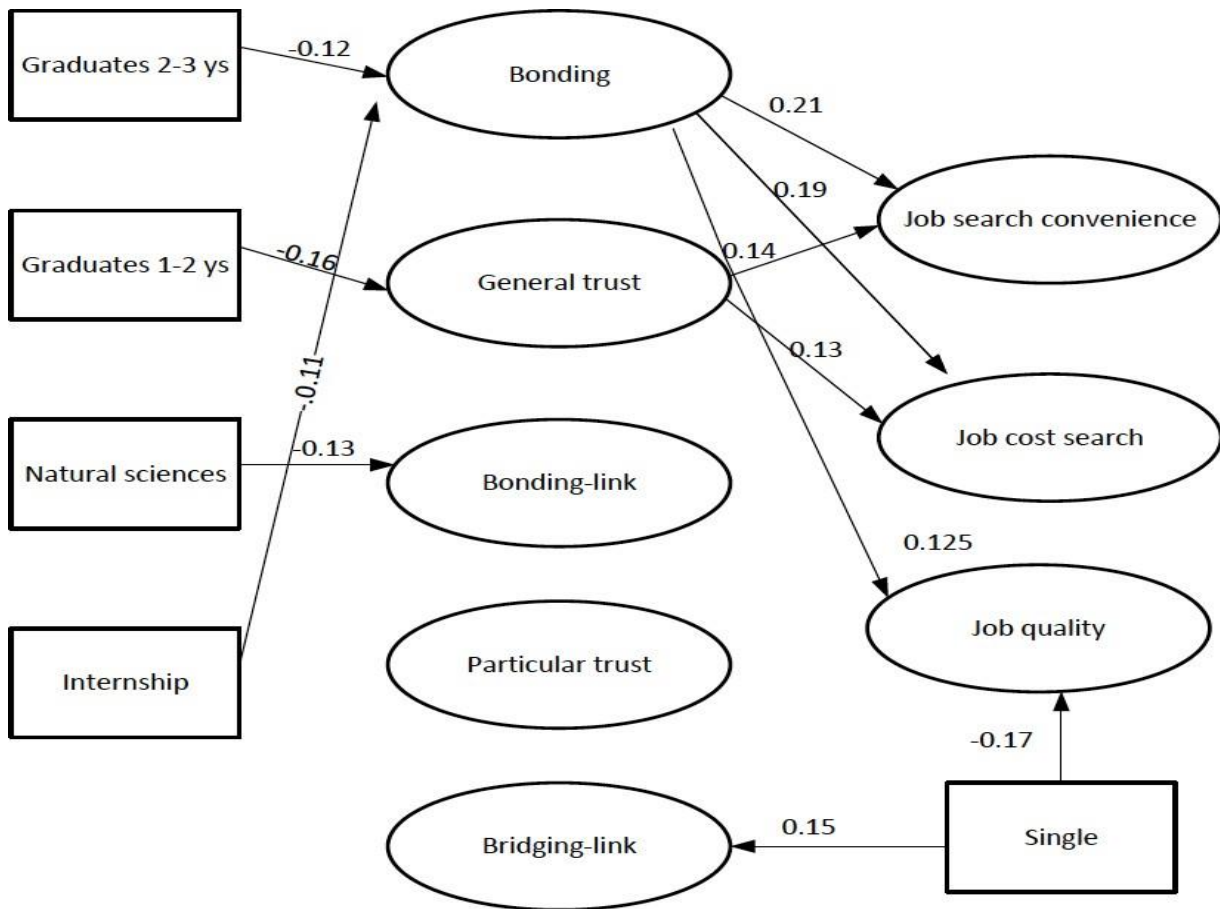


	<b>Bolink</b>	<b>Brid</b>	<b>Bridlink</b>	<b>Bond</b>	<b>Gen</b>	<b>Part</b>	<b>Job</b>	<b>Cost</b>	<b>Conv</b>
Conv2									<b>0.86</b>
Conv3									<b>0.74</b>

Source: Data analysis result of the research

### 5.2. Inner model

Figure 2 presents the direct impact of social capital on job search success with a significant level of 5%. Before discussing the findings from the inner model, several criteria of the model quality are investigated. Firstly, the coefficient of determination (R<sup>2</sup>) is evaluated. R<sup>2</sup> thresholds depend on the research field. In social science, the acceptable value is greater than 0.1 (Falk & Miller, 1992). In this study, R<sup>2</sup> values of four job search success domains including job quality, job search cost, job search convenience are 0.08, 0.11 and 0.16 respectively. Secondly, the goodness of fit is considered. This criterion is applicable for PLS-SEM with the fit value of 0.1, 0.25 and 0.36 for small, medium and large respectively (Tenenhaus, Amato, & Vinzi, 2004; Wetzels, Odekerken-Schröder, & van Oppen, 2009). In this study, the goodness of fit is found with a value of 0.2.



**Figure 2.** Impact of social capital on job search success (5% significant level)

Social capital is crucial and assumes even more important resources for job searchers. However, social capital is not always goods and its role varies depending on the strength of its ties. The inner model results have generally confirmed the positive impacts of general trust and bonding on job search success. In fact, general trust is a driver for improving job search costs and job search convenience. It's obvious that general trust motivates the relationships in weak ties network which is helpful for job searchers. Granovetter (1995) empirically found that 56% of the professional, technical and managerial workers in his study's sample used personal contacts to find a job. Moreover, our research findings also implied the merits of strong ties in all domains of job search success. Bonding can boost consolidation in a closed network. The principle of social homophily suggests that "contact between similar people occurs at a higher rate than among dissimilar people". Then, influence and information about job opportunities flow through the closed contacts that someone has (Newman, 1996). Consistent with the argument based on the integration of social capital theories i.e., the strength of weak ties, the structural hole and the network theories, the findings reveal that general trust and bonding facilitate several dimensions of job search success such as job search convenience, job cost search and job quality. It must also be understood that personal characteristics do somehow impact on job search success either directly or indirectly. The research findings suggest the negative effect of single on job quality while internship positively impacts on job search convenience, job cost search and job quality by promoting bonding.

## **6. Conclusion**

In Vietnam, not many studies have explored the impact of social capital on job search success by considering all of their dimensions using PLS-SEM. This statistical modeling technique is a proper choice in research situations of small sample sizes, non- normally distributed data and complicated models, which are commonly encountered in social sciences. The findings are to illustrate the contribution of each social capital dimension to each domain of job search success. Moreover, it is innovative and practical for providing a comprehensive picture of the role of social capital to job search success multidimensionally. This provides evidence for better exploiting the positive aspects and eliminating the negative ones of social capital.

The research finds that general trust and bonding are crucial for job search success. This reflects the priority in nurturing bonding and general trust for the Vietnamese. This implies the necessity of fostering the closed network which is fundamental for open network because it is useful for leveraging the resources in the community.

---

## **References**

- Anh, L., & Hayden, M. (2017). The road ahead for the higher education sector in Vietnam. *Journal of International and Comparative Education*, 6(2), 77-89. doi:10.14425/jice.2017.6.2.77
- Bourdieu, P. (1986). The form of capital. In J. G. Richardson (Eds.), *Handbook of theory and research for the sociology of education* (pp. 241-58). Westport, CT: Greenwood.

- Brasher, E. E., & Chen, P. Y. (1999). Evaluation of success criteria in job search: A process perspective. *Journal of Occupational and Organizational Psychology*, 72(1), 57-70. doi:10.1348/096317999166491
- Burt, R. S. (2001). Structural holes versus network closure as social capital. In N. Lin, K. Cook, & R. Burt (Eds.), *Social capital: Theory and research* (pp. 31-56). New York, NY: Aldine de Gruyter.
- Chen, H., & Meng, T. (2015). Bonding, bridging, and linking social capital and self-rated health among Chinese adults: Use of the anchoring vignettes technique. *PloS one*, 10(11), e0142300. doi:10.1371/journal.pone.0142300
- Chen, X., Stanton, B., Gong, J., Fang, X., & Li, X. (2009). Personal social capital scale: An instrument for health and behavioral research. *Health Education Research*, 24(2), 306-317. doi:10.1093/her/cyn020
- Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94, 95-120. doi:10.2307/2780243
- Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling*. Akron, OH: The University of Akron Press
- Franzen, A., & Hangartner, D. (2006). Social networks and labour market outcomes: The non-monetary benefits and social capital. *European Sociological Review*, 22(4), 353-368. doi:10.1093/esr/jcl001
- Granovetter, M. S. (1973). The strength of weak ties. *American Journal of Sociology*, 78(6), 1360-1380. doi:10.1086/225469
- Granovetter, M. (1995). *Getting a job: A study of contacts and careers*. Chicago, IL: University of Chicago Press.
- Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. *Journal of the Academy of Marketing Science*, 40(3), 414-433.
- Hanifan, L. J. (1916). The rural school community center. *The Annals of the American Academy of Political and Social Science*, 67, 130-138.
- Lin, N. (1999). Building a network theory of social capital. *Connections*, 22(2), 28-51.
- Navigos (2017). *Report on recruitment demand and labor supply in Vietnam market in quarter 1/2017*. Retrieved December 20, 2017, from <https://www.navigosgroup.com/vi/vietnamworks-phat-hanh-bao-cai-ve-nhu-cau-tuyen-dung-va-nguon-cung-lao-dong-trong-quy-1.2017>
- Newman, K. (1996). Review of getting a job: A study of contacts and careers. *Contemporary Sociology*, 25, 391-392.
- Newton, K. (2001). Trust, social capital, civil society, and democracy. *International Political Science Review*, 22(2), 201-214. doi:10.1177/0192512101222004.
- Nguyen, P. V., & Hoang, Q. L. (2016). Measuring social capital: The case for rural to urban migrant labourers in Ho Chi Minh City, Vietnam. *The 3rd International Conference on Finance and Economics* (pp. 533-547). Inzlin, Czechia: Tomas Bata University.

- OECD [Organisation for Economic Co-operation and Development]. (2013). *OECD guidelines on measuring subjective well-being*. Retrieved November 15, 2017, from <https://www.oecd.org/statistics/oecd-guidelines-on-measuring-subjective-well-being-9789264191655-en.htm>
- Osberg, L. (1993). Fishing in different pools: job search strategies and job finding success in Canada in early 1980s. *Journal of Labor Economics*, 11(2), 348-386. doi:10.1086/298300
- Portes, A. (2000). Social capital: Its origins and application in modern sociology. In E. L. Lesser (Ed.), *Knowledge and social capital* (pp. 43-67). Boston, MA: Butterworth-Neinemann.
- Saks, A. (2006). Multiple predictors and criteria of job search success. *Journal of Vocational Behavior*, 68(3), 400-415. doi:10.1016/j.jvb.2005.10.001
- Sanchez, G. (2013). *PLS path modeling with R*. Berkeley, CA: Trowchez Editions.
- Seibert, S. E., Kraimer, M. L., & Liden, R. C. (2001). A social capital theory of career success. *Academy of Management Journal*, 44(2), 219-237. doi:10.2307/3069452
- Silliker, S. A. (1993). The role of social contracts in the successful job search. *Journal of Employment Counseling*, 30(1), 25-34. doi:10.1002/j.2161-1920.1993.tb00963.x
- Stone, W., Gray, M., & Hughes, J. (2004). *Social capital at work: How family, friends and civic ties relate to labour market outcomes*. Southbank, Australia: Australian Institute of Family Studies.
- Tenenhaus, M., Amato, S., & Vinzi, V. E. (2004). A global goodness-of-fit index for PLS structural equation modelling. In *Proceedings of the XLII SIS scientific meeting*, 1, 739-742.
- Wang, Y. (2008). *The effects of cumulative social capital on job outcomes of college graduates*. Blacksburg, Virginia: Virginia Polytechnic Institute and State University.
- Wetzels, M., Odekerken-Schröder, G., & van Oppen, C. (2009). Using PLS path modeling for assessing hierarchical construct models: Guidelines and empirical illustration. *MIS Quarterly*, 33(1), 177-195. doi:10.2307/20650284
- World Bank. (2013). *Skilling up Vietnam: Preparing the workforce for a modern market economy*. *Vietnam Development Report 2014*. Retrieved December 20, 2017, from <https://www.worldbank.org/en/country/vietnam/publication/vietnam-development-report2014-skilling-up-vietnam-preparing-the-workforce-for-a-modern-market-economy>