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EXECUTIVE SUMMARY.

In Australia, social capital has emerged as an area of great interest to a large number of government agencies, community and welfare organisations, research institutions and community development practitioners. The potential for social capital to make a positive contribution to outcomes in diverse areas of social concern such as health, community safety and education has captured the interest of policy makers, social analysts and researchers. This interest has led to a demand for statistics that measure the concept of social capital, and that can be applied to informing policy development and further research.

The Commonwealth Department of Family and Community Services has placed a great focus on community building through its current *Stronger Families and Communities Strategy* which provides funds for various community based projects with the aim of building family and community capacity to deal with challenges and issues to find local solutions to local problems. The strategy also aims to encourage the building of partnerships between all levels of government, the community, individuals and business. Many state and territory governments are likewise aiming to embed social capital, community building and a whole of government approach into policy.

OUTLINE

This paper provides some background material on social capital. It then discusses how social capital may enlarge our understanding of society and social well being. The paper provides a summary of how the stakeholders which the ABS has consulted consider that the measurement of social capital may inform policy in their area of responsibility, and the types of policy questions that measures of social capital may help to answer and the ways in which policy initiatives may impact on social capital. The paper also draws on examples from the literature of how levels of social capital may contribute to particular outcomes in a range of areas of well being.

SOCIAL CAPITAL AND OTHER TYPES OF CAPITAL

Section 1 describes social capital as one amongst other types of capital (natural capital, produced economic capital and human capital) that contribute to well being. Individuals, groups, and communities may have access to and use varying amounts of each type of capital, and there are also significant interactions that occur between the use of different types of capital. The first section of the paper also discusses elements of the concept of social capital such as networks and norms.

A range of definitions that attempt to capture the concept of social capital are presented. Following consideration of these, and consultation with stakeholders, the ABS has chosen to adopt the definition of social capital used by the OECD to guide its work on the measurement of social capital. OECD (2001) described social capital as "networks, together with shared norms, values and understandings which facilitate cooperation within or among groups".

SOCIAL CAPITAL AND INSIGHTS INTO WELL BEING

The measurement of social capital may provide insights into social functioning, and how networks and links can be utilised to contribute to positive outcomes for the individual, group and community alike. In this way the measurement of social capital may enlarge
our understanding of how individuals in a community can work cooperatively to achieve shared goals and to deal with difficulties. Both the positive and negative potential of social capital is acknowledged in Section 2.

Measures of social capital enlarge our understanding of society by adding to and enhancing the current range of social indicators. Measures of social capital have the potential to provide additional explanatory variables for social outcomes that the current range of socio-economic and demographic indicators may not fully or adequately explain.

POLICY APPLICATIONS OF SOCIAL CAPITAL

Feedback from stakeholders has identified a wide range of policy questions that could be informed by social capital data in areas such as: health and well being; community safety and crime; education, employment and training; families; arts, and culture; sport and recreation; housing and transport.

Section 3 discusses in detail the role of social capital and policy applications for social capital in these areas. It appears that a number of the policy questions identified by stakeholders could be addressed, at least partially, by the general types of measures of social capital that the ABS may develop, collect and publish. Stakeholders thought the data on social capital would be usefully applied in a policy context to aid decision making relating to resource allocation, targeting and evaluation of programs and strategies.

One of the major interests articulated by stakeholders is gaining an understanding why some communities adapt better to change than others, why some communities are able to do better with a given set of resources, and what influences shape community confidence in achieving goals. Stakeholders are especially keen to understand what role social capital may have in shaping these outcomes. If the links between social capital and community confidence and adaptability are shown to be sufficiently strong, then building social capital in communities is likely to become an increasing focus of policy.

FURTHER WORK

The ABS is currently developing and refining a framework which comprises the different dimensions and components of social capital in a way that will facilitate their measurement. Indicators that capture elements of social capital will be developed later this year. A paper defining and describing the framework and indicators will be published in October 2003. Data items to support priority indicators will be specified for inclusion in an ABS survey likely to be run in 2005/06.

The ABS is also analysing a range of ABS and non-ABS surveys for potential indicators of social capital and to identify data gaps. Possible ways to fill data gaps will be explored. The results of this work will be reported on in an information plan to be published in May 2004. An implementation strategy will also be developed. The ABS will aim to ensure that the framework, indicators and data items are as relevant and responsive to policy needs as is possible.
1.1 WHAT IS SOCIAL CAPITAL?

Economic sufficiency, optimal health, and happy relationships are some of the fundamental needs that contribute to our quality of life. The importance of social well being is recognised by governments and policy makers. Policy makers have the potential to influence outcomes in social policy areas including, health, education, employment and family. A high level of interest in social issues is an international phenomenon, with the recognition that increased national economic prosperity is not necessarily accompanied by increased social well being for all. Distributional effects are important and for many, well being is not directly correlated with income. Governments and societies seek economic growth, but are also increasingly concerned about its impact on natural and social environments (OECD, 2001). This includes concern about how various groups in society (age, income, ethnic or gender related) share in economic progress; concern about possible new, hidden forms of exclusion or poverty; concerns about the quality of life and health of children; the elderly, women, men, various ethnic groups and persons confronted by social or physical disadvantage.

At the same time, aspects of social capital are seen as having benefits for the economy, particularly in terms of its potential to decrease transaction costs, encourage cooperative behaviour and trust. For example, transaction costs may be lowered as a result of cooperation and trust embodied in inter-firm or intra-firm networks. Costs associated with negotiation, enforcement, imperfect information and unnecessary bureaucracy are likely to be lower (OECD, 2001). Relationships between business people in a local centre marked by initiative, trust and expectations of reciprocal support can be useful in times of need, and through cooperative planning assist the centre to remain viable. The flow of knowledge through formal and particularly informal networks is seen as highly productive in a knowledge based economy, commonly illustrated by Silicon Valley enterprises. The extension of these relationships to draw together business, government agencies and community groups is seen as making an important contribution to local communities especially in terms of the potential to solve problems collectively.

In Australia, social capital has emerged as an area of great interest to a large number of government agencies, community and welfare organisations, research institutions and community development practitioners. The Commonwealth Department of Family and Community Services has placed a great focus on community building through its Stronger Families and Communities Strategy which began in April 2000 and is ongoing. This strategy provides funds for various community based projects with the aim of building family and community capacity to deal with challenges and issues to find local solutions to local problems. The strategy also aims to encourage the building of partnerships between all levels of government, the community, individuals and business.

Many state and territory governments are likewise aiming to embed social capital, community building and a whole of government approach into policy. Two such examples are the Tasmania Together strategy, and Growing Victoria Together. Tasmania Together is a strategy that has come about as the result of a partnership
1.1 WHAT IS SOCIAL CAPITAL? continued

between the Tasmanian Government, the Tasmanian community, and the Community Leaders Group. The *Tasmania Together* strategy has identified specific economic, social and environmental visions, goals and benchmarks for the Tasmanian community to aim towards achieving by 2020. The formulation of these goals has been the result of extensive community involvement and consultation, and includes goals specifically related to community development and social capital.

Similarly, *Growing Victoria Together* is a framework describing the priority actions needed to achieve a fair, sustainable and prosperous Victoria. *Growing Victoria Together* explicitly recognises the important role of active and inclusive social, cultural and volunteer networks in building cohesive communities, and identifies related priority actions and measures of progress.

The potential for social capital to make a positive contribution to outcomes in diverse areas of social concern such as health, community safety and education has captured the interest of policy makers, social analysts and researchers. This interest has led to a demand for statistics that measure the concept of social capital, and that can be applied to informing policy development and further research. International organisations such as the OECD and the World Bank have done considerable work on social capital, and a number of national statistical agencies such as Statistics Canada and Office of National Statistics in the United Kingdom are currently progressing work on the measurement of social capital.

In Australia, there have been a number of fine scale community studies investigating social capital, such as the Onyx and Bullen (2000) study of social capital in five NSW communities. There have also been data collections which include elements of social capital conducted by state government agencies and research institutions. Some examples are the Healthy Communities Survey conducted by the Tasmanian Department of Health and Human Services (1999) and more recently work by Salvaris and Wolcott (2002) in the Community Participation and Planning in Surf Coast, Victoria survey conducted by the Swinburne Institute of Social Research, and a survey conducted by the Queensland Department of Health which included a social capital component. Other such studies and collections are currently in the field.

This paper provides some background material on social capital. It then presents a discussion on how social capital may enlarge our understanding of society and social well being. The ABS has undertaken extensive consultations on the basis of earlier papers and its work to date. The paper provides a summary of how the stakeholders which the ABS has consulted consider that the measurement of social capital may inform policy in their area of responsibility, and the types of policy questions that measures of social capital may help to answer and the ways in which policy initiatives may impact on social capital. The paper also draws on examples from the literature of how levels of social capital may contribute to particular outcomes in a range of areas of well being.

The role of the ABS is to support informed decision making and policy development through the provision of statistics that address all areas of economic and social concern. The ABS has responded where possible to the increasing demand for social statistics and indicators. In October 2001, the ABS published *Measuring Wellbeing: Frameworks for Australian Social Statistics* (Cat. no 4160.0), a publication describing frameworks for the
1.1 WHAT IS SOCIAL CAPITAL? continued

measurement of Australian social statistics. This was followed by the release of the ABS publication *Measuring Australia's Progress (Cat no. 1370.0)* in April 2002, which presented a range of economic, environmental and social indicators selected to reflect Australia’s "progress" across economic, social and environmental domains. A statistical framework for measurement of the knowledge based economy and society is also currently being developed. The ABS is responding to the demand for statistics to measure social capital by progressing work on a project to develop a statistical framework and indicators to measure social capital.

At this stage the ABS has sought input from stakeholders through the dissemination of a discussion paper *Measuring Social Capital: Current Collections and Future Directions*. Feedback was sought on a range of issues including: the key social and policy questions that might benefit from information on social capital; the usefulness of current ABS collections and a proposed range of data items to measure social capital; and the information gaps on social capital that future ABS collections may be able to fill. The ABS has received extensive feedback on all of these issues from a wide range of stakeholders.

This feedback has been presented in a second discussion paper *Measuring Social Capital: Discussion Summary and Next Steps*. The ABS has also recently presented a draft framework for measuring social capital to stakeholders. Much interest and feedback was received and the framework is currently being modified and refined to take account of feedback received. A paper setting out the revised framework will be placed on the Social Capital theme page of the ABS web site in October 2002.

1.2 SOCIAL CAPITAL AND OTHER TYPES OF CAPITAL

Black and Hughes (2001) have presented a framework comprising four different types of capital that describe the range of resources that communities potentially have access to: natural capital; produced economic capital; human capital; and institutional and social capital. Individuals, groups and communities may have access to and use varying amounts of each type of capital, and there are also significant interactions that occur between the use of different types of capital. The draft ABS framework for measuring social capital is largely consistent with that of Black and Hughes, although where Black and Hughes refer to institutional capital, the ABS framework refers to cultural, political, legal and institutional conditions.

Black and Hughes (2001) have offered definitions for the different types of capital.

- Natural capital is considered to consist of natural resources, ecosystem services, and the aesthetics of nature. Natural resources are the material and energy inputs into production. Ecosystem services are the natural processes that we depend on in some way such as the process of conversion of carbon dioxide into oxygen by trees. The aesthetics of nature are those aspects of nature valued for their beauty such as rainforests, seashores, birds and flowers.

- Produced economic capital includes all products that are harvested or manufactured, the built environment, physical infrastructure that has been constructed and financial resources such as money. Cultural and intellectual property are also forms of produced economic capital.

- Human capital is the knowledge, skills and health embodied in individuals.
1.2 SOCIAL CAPITAL AND OTHER TYPES OF CAPITAL continued

- Social capital refers to the patterns and qualities of relationships in a community.

There are a variety of definitions that attempt to capture the concept of social capital, although currently there is no universally agreed definition. In Measuring Social Capital: Discussion Summary and Next Steps, the ABS adopted a working definition, the definition proposed by Winter (2000), "social relations of mutual benefit characterised by norms of trust and reciprocity". This definition has been reconsidered following feedback received from consultations.

There are a number of other definitions of social capital that may be considered for use in a framework for measuring social capital. These definitions include:

Robert Putnam (1995) "..features of social organisation such as norms, networks and trust that facilitate cooperation and coordination for mutual benefit".

World Health Organisation (1998) "Social capital represents the degree of social cohesion which exists in communities. It refers to the processes between people which establish networks, norms and social trust, and facilitate co-ordination and co-operation for mutual benefit".

Baum, Palmer, Modra et al in Winter (2000) "..the building of healthy communities through collective, mutually beneficial interactions and accomplishments, particularly those demonstrated through social and civic participation".

James Coleman (1988) describes social capital as consisting of aspects of social structure, obligations and expectations, information channels, and a set of norms and effective sanctions that constrain and/or encourage certain kinds of behaviour.

OECD (2001) "networks, together with shared norms, values and understandings which facilitate cooperation within or among groups".

Each of these definitions needs further elaboration to develop a framework and a set of measurable concepts. However, after examining the interests of stakeholders in Australia, the ABS has chosen to use the OECD definition to guide work on the development of measures of social capital. The OECD definition has been selected for a number of reasons. The definition captures important elements of social capital reflected in the literature, such as networks and shared norms. In addition, the inclusion of the words "within or among groups" reflects the notion that social capital operates at a variety of levels, and it includes the potential for bonding, bridging and linking (described below). Other reasons for selecting the OECD definition include positive feedback from stakeholders, and the important role the OECD has in progressing work on social capital internationally.

OECD (2001) has identified some important ways in which social capital differs from other types of capital. Firstly social capital is relational rather than the property of any one individual, whereas some other forms of capital (human, produced economic and natural) can either belong to or be appropriated by individuals or businesses. Also important is that social capital is produced by societal investments of time and effort, but in a less direct fashion than is human or produced economic capital. Rather social capital is the result of historical, cultural and social factors which give rise to norms, values and social relations that bring people together in networks or associations which result in collective action. Social capital also differs from some of the other forms of capital in that
1.2 SOCIAL CAPITAL AND OTHER TYPES OF CAPITAL continued

it increases if used, through reinforcing the networks, norms and values, and decreases if not used. It takes a lot of positive effort to be built up incrementally, but can be quickly diminished.

1.3 BONDING, BRIDGING AND LINKING SOCIAL CAPITAL

Social capital is widely recognised as a multi-dimensional concept. This is illustrated in the above definitions, with dimensions such as relationships, trust, reciprocity, and action for a common purpose. Some of these dimensions such as relationships can be further broken down. Three different dimensions or types of relationships are described by Woolcock (2000): bonding, bridging and linking. Woolcock describes bonding as the relationships that we have with people who are like us, and typically refers to the relations among members of families and ethnic groups. Bridging refers to those relationships we have with people who are not like us. These may be people who are from a different socio-economic status, from a different generation or a different ethnicity. Woolcock describes linking social capital as the relationships people have with those in power. Linking social capital enables individuals and community groups to leverage resources, ideas and information from formal institutions beyond the immediate community radius.

The concept of community can refer to either place-based or non-place based communities. Place based communities can be considered to exist at a variety of geographic levels, such as neighbourhood, work place, suburb, town or city, district or region, state and country or even a global community. Non-place based communities can be considered to be groups of common interest and include groups such as sports clubs, hobby groups and issue based action groups. Groups with common bonding characteristics such as ethnic and religious groups may also be considered in this category.

Ideally in a community there will be a good balance between bonding, bridging and linking social capital, otherwise social fragmentation may occur. For example, the dominance of bonding social capital can result in a community that is internally strongly bonded with trust and cooperative norms, but that has low trust and cooperation with those outside their own group, and as such may pursue narrow interests and discriminate against or not readily accept outsiders.

An understanding of these three dimensions of social capital may enlarge our understanding of the range of social networks and association that potentially can occur in a community and who the players in these interactions might be. It is important that a statistical framework for social capital identifies these and other dimensions of social capital and provides scope for their measurement.

1.4 THE IMPORTANCE OF NETWORKS, TRUST, RECIPROCITY AND OTHER SOCIAL NORMS

Though there is no universal definition of social capital, there appears to be general agreement on the importance of networks, trust, reciprocity and other social norms to social capital. Much attention has been paid to the formal networks in the community and formal forms of social engagement, such as that occurring through civic associations, religious and spiritual groups, political parties, sports clubs, unions and the like. However, the informal social networks that operate in a community such as social interaction between neighbours, groups of friends and informal interest groups are also...
1.4 THE IMPORTANCE OF NETWORKS, TRUST, RECIPROCITY AND OTHER SOCIAL NORMS continued

important components of social capital. Different amounts of emphasis are given to the formal and informal interaction by different researchers. Bush and Baum (2001) observed that Cox acknowledged the significance of informal local networks in people’s lives in her Boyer Lecture on *A Truly Civil Society*, while Putnam’s work has more often stressed the significance of formal group membership.

Shared social norms such as reciprocity together with trust enable those in a community to more easily communicate, cooperate and to make sense of common experiences. Trust has an important role in reducing social and business "transaction" costs. Tolerance of different beliefs and cultures also stem from shared norms that imply tolerance, acceptance and respect. Reciprocity encourages the individual to balance their own self interest with the good of the community. A statistical framework for social capital should contain elements pertaining to networks and social norms and provide scope for their measurement.
2. SOCIAL CAPITAL AND INSIGHTS INTO SOCIETY AND WELL BEING

The measurement of social capital can potentially provide valuable insights into the social networks and links that individuals and communities have, and importantly how these networks and links can be utilised to contribute to positive outcomes for the individual and the community alike. In this way the measurement of social capital may enlarge our understanding of how individuals in a community can work cooperatively to achieve shared goals and to deal with difficulties.

On this point, Cox (2000) believes that the strengths of social capital come into play when communities have to deal with conflict, problems or change. A community with high accumulations of social capital will be able to manage difficulties while one with low levels will manage less well. This is likely to be because collective action involves the use of norms and networks in situations where individuals might otherwise be reluctant to be co-operative or socially engaged. Local community ”Neighbourhood Watch” programs are an example of this.

Social capital may also provide insights into society by recognising the value of ordinary daily interactions in strengthening communities. This has been long known by the participants in such interactions but not given appropriate weight or recognition by governments and society in general. The measurement of social capital is part of a move to increase the profile of the private domain of family life, voluntary work and unpaid household work and the contribution of these to social and economic well being and community building. The parts of society consisting of politics and paid work are described by Drislance and Parkinson as the public domain and family life as the private domain.

Measures of social capital may also enlarge our understanding of society by adding to and enhancing the current range of social indicators. Many of the social indicators that are currently published provide information quantifying outcomes in the range of areas of social concern, some examples being: educational attainment; rates of employment and unemployment; income distribution and equality; and morbidity and mortality rates. Complementary social indicators such as health risk factors, and measures of participation in education, along with indicators of socio-economic advantage/disadvantage, (such as those encapsulated by the socio-economic indicator of areas (SEIFA)), provide valuable information about the factors that may in part drive these outcomes, but do not always provide the entire explanatory picture.

Measures of social capital have the potential to provide additional explanatory variables for social outcomes that the current range of socio-economic and demographic indicators may not fully or adequately explain. Current research suggests that there is much potential for social capital in this regard. Putnam (2000) for example observed strong correlations between social capital and education, child welfare, lower crime, neighbourhood vitality, health, happiness and democratic government.

It is likely that the information which may be gained through the measurement of social capital will be useful in informing policy development and decision making. Cox (2000)
2.1 SOCIAL CAPITAL AND INSIGHTS INTO SOCIETY AND WELL BEING continued

suggests that measures of social capital add to and expand the range of usual social indicators, and offer new insights into how we can create a more just and resilient societal system. Stakeholders that the ABS has already consulted have suggested a range of policy uses that they may have for data on social capital, which are detailed in section three of this paper.

2.2 THE SOURCES OF SOCIAL CAPITAL

Social capital is considered to originate and operate from a variety of different sources within the community. Social capital can be built in families, schools and other educational institutions, businesses, civic institutions and in the local community. All of these sources of social capital are important, although perhaps the greatest emphasis in the research literature has probably been given to the civic associations.

Winter (2000) notes that, overall, the social capital literature tends to under-emphasise the role of families in constructing social capital, and tends to over emphasise the comparatively small amount of time individuals spend working for voluntary organisations. It is important that the role of the family, and especially parenting, in creating many of the norms and the networks that characterise social capital be recognised. This is particularly significant in view of the changes that have occurred and are occurring in the concept and structure of the family in recent decades. Schools also foster shared norms and networks. In addition, as a focus for the interests and expectations of parents and concerned citizens, schools provide an opportunity for common action towards a shared purpose.

2.3 THE DOWNSIDE OF SOCIAL CAPITAL

Although it is thought that social capital may be likely to contribute to a range of positive outcomes in areas of social concern, it is important to recognise that there are negative outcomes that social capital potentially may contribute to. OECD (2001) notes that particular forms of bonding social capital have the potential to impede social cohesion in certain circumstances. The existence of some highly bonded groups such as drug cartels, illegal immigrant smuggler groups, mafia operations and terrorist groups can embody high levels of internal trust and reciprocity, but use their bonding social capital to serve different ends, many of which do not serve the public interest or the community at large.

A further way in which the operation of social capital may exert a potentially negative influence is that in some communities it may impose conformity and social division. Putnam (2000) noted that in small town America of the 1950s people were deeply engaged in community life, but with that came the implied condition of conformity, and less tolerance for racial and social difference. Putnam observed that between the 1960s and the late 1990s America became a much more tolerant country, but that social capital declined significantly during this period. Putnam draws attention to his observation that even though social capital has declined overall in America, those states which are more tolerant are also those that tend to possess higher levels of social capital.

Strong bonding social capital can be used to exclude outsiders. Portes and Landolt (1996) believe that the domination of some industries in America by particular ethnic groups creates great difficulty for those attempting to enter these industries. The example of the American construction industry is given, where descendants of Italian, Irish or Polish immigrants dominate the industry, and newcomers to the industry such as
2.3 THE DOWNSIDE OF SOCIAL CAPITAL

African American contractors find it difficult to obtain contracts owing to their not being part of the social network where construction industry deals are made.

2.4 SOCIAL CAPITAL AND POSITIVE OUTCOMES

It is difficult to establish a causal link between social capital and economic and social well being. Social capital may lead to enhanced social and economic well being, alternatively it is just as likely that economic and social well being lead to enhanced social capital. OECD (2001) suggests that Putnam's work has demonstrated that the causal effect runs in both directions. Putnam (2000) observed that social capital and economic equality go together, and that they tend to reinforce each other. Likewise lower economic equality and less social engagement were also observed to reinforce each other.

There are numerous examples that demonstrate that social capital can have an important role in contributing to positive social outcomes. Putnam's work in Italy is a good example of a study that has demonstrated the link in this case between social capital and better government. Putnam conducted a landmark study concerning social capital and governance in Italy between 1970 and 1989. Putnam (1993) observed marked differences in efficacy and performance amongst regional governments in Italy and sought to discover the reasons for these differences.

The study found that the networks and norms of civic engagement had a strong effect on the performance of regional governments. Putnam observed some regions of Italy to have vibrant networks and norms of civic engagement, while others were characterised by vertically structured politics, a social life of fragmentation and isolation, and a culture of distrust. In general the regions in the north and centre of Italy were characterised by stronger and more vibrant culture of civic engagement, contrasting with less and weaker civic engagement in the southern regions of Italy.

Putnam used four indicators which combined to provide an index of civic engagement for each of the regions in Italy. The indicators were: the density of clubs and associations in each region; newspaper readership used as a measure of interest in civic affairs; voter turn out in electoral referenda; and preference voting in general elections. Importantly the study found that socio-economic modernisation could only in part explain the marked differences between the performances of governments in the north and south of Italy, and was unable to explain differences in performance between regions within the north or within the south. The differences in civic engagement were a much more telling explanatory variable for differences in government performance in areas that had similar socio-economic characteristics.

An Australian example showing strong positive results for network building facilitated by an external agent is Welink (an electronic communications network for rural and indigenous women), a project facilitated in partnership by a team of researchers from Queensland University of Technology, led by Dr Lyn Simpson, and the Queensland Government, together with the Queensland Rural Women's Network. The project's aims were to facilitate rural women's access to communication technologies (particularly email and the Internet), to enhance access to online information and services, to encourage new small business opportunities, and to provide rural women with a 'voice' to policy and decision makers.
2.4 SOCIAL CAPITAL AND POSITIVE OUTCOMES continued

A nominated person in each government department was available for contact by women in the network, providing these women with valuable linking social capital. The women’s electronic network has gone on to establish resource databases for rural women on legal and health issues, and an award winning program to increase penetration of electronic communication by training a group of isolated women in computer applications including web browsing and email. Welink facilitates daily communication, information sharing, networking, cooperation and support across diverse groups of women in rural and urban locations, in a range of occupations, and increasingly from different cultural backgrounds.

Some researchers such as Onyx (2001) believe that social capital has to be carefully fostered and allowed to grow slowly over time. The development of trust is an example of this in that it must be based on ongoing trustworthiness. However, there are certain areas where new infrastructure can support the rapid development of social capital such as the example of the Welink Queensland Rural Women’s Network information technology, communications network project described above.
SECTION 3 WHAT ARE THE POLICY QUESTIONS AND ISSUES THAT SOCIAL CAPITAL MAY INFORM?

3.1 INTRODUCTION

The main interest of the ABS is how to best develop useful measures of social capital, which will meet the needs of stakeholders to the greatest extent possible. To do this the ABS has sought input and feedback from a diverse group of stakeholders with responsibilities for a range of different policy areas. ABS requested specific feedback from stakeholders on the types of social capital data that would be useful, and the policy questions that this data would help inform.

The responses identified a wide range of policy questions that could be informed by social capital data in areas such as: health and well being; community safety and crime; education, employment and training; families; arts, and culture; sport and recreation; housing and transport. A number of the policy questions identified by stakeholders could be addressed at least partially by the general types of measures of social capital that the ABS would be in a position to develop, collect and publish. Most often, stakeholders thought the data on social capital would be useful in assisting decision making relating to resource allocation, targeting and evaluation of programs and strategies.

In particular, stakeholders are interested in understanding why some communities adapt better to change than others, why some communities are able to do better with a given set of resources, and what influences shape community confidence in achieving goals. Stakeholders are especially keen to understand what role social capital may have in shaping these outcomes. If the links between social capital and community confidence and adaptability are shown to be sufficiently strong, then building social capital in communities is likely to become a increasing focus of policy.

Some of the policy questions that have been identified by stakeholders are very specific and likely to be too specific for the general measures of social capital to inform. Questions of this type are likely to be best addressed by specific small scale studies initiated by the interested stakeholders. The ABS expects that the framework and indicators for the measurement of social capital that it is developing will provide a useful guide or tool for measurement activities of this nature.

A small number of stakeholders indicated that social capital data would be of negligible use for informing their policy area. The main reasons given were that social capital is a nebulous and imprecise concept that would be difficult or impossible to measure and interpret. There was some scepticism about the value it would add to existing social indicators. There was also some criticism of the ABS approach to the development of measuring social capital thus far, in terms of the definition of social capital used and the conceptual framework applied. Some stakeholders thought that specific small scale research projects focusing on a particular community would better inform specific policy questions. This may be so for their specific interests. However, the overall positive response to proposals indicates that the ABS should proceed with its planned development of broad measures of social capital.
3.1 INTRODUCTION continued

An interest in rural and regional issues was a theme echoed in the feedback, particularly in regards to health. Many stakeholders expressed the need for social capital data to be available at a small area level, as this was seen as more closely relating to the level of community, than broader level geographic estimates. It is important to note that, in the shorter term, the data that the ABS would be in a position to collect and disseminate will be at the national and state level, with the possibility of broad region level also being available. A more detailed discussion of a range of possibilities for data collection and dissemination can be found in the ABS discussion paper, *Measuring Social Capital: Discussion Summary and Next Steps*.

The following section of this paper provides a summary of the policy issues and questions that stakeholders thought the measurement of social capital may inform. Also presented are examples from the literature of how social capital may influence a variety of policy areas.

3.2 SOCIAL CAPITAL AND EDUCATION, TRAINING AND EMPLOYMENT

The level of educational attainment in a society is linked to economic development. Participation in education is also the basis for building positive values that characterise social capital such as reciprocity, trust, acceptance and cooperation. Where these values are strong there are more likely to be favourable outcomes for education such as higher retention rates. Effective education can also assist in reducing problems such as unemployment, poor health and crime. Education may therefore be considered both a potential element of and an outcome of social capital.

There is evidence to suggest a correlation between social capital and education. For example, a number of studies link the involvement of families, the community and the state to improved education outcomes. It is thought that the involvement of all of these parties improves the relevance and quality of education by encouraging a sense of community ownership, mobilising additional resources, and strengthening institutional capacity.

Putnam (2000) points to a study by Coleman and Hoffer (1987) which showed that social capital was linked to the lower drop out rates in Catholic high schools, as compared to public schools and non-Catholic high schools in the United States. Coleman suggested that the social structure enveloping the school was a greater factor in the success of the school, as judged by retention rates, than the inherent academic ability of the individual students. The parental networks within the school community forged by common bonds of religion and as parents of students at the school provided valuable social resources for the school.

The World Bank web site (http://www.worldbank.org/poverty) provides details of a study by Caplan, Choy and Whitmore (1992). This study linked the above average academic performance of children of Indochinese families in low income areas of the United States with the involvement of the parents in their children’s education and the adherence to traditional Indochinese cultural norms that emphasise the importance of education, hard work, and perseverance by the family. The parents promoted an education ethic to their children and backed this up with actions such as reading to their children and establishing times and locations for the preparation of homework.
3.2 SOCIAL CAPITAL AND EDUCATION, TRAINING AND EMPLOYMENT continued

Participation in education can build and strengthen social capital in a number of ways. Those who participate in education create and foster social networks, and practice the skills associated with social capital such as participation and reciprocity. Parental involvement in schools creates community networks, provides a model to their children of responsible civic engagement, and provides a message to children that their school and their learning are valued by adults in the community. Civil education also assists students in learning how to participate responsibly in their society. Schools can provide a forum for community activity.

Life long learning is also an important component of education which enables continued participation in education. Through this opportunities are created to develop social networks and to discuss issues important to the community.

Feedback from stakeholders identified a number of issues related to education that potentially may be informed by social capital data. In general terms stakeholders thought that social capital data would help them design and deliver programs and services more effectively. The main interests expressed were gaining an understanding of the potential relationship between social capital and education outcomes, and knowing whether participation in education in turn helps to build social capital. The greatest interest expressed was in social capital in schools. Stakeholders reported that social capital data may be of the greatest value if complemented by a range of general demographic characteristics such as age, qualifications and socio-economic status.

Participation of youth in education, employment and training, the extent of community involvement in education, and the range of support services and networks in schools were the main areas of interest in the stakeholder feedback. Stakeholders expressed a strong interest in knowing whether social capital can contribute positively to educational outcomes such as higher school retention rates, lower youth unemployment, and increased or enhanced student welfare and well being.

The specific types of community involvement in education that stakeholders reported that they would like to obtain data about include the level of parental and community involvement in the management of local schools, the level of volunteer work in schools and preschools, and the presence/absence of networks such as early childhood intervention programs, parenting networks and support programs.

Data on community involvement in schools may be used to help identify communities with low social capital, and this may be used to design and implement strategies to encourage parental involvement in school management in their children's education, and a sense of community ownership of schools, as well as identifying communities in which schools may be in need of support services and mechanisms. All of these issues have been highlighted as having particular importance for communities in which there is a high level of population mobility and transience. In these areas the ability of children to rapidly integrate into the school community, and the acceptance of children and their parents into the general community is particularly important to enhancing their social well being and educational outcomes.

Employment is important not only as a source of economic resources for individuals, but also in terms of its potential to provide a social network. A number of stakeholders recognised the importance of employment as a social network. These stakeholders are
interested in knowing about the relationships, social networks and support structures found in workplaces, for example: whether an individual's work colleagues are also their friends. As well as providing a 'bonding' network, participation in employment may also create a much broader and looser set of acquaintances able to provide useful information and links to other people as required. Employment may also be important to the personal, social and economic wellbeing of people in at risk groups.

3.3 SOCIAL CAPITAL AND COMMUNITY SAFETY, CRIME AND JUSTICE

Society bears a high financial and social cost for crime and other anti-social behaviour. These costs are incurred by society in preventing crime, providing justice infrastructures, repairing criminal damage, supporting victims, and dealing with offenders. High crime rates can also diminish social resources such as community trust, confidence and freedom, and an overall climate of fear may overwhelm or replace the spirit of cooperation and participation in community life.

A perception of safety in a community is an important factor underpinning healthy and vibrant communities, in the same way that crime is an indicator of some level of societal dysfunction. It has been suggested that in communities where there are shared values and norms, and where good informal social networks operate in neighbourhoods, the community may enjoy lower levels of crime. In addition, a perception of safety in the community is important to encourage people to feel confident in participating in activities in their community such as sport, recreation and cultural activities.

Social networks in a community may help to mediate the relationship between poverty and crime, through social institutions ranging from the family to sports clubs, schools, and the religious community. There is evidence to suggest a link between social capital and safer neighbourhoods and lower crime rates. Putnam (2000) found that in the United States, states with higher social capital had lower rates of homicide. OECD (2001) refers to work by Kawachi and Kennedy (1997) who suggest that there is a causal link in the relationship between violent crime, social distrust and inequality. Where self-esteem, dignity and social status are undermined by poverty and social exclusion, trust and social ties are undermined with undesirable consequences in terms of crime.

Other research highlights the potential of community participation to mediate crime. Carcach and Huntley (2002) observed that crime rates are lower in local areas with high levels of participation in community oriented activities. The reasoning in the research was that participation in local organisations leads to increased opportunities for social interaction, which in turn enhances the community's ability to work together in the solution of local problems, realise common values, provide for informal social control to reduce local crime, and increase the community's ability to achieve improved levels of public safety.

Stakeholders with responsibilities in this policy area (primarily but not exclusively state police and justice departments) would like to gain an understanding of the factors associated with antisocial behaviour such as crime, child abuse and youth at risk. There is also great interest in how levels of social capital in the community might relate to these behaviours. Stakeholders are also interested in how levels of social capital relate to an individual's perceptions of safety in the community.
3.3 SOCIAL CAPITAL AND COMMUNITY SAFETY, CRIME AND JUSTICE continued

Social capital data may help to provide a greater understanding of crime and community safety which would be used to provide information that may guide and enhance service delivery, contribute to operational policing strategies and be used to develop targeted educational strategies. Data on social capital would complement currently available socio-economic data and have the potential to provide an additional explanatory variable, particularly if able to cross classified by crime and safety data.

The types of policy questions stakeholders are interested in understanding are whether high crime areas have low social capital, if people living in communities with low social capital are more concerned about becoming a victim of crime, and whether the impact of crime (emotional, physical, financial etc) is greater in communities with low social capital. There is also interest in the extent of neighbourhood networks such as, but not exclusive to Neighbourhood Watch, so that community building approaches can be enhanced and optimised.

The theme of trust is also considered important by stakeholders in the crime and justice portfolio area. This is in terms of trust in institutions such as the police (in both their policing and educational activities), public confidence in police programs such as community policing, and trust in the justice system. Having data about the level of confidence and trust in these institutions would assist the design and implementation of various educational and pro-active policing strategies. These strategies relate to key policy objectives such as reducing the fear of crime, increasing the confidence of safety in the community and confidence in access to legal services.

3.4 SOCIAL CAPITAL AND HEALTH

Sound health and well being are valuable to both the individual and the community as a whole. Good health is important for individuals to be able to fully participate in society. Conversely people's personal, working and social lives may be compromised or disrupted through ill health or disability, and the pain, inconvenience and cost associated with these.

Communities have an interest in the health of their members, as good health can assist people to contribute to society in a number of ways. In addition, a community's sense of optimism is boosted by good health outcomes, and can be damaged where there is widespread poor health within the community. Individuals and the community alike bear a high cost for the burden of disease, in terms of the impact of individual's health on their ability to participate fully in the community, and through the substantial costs associated with treatment and loss of income and productivity. In addition, the early development of children with parents who are in ill health, may be adversely affected.

There is a body of evidence that suggests a positive correlation between social capital and health. Research suggests that a link exists between social capital and lower morbidity, in that those with higher levels of social interaction and participation are likely to enjoy better health and lower their risk of premature morbidity. A number of studies in various countries demonstrate that, controlling for initial health status, the extent of social connectedness, the degree to which individuals form close bonds with relations, friends and acquaintances is associated with increased life expectancy.

Research by Kawachi et al. (1997) argues that social capital, based on composite measures of voluntary civic participation, trust and other forms of social ties, can explain...
3.4 SOCIAL CAPITAL AND HEALTH continued

differences in levels of mortality across the United States. Data that shows the extent of a person's social networks and their extent of social contact may provide additional explanatory variables associated with health that extend upon the range of socio-economic indicators currently available. There is certainly strong stakeholder support for more information on those aspects of socio-economic life that go beyond standard economically-oriented or demographic indicators.

The relationship between social capital (measured in terms of social and civic participation) and health status at not only the individual level, but also the community level has been explored by Bush and Baum (2001) in the Adelaide Health Development and Social Capital Study. Bush and Baum observed that there is at least some evidence that social infrastructure in the form of networks, mediating groups and organisations are a prerequisite for a 'healthy' community.

Stakeholders in health policy are interested in using social capital data to assist decision making with regards to the planning and distribution of health services, resource allocation in relation to effectiveness of health care interventions, the resourcing of community groups, volunteer programs and health interest support groups, and in program or project evaluation. For example, data on social capital in combination with other socio-economic data may be used to determine funding and appropriate levels of service provision. An example of this might be determining health service planning funding based on communities being assessed as possessing low levels of social capital, combined with a consideration of a range of socio-economic characteristics.

Stakeholders are also interested in promoting and extending the role of the community in health service planning, and community groups in having an active role in preventative health measures, health promotion and in influencing health behaviours. Some specific health issues which stakeholders considered may be informed by data on social capital include mental health, drug use, suicide, and premature death. Data of this type will assist to most effectively target services and education strategies, perhaps through community initiatives relating to these health issues.

There is also demand from stakeholders for data that may be used to investigate whether there is an association between social capital and individual and community health, in relation to the National Health Priority Areas (cardiovascular problems; cancers; injuries; mental problems; diabetes mellitus and asthma). These areas currently account for 70% of the burden of disease in Australia, and are the major focus of health policy and public health education, as the biggest potential gains in health outcomes may result. Relevant social capital data may assist to better target policy and education strategies in relation to National Health Priority Areas, and also partially to explain some of the reasons for their incidence in different population groups.

Stakeholders reported a strong interest in how levels of social capital in a community relate to the level of demand and usage of health services, and the willingness of those in the community to use and have confidence in health and welfare services in times of need. Trust in health services is important particularly in regards to preventative health services. Data of this type could serve as a useful input in developing policy to maximise trust and confidence in health services, and to encourage more effective use of preventative health services.
3.4 SOCIAL CAPITAL AND HEALTH

The individual willingness of people to provide care and assistance (informal carers or volunteer work) to those in need of care (people with a disability and those chronically ill) was also an area of interest to stakeholders. Related policy questions of interest were the need to gain an understanding of community expectations regarding responsibility for, and expectations and access to, volunteer, private or public non-acute health care services. Data to inform these policy questions would be useful in gauging the use of health services and the magnitude of potential carer networks in the community, and could be used to inform policies related to further building and maximising the carer network in the community.

Health needs in rural Australia were another major concern of stakeholders. Social capital data at a geographic level allowing this type of analysis may assist the planning of health services of rural and regional Australia. There is also interest in social capital as a factor in maintaining or changing health behaviours in indigenous Australians.

3.5 SOCIAL CAPITAL AND FAMILIES

Families are a central structuring element of Australian society and are the social structure in which the majority of people live. The role of the family in modelling and developing social values is central to civil society. Parenting is an important influence in the development of values such as reciprocity, trust and cooperation which characterise social capital. Strengthening families and through them communities is an important goal of current public policy, that social capital data may help inform.

Stakeholders expressed interest in data that related levels of social capital to the prevalence of vulnerable families, child abuse and youth at risk. Whether vulnerable families fare better and are supported more in communities with high social capital is an important policy question. There was also interest in relating levels of social capital to the access to extended family support for parenting and early childhood intervention programs. Stakeholders are interested in data that measures social capital both within a family unit and the community.

3.6 SOCIAL CAPITAL AND ARTS, CULTURE, SPORT AND RECREATION

Participation in culture and leisure activities assists in developing national identity and forming community networks and bonds important for social cohesion. Participation in culture and leisure activities can also provide individuals with a sense of belonging, support and social interaction. There are other potential benefits of participation in these activities. For example there are a range of health benefits related to physical activity, and some studies suggest a potential link between participation in sport and recreation and a reduction in crime and other anti-social activities. In addition, in both suburban and rural areas, sport, recreation and cultural activities can provide a strong community focal point.

Stakeholders expressed interest in data relating social capital to participation in the arts, cultural, sport and recreation activities. More specifically, there is a strong interest in obtaining data to show whether communities that have low rates of participation in cultural and sporting activities also have low social capital. Stakeholders are interested too in knowing whether social capital is related to participation in these activities in both a formal and informal context, that is, informal individual or group activities, as opposed to activities organised through structured social networks such as clubs and associations.
3.6 SOCIAL CAPITAL AND ARTS, CULTURE, SPORT AND RECREATION continued

This information would assist policy makers to identify areas of need, and to develop and implement strategies/funding initiatives that encourage people to work together and develop partnerships in the community aimed at achieving greater participation in cultural, sport and recreation activities.

The importance of the perception of a safe environment in the community as a factor influencing people's participation in sport, recreation and cultural activities is recognised by stakeholders. To address this stakeholders would like data to relate community safety perceptions to participation levels/rates in these activities. This information could be used by policymakers to implement policies and strategies that focus on providing safer, more accessible, facilities and environments that support participation.

Sport, recreation and cultural activities are heavily dependent on volunteerism. Any data related to volunteerism would be of use in policy planning and implementation.

3.7 SOCIAL CAPITAL AND HOUSING, TRANSPORT AND URBAN PLANNING

Dwellings and the neighbourhoods that they create are an important part of social infrastructure. The quality of the housing is of interest with a poor standard of housing often being associated with problems such as poverty and crime.

Given the importance of housing, many stakeholders were interested in social capital data that may inform public housing policy. Data that quantify the level of social capital in communities where public housing is located would be most useful. Data of this type may be used for purposes such as siting and design of community and public housing, to encourage social interaction in the community. It may also be used in the development of business cases for community and urban renewal programs.

Transport is an important public policy issue. Stakeholders in the area of transport planning are particularly interested in promoting public transport and non-motorised forms of transport, as well as the planning of transport infrastructure. They are aware that perceptions of community safety are an important factor influencing people's decisions whether or not to use public transport. Data on social capital that relates perceptions of community safety and how well people know others in their neighbourhood, together with data on the use of public transport would assist transport planners in developing strategies and policies to promote public transport and address safety concerns related to public transport. Concerns about safety are also relevant to people using other forms of transport such as walking and bicycles, and so data on community perceptions of safety would also be useful in this regard.

Transport planners are often involved in community consultations regarding the development of transport infrastructure and other transport related projects. Stakeholders involved in transport infrastructure planning have indicated that data related to social and community participation, and trust in people and social institutions would be of use to their work.

3.8 SOCIAL CAPITAL AND VOLUNTEERING

Volunteering may be seen as an expression of reciprocity or potentially as a direct outcome of social capital. The act of volunteering demonstrates a balance between an individual's self interest and the public interest. Stakeholders in a variety of policy areas, notably sport and recreation, education and caring are interested in volunteerism.
3.7 SOCIAL CAPITAL AND VOLUNTEERING continued

The importance of volunteers in providing a range of valuable services to the community, such as administration and organisational services and support in sport and recreation, in relief agencies, community transport services, emergency services and respite care services in health is evident.

Without a strong network of volunteers it is unlikely that the range of services organisations in these areas currently offer could be sustained. Stakeholders are interested in the relationship between social capital and levels of volunteering in the community. This data would be useful to help assess the size and nature of the potential volunteer network in the community, and would inform strategies aimed at boosting the volunteer network in the community.

3.9 SOCIAL CAPITAL AND WOMEN’S ISSUES

Women are affected in various ways by all of the policy areas already discussed in this paper. However stakeholders with specific responsibility for women’s policy are interested in social capital and how it specifically relates to women. They are interested in obtaining social capital data by sex to inform this policy need. For example stakeholders are interested in measures of social capital to assess the extent of networks that are available to women in the community, and what support services they may require. This may help inform policy to develop strategies to increase formal and informal support services and networks in the community, and aid decision making concerning the allocation of resources to services for women.
SECTION 4 CONCLUSION AND FURTHER WORK

Although there is clearly a strong demand on the part of stakeholders for data at a fine geographic scale, approximating that of "local community", it is important to understand that the ABS will not be producing social capital data at a detailed geographic level. The ABS will aim to produce data on social capital at the national and state level. Other agencies may wish to conduct detailed community audits at the local level, using the social capital framework and indicator set that the ABS will produce, and perhaps use national, state and broad regional level data as a benchmark for these audits.

A number of very specific policy issues were raised by stakeholders as having potential to be informed by data on social capital. However, the ABS will not be able to satisfy the total demand for social capital data to meet many of these specific policy requirements. The general measures of social capital that the ABS is endeavouring to develop are aimed toward satisfying the demand for data to inform more general issues for the maximum number of stakeholders. This precludes very fine detailed data being collected. Some of the specific policy questions posed by stakeholders may be better evaluated through specifically designed case studies.

There may be scope to collect information aimed at satisfying some more specific policy issues. For example, it may be possible to place social capital questions in subject matter specific collection vehicles such as the National Health Survey, or on an education survey. However, in considering this possibility it is important to note that social capital data items in these surveys may be at the expense of other data items.

The potential of data on social capital to inform decision making and policy development has been recognised by stakeholders in a wide range of social policy areas from health to housing, arts and culture to education and employment. This paper has provided a summary of the ways in which policy makers might utilise data on social capital. The level of interest from stakeholders indicates that the development of measures of social capital is a worthwhile and valuable project for the ABS to pursue.

The ABS is currently developing and refining a framework which comprises the different dimensions and components of social capital in a way that will facilitate their measurement. Indicators that capture elements of social capital will be developed later this year. A paper defining and describing the framework and indicators will be published in October 2003. Data items to support priority indicators will be specified for inclusion in an ABS survey likely to be run in 2005/06.

The ABS is also analysing a range of ABS and non-ABS surveys for potential indicators of social capital and to identify data gaps. Possible ways to fill data gaps will be explored. The results of this work will be reported on in an information plan to be published in May 2004. An implementation strategy will also be developed. The ABS will aim to ensure that the framework, indicators and data items are as relevant and responsive to policy needs as is possible.


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