

Framework for the Measurement of Social Capital in New Zealand

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Opinions presented in this report are
those of the authors and do not necessarily represent an official view of
Statistics New Zealand

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Abstract

For several years, social capital has been of interest in New Zealand. In particular, central and local government have recognised that an understanding of social capital may contribute to a broader analysis of policy options and issues. Relevant policy areas are varied - from education, health and justice, to industrial development, productivity and economic growth.

This document suggests a framework for the measurement of social capital in New Zealand.

Using an operational definition of social capital, the framework draws on the work of James Coleman, a Māori concept, and the experience of overseas field researchers to propose four structural components. These relate to behaviours, attitudes and values, population groups, and organisations. Several indicators are suggested for each component along with possible ways of measuring these indicators.

This paper is intended to stimulate discussion and to inform understanding of the statistical components and measures of social capital in New Zealand.

1. Background

Introduction

In 1997, Statistics New Zealand developed a “draft framework for the measurement of social capital” (see appendix 1). This was done to assist discussions on whether social capital had potential for policy development, both at the central and local government levels. Since that time, the body of social capital research around the world has grown. A variety of research methodologies continue to be used to investigate a number of issues. More often than not, these concern the effects of social capital on economic development and performance (measured at the village, community or national level) but they can also involve investigation into other aspects of well-being.

This paper builds on the previous work undertaken by Statistics New Zealand. It attempts to define a measurement framework that can be used in a New Zealand context, drawing on some of the measures of social capital identified in overseas research. The paper is intended to promote discussion and inform understanding of the statistical components and measures of social capital in this country.

Why measure social capital?

The question of why Statistics New Zealand is interested in measuring social capital can be answered in the same way as questions relating to any of the department’s projects. Statistics New Zealand exists to provide objective, robust statistics to aid government, business and the community in their decision making, and to allow for effective debate of public issues. In the last few years, many people involved in policy development in New Zealand have increasingly recognised that the concept of social capital could contribute to a broader analysis of policy options and issues. There has been interest from both central and local government as agencies have expressed interest in determining whether knowledge of social capital could assist them in their work.

The types of policy questions that have been discussed in relation to social capital arise from a fundamental concern with the well-being of individuals, families, groups and communities, and the desire to identify factors that can lead to improvements in well-being. Policy questions might include the following:

- Can the formation and maintenance of social capital enhance the productive capacity of New Zealand industries, especially at a regional level (eg business clusters)?
- Are high levels of social capital associated with high educational achievement?
- What is the impact of social capital on individuals’ health status and their associated need to use publicly-funded health services?
- To what extent does the existence or absence of social capital in a community affect criminal activity in the area?
- Does social capital impact on the effectiveness of the justice system?
- Does social capital improve the performance of a community in responding to a local emergency or disaster?
- How important is social capital in building a socially cohesive New Zealand?
- What is the connection between social capital and race relations?
- What builds social capital and what destroys it?
- Should territorial authorities be interested in fostering social capital in their areas and, if so, what can they do to increase investment?

Users' choice of social capital indicators will ultimately depend on the use to which the information will be put. This means deciding on key policy questions that data is required to inform. An example could be the issue of "rural reform". This may involve improved efficiency at the national level but a loss of services at a locality level (eg the amalgamation of schools and of health services). In considering the likely success of these policies in a particular area, two questions could be asked:

- Is there sufficient social capital for a particular purpose (ie for the efficient running of the community)?
- If not, is there a viable way of making up the shortfall? This may require building networks beyond a localised community, ie drawing on the social capital from an extended network and thereby increasing the levels and numbers of contacts.

Why develop a measurement framework?

Having the ability to answer policy questions on social capital means being able to establish an operational definition and develop measures of it. Because the concept of social capital is not simple, its measurement is similarly not a simple task. That is the reason for a measurement framework being required.

As the word suggests, a framework gives shape to a particular area of data collection, providing an ordered, structured and standardised way of organising statistical data. A framework shows clearly what is included and what is not included in measuring a particular phenomenon. This provides a basis on which user needs can be systematically defined, existing statistics assessed, and unmet demands for information determined.

Issues to be addressed in the development of a New Zealand measurement framework

There were several issues to be addressed in the development of a New Zealand framework - some associated with framework development generally and others specific to social capital. These issues included the need to:

- Work with a concept of social capital that includes a practical, useful, working definition capable of being operationalised
- Incorporate a Māori concept of social capital into framework development
- Determine whether "stock" or "flow" measures are required
- Identify the social capital indicators applicable to New Zealand (ie the phenomena to be measured)
- Suggest possible ways of measuring these indicators
- Highlight three or four key indicators of social capital of most use to potential users
- Identify existing data sources that can help with the measurement of social capital, as well as gaps in data availability where inadequate information exists

2. Conceptual issues

Types of “capital”

The term “capital” is most often used in an economic context to describe assets that can be invested to generate income. Examples include:

- Financial capital (funds that can be invested in productive goods)
- Physical capital (land, tools, machines and other equipment capable of production)
- Environmental capital (natural resources that can be used as raw materials in a productive process)

More recently, other types of capital have been identified, including:

- Human capital (the education, skills and knowledge that reside within individuals)
- Cultural capital (the set of values, history, traditions and behaviours which link a specific group of people together)
- Social capital (the social networks that help society to function effectively)

Confusion can arise from collapsing human, cultural and social capital together in one catch-all grouping. While there are similarities between them, they are different. One similarity is that they have both individual and collective returns. Another similarity is one that most distinguishes them from the established forms of capital long recognised by economists. While stocks of financial, physical and environmental capital are depleted when used, human, cultural and social capital are not reduced through use. In fact, they are increased - creating more of the resource for future investment.

A society’s stock of social capital can be reduced. Putnam has suggested that a decrease in social capital in the US is related to reduced levels of formal and informal sociability and active participation in society. Reasons suggested for this decrease include a combination of factors - TV, two-career families, and urban sprawl - all changes that have been enabled by modern technology. Just as social capital can be diminished through lack of use (ie the absence of networking, communicative action, etc) it can also be actively destroyed. Intolerance and antagonistic relationships, such as racism, can destroy social capital in a community.

What is social capital?

Human beings are social animals. They spend their lives living and interacting with others. Almost everything people do is done as members of distinct social groups. We are members of immediate and extended families, we live in local neighbourhoods as members of communities, we socialise and network with friends and acquaintances, we belong to both professional and recreational clubs and societies, and we work alongside friends and colleagues at our place of employment.

Social capital is a resource that exists because of, and arises out of, these relationships. For the purposes of developing a measurement framework for New Zealand, we defined social capital as “*relationships among actors (individuals, groups, and/or organisations) that create a capacity to act for mutual benefit or a common purpose*”.

In summary, social capital is the social resource that is embodied in the relations between people. It resides in and stems from the contact, communication, sharing, co-operation and trust that are inherent in ongoing relationships. It is described as “capital” because it can be accumulated over time and then drawn on in the future for use in achieving certain goals. Social capital is a collective resource rather than one accruing to an individual. However, the circumstances surrounding an individual or household may result in their having access to greater or lesser stocks of the community’s social capital. The nature of social-capital intensive relationships is explored elsewhere in the Social Capital Programme. Papers on conceptualising social capital, a Māori perspective, a case study for civic action on health and the participation of mental health consumers are being published in *Building Social Capital*, edited by David Robinson, Institute of Policy Studies, Wellington, 2001.

How is social capital used?

People generally gain access to social capital through their participation in a range of community associations. These networks and relationships enable the flow and exchange of information, ie they provide the opportunity for communication. They give access to information, enable views to be shared and information to be processed, turning it from “data” into “knowledge”. Access to social capital can be said to have three key functions:

- **Processing information** People need more than access to information (eg connections to the Internet, TV news, public libraries, newsletters, etc). What is needed is the opportunity for people to have dialogue with others about issues so that they can turn this flow of information into understanding.
- **Assessing risks and opportunities** Social capital networks give the opportunity to assess the reputation of a person or an agency - their credentials, their past achievements and whether they can be trusted and depended on. Social capital gives the opportunity to assess the risk involved in taking a particular course of action.
- **“Checking out” situations, individuals and agencies** This process of communication provides an opportunity to “check out” people’s mandate (ie who and which interests they represent). People need knowledge to fully understand the political, social and economic choices available to them.

Implications for the measurement framework

The definition of social capital shows that measurement would need to focus not only on the existence of relationships but also on the “quality” of those relationships. The nature of actual relationships can only be observed in the context of an action or an event. In other words, this can most successfully be done through a case-study approach. There is a limit to the extent that a statistical approach can add to our understanding of relations.

Having said that, what a statistical framework can do is identify aspects of social life that relate to social capital and which can be measured to some extent. This helps establish some benchmarks for estimating the level of the underlying resources that are required in order for social capital rich (or intensive) interactions to take place. We can distinguish between co-operative relations expressed through actions, such as those of blood donors, and destructive relations expressed through criminal activity, and construct a balance sheet accordingly. Rather than measuring the social capital itself, a framework can specify measures that are relevant to understanding the best “environment” for building or drawing on social capital.

Aspects of social capital

The first step in determining the contents of the measurement framework involved finding a way to identify important aspects of social capital. This involved adopting a theoretical stance and using it as the basis for framework construction.

Social scientists around the world have used a variety of concepts in their work on social capital. Robert Putnam uses what has been described as a narrow concept. He defines it as “features of social organisation, such as networks, norms and trust, that facilitate co-ordination and co-operation for mutual benefit”. This puts emphasis on horizontal associations between people as “networks of civic engagement” which mediate norms and operational rules of society and generate and reinforce trust in the credibility of these rules and in social relationships.

James Coleman used a wider concept in that he included vertical associations as well. He defined social capital as “a variety of different entities, with two elements in common: they all consist of some aspect of social structure and they facilitate certain actions of actors (whether personal or corporate) within the structure”. An even wider perspective is adopted by other social scientists. North, for example, included formalised relations and structures of macro-institutions, such as the political regime or the legal and judicial systems.

The conceptual framework for this project is based on the work of James Coleman who is the leading English language sociologist to use the term “social capital”. His theoretical synthesis *Foundations of Social Theory* was the main source cited by Robert Putnam when he began to give the phrase “social capital” wide currency. Coleman (1994) explained that relations between people have a value to the actors involved because they can be used as resources to take effective action and achieve desired ends. He described what it is about social relations that can constitute useful capital resources for individuals. He did this by identifying several aspects of social capital:

- **Norms and effective sanctions** Effective norms supported by internal or external sanctions can constitute a powerful form of social capital. They regulate people’s behaviour, often assisting various societal institutions in the process. (It should be noted that while this social capital facilitates certain actions, it also constrains others.)
- **Authority relations** This aspect of social capital comes into being when people vest authority in another actor. That “leader” then has the authority to solve common problems, something that might not occur if people continue to act as individuals even while sharing similar interests.
- **Appropriable social organisation** Organisations brought into being for one set of purposes can also assist others. This form of social capital particularly relates to voluntary organisations which are created to further a purpose but which stay in existence with new objectives after the original objective is achieved. Organisations can also serve as meeting places where relationships are established which are built on for other purposes. There are also networks between organisations, including business and the voluntary sector, where expertise found in one organisation may be recruited for a range of organisations or purposes.
- **Intentional organisation** Social capital is often a by-product of activities engaged in for other purposes. However, aspects of social capital can be the direct result of investment by actors who want to receive a return on their contribution. An example is a not-for-profit organisation that produces a public good (eg a PTA - or parent liaison group under New Zealand’s current educational arrangements). Because a public good is produced, benefits are available to a wider group of people than just those involved in the initial creation.
- **Information potential** There is potential for information inherent in social relations. Information is important as the basis for action but acquiring it can be costly. This can be done through the use of existing social relations, including obtaining information from a relationship that is maintained for another purpose.
- **Obligation and expectations** This aspect of social capital involves the notion of “credit slips” resulting from the obligations of one party to reciprocate in some way for favours done by another party. Two elements are critical to this form of social capital: the level of trustworthiness of the social environment, which means that obligations will be repaid, and the extent of obligations held. The meeting of obligations and expectations generally reflects a sense of shared values and a shared sense of identity.

A Māori concept of social capital

The nature of social capital in New Zealand can only be fully understood by taking into account elements of social capital important to Māori. A crucial part of framework development therefore involved incorporating a Māori concept of social capital.

Discussion of issues with reference groups in Wellington and Opotiki showed that social capital in a Māori context emphasises nine things¹. These are not exclusive issues and others may arise as the discussion continues. The nine issues are:

The primary importance of extended family relationships

The European perspective of social capital is that it is created in networks and relationships outside the family. This separation of family and community is not relevant to Māori, for whom the concept of family moves seamlessly from the immediate family to the wider family network and the tribe (whānau², hapū³, iwi⁴). The (extended) family becomes the community, the community is made up of the (extended) family. In this context, social capital is created through networks and relationships that are within all of these expressions of “family” (or community).

Extended family relationships underpin and form the basis of all other relationships. The family/whānau is the nucleus of all things. Māori community values/norms come from the traditional/fundamental values that are, or should be, rooted in the whānau. As long as they are of substance within the whānau, the following all constitute community values/norms:

- Whakapono (trust)
- Tika (integrity)
- Pono (truth)
- Manaaki (nurturing)
- Tautoko (support)
- Hāpai (uplift)

Knowledge of (and maintaining) a specific “place” in society

In a Māori context, “place” is much more than locality, reflecting a knowledge of who you are, how you relate to others and where you belong. Attention needs to be given to the “reach” of iwi relations beyond geographical boundaries. All the relevant social capital factors may be present within the iwi system rather than confined within a locality or local community. The iwi community exists wherever its members are. It does not have closed spatial boundaries and takes advantage of opportunities for interaction across them.

Informal association rather than formal organisations

Relationships are structured around informal association rather than formal organisations. However, the term “informal” does not indicate that social capital in Māori cultural terms is secondary to another purpose such as economic activity. The connectedness provided by these informal associations is an intended and expected consequence of whānau and iwi relations even if it is not spelt out in these terms. Although the nature of this social capital is not clearly articulated, its value is understood by those who have access to it.

The “holistic”, integrating nature of relationships and networks

These relationships are of primary importance; their use or functional activity is secondary. In practice, whānau, iwi and community networks take priority over functional contracts with specified agencies such as health, education or welfare.

¹ Tu Williams and David Robinson (2001), “Social Capital Based Partnerships, a Māori Perspective from a Comparative Approach” in *Building Social Capital*, Institute of Policy Studies, Wellington.

² Kin group

³ Sub-tribe, clan

Improving our understanding of the nature of social capital, what builds it and how it works, can help us to understand the purpose and implications of a community initiative. For example, the tu tangata programme⁵ helps reinforce community values and builds the strength of the community outside the school as well as having an impact on the behaviour of students within the school.

The close links between social capital concepts and cultural capital

Cultural capital provides a sense of identity, which is an essential part of social capital. In fact, for Māori the distinction between cultural and social capital disappears. Cultural capital is social capital and social capital is, by and large, an expression of cultural capital in practice. Social capital is based on and grows from the norms, values, networks and ways of operating that are the core of cultural capital.

The process of moving from iwi-based social capital to bridging social capital that enables one iwi to connect with others

A key issue for Māori is the process of moving from the bounded (iwi based) social capital that holds a group together to bridging social capital that enables one iwi to connect with another and with the non-Māori community. If we consider Māori and non-Māori as having access to separate spheres of social capital that exist within a wider society, then what limits people in crossing the boundaries between them?

The difficulties faced by Māori moving into or using European structures include the formality and rules of the bureaucracy and the systems that have to be understood and mobilised for use by Māori. There are also barriers for non-Māori moving into Māori situations. For example, it may be difficult to take part in an informal activity where there is no organisation to join, no membership fee and no clear gateway - where membership is based on an exchange of obligations and acceptance by the group. The "conditions for joining" may be verbal, implicit and obligation driven rather than rule driven, specified and written down as is usual in European society.

The concept of "obligation-driven" membership includes obligations based on a common ancestry - the whānau whanui motive, and the cultural dimension that obliges one to act in certain ways that give rise to the development of social capital.

Factors that may influence whether it is possible to reach out from within Māori culture to the wider society include the history of the relationship, as seen through memory, the perception of shared understandings and responsiveness, and the apparent likelihood of having an impact, eliciting a response and achieving success.

Cultural capital, a sense of identity and a sense of belonging

Cultural capital, a sense of identity and a sense of belonging are associated with traditional leadership structures, therefore we need to acknowledge the role of vertical as well as horizontal relationships in building and maintaining social capital within Māori society. Although these vertical (hierarchical) relationships may appear to dominate, there are also horizontal relations which link the leadership with advisors, with their community, with those on whose behalf they act. Social capital is an expression of all of these networks and relationships - vertical as well as horizontal.

The defence, preservation and expansion of existing hapū/iwi communities

As with cultural capital, which consists of the values, history, traditions and behaviours that link a group of people together, Māori social capital is drawn upon and used to defend, preserve and expand existing hapū/iwi communities. The emphasis is on preserving the language and culture. This may contrast with current Western European understanding of social capital, which builds on concepts of modernisation developed by Max Weber, Karl Marx, Jurgen Habermas and others. Western or modern (post-reformation) social capital is often used to move out of traditional networks in order to expand, build and "conquer" or "colonise" the wider world.

¹ The Tu Tangata programme is based on volunteers assisting schools with the behaviour, management and achievement of pupils on an in-class basis.

The positive and negative effects of recent government reforms

Government reforms have been a catalyst for the development/generation of social capital within some Māori communities, where these communities have come together to work co-operatively or to collaborate, in order to access resources for the provision of services within their communities. Others have worked competitively for the lion's share of the available resources and their agenda has in most cases been a very narrow one. In circumstances where Māori have become more introverted and consolidated in their views, their social capital has been isolated and is less accessible for connecting with society as a whole. Therefore it is important to consider areas where social capital is shared between cultures, for example in the arts and sports, as potential bridging mechanisms.

3. Development of a measurement framework

Incorporating key aspects of social capital

A major task in framework development was ensuring the incorporation of key aspects of social capital. This meant including the points made by Coleman and assessing whether they encompassed the key elements of a Māori concept.

Norms and sanctions

These operate to regulate people's behaviour and thereby govern interactions among people. They prescribe what is acceptable in society, determining which behaviours, values and attitudes are approved, supported and rewarded. The framework had to ensure that norms and sanctions were included, not only by identifying the values and norms prevalent in a community but also in trying to gauge whether people actually live by the rules imposed by society and exploring how they are or can be changed.

Mandate and authority

Leaders are vested with the authority to act on behalf of people who have transferred rights of control to that person. The circumstances in which this is done vary, as do the leaders who are given power to act on behalf of others. These authority structures are important because of the social capital available to the people in authority and the activities into which that social capital will be invested.

While linked to the organisational aspect of social capital (which is covered below), this particular aspect also encompasses the maintenance of "place" in society. The framework needed to ensure inclusion of people's recognition of their own standing or importance, which is closely tied to their sense of identity and belonging.

Organisation

Organisational structures can contribute to the level of social capital in a community. The framework had to include both formal organisations and informal as well, for example whānau, iwi or community networks. These informal structures are especially important. Voluntary organisations unite people in a common cause, producing social capital that is then available for other purposes.

Sources of information

In this "information age", sources of information are extremely important because information is power in terms of facilitating action. Social relations have potential for information exchange. This aspect of social capital emphasises the ability to communicate with others and acquire information through networks and relationships. There is also a social capital function in processing information and deciding whether and how it should be used.

Obligations and expectations

Obligations and expectations are a very clear component of social relations. Differences in social structure affect the level of trustworthiness in the social environment (which needs to be high for obligations to be repaid). The actual extent of obligations will also be affected by a number of factors (eg the actual need people have for help; the existence of other sources of aid (such as government); the degree of affluence; and cultural differences). Social capital provides a mechanism for "checking out" obligations, expectations and mandate.

Stocks and flows

In any analysis of capital, both stock and flow measures are ideally required. Stock measures gauge quantity at one point in time whereas flow measures reveal what has happened over time (identifying growth in capital through acquisition, and capital depletion through use or loss).

Ideally both these types of measure are required for social capital as well. However, they have different implications for measurement and different implications for user requirements. Assessing stocks involves determining the various factors that indicate high or low levels of social capital. Having a measure of the stock of social capital in different communities would enable users to compare other characteristics in those areas (eg economic performance, crime rates, race relations). Measuring flows, on the other hand, involves measuring the actions that can increase or deplete social capital. With those measures, users would focus on change and would be able to answer questions on events or actions (eg by the local authority) that had altered social capital in communities, either positively or negatively.

Because of the differences between the two types of measure, one focus had to be chosen for framework development. It was agreed that measuring the stock or level of social capital was the more important and practical priority at this stage. This type of measure seemed more relevant to identified policy questions, in particular the connections between social capital in a community and other indicators of well-being (eg health status).

Indicators of social capital from international attempts at measurement

It was considered important to review some of the work undertaken around the world to measure social capital. This was done largely because social capital is an abstract, and subjective measures are required to operationalise the concept. It was thought that reviewing overseas work would be likely to help identify common themes in the components of social capital chosen for measurement.

Appendix 2 lists six different international research projects. These were chosen because of the efforts of researchers to explain why they used various measures of social capital and, in some instances, to describe the work undertaken to identify the most important indicators. The projects were carried out across a number of both developing and developed countries. They showed that some indicators of social capital in use in various parts of the world are inappropriate to New Zealand. For example, extreme measures of political instability (the number of political assassinations and coups) are not relevant to our society. There were, however, common threads in the measurement of social capital and these were useful in producing a New Zealand framework.

While terminology varied between field researchers, it was possible to extract these common features and confirm that they covered the key aspects of social capital identified earlier. They were summarised as indicators relating to:

- **Levels of giving** This topic reflects people's propensity to give to others when they themselves will not directly benefit.
- **Participation and engagement** These indicators gauge people's involvement in a range of groups and associations, both formal and informal. This includes networks and everyday social interactions, as well as measures of a wider involvement and interest in society's operation.
- **Reciprocity within the community** This area measures the extent to which people can rely on their community to help in times of need.
- **Generalised trust** This topic assesses the trust that people have in other individuals and groups, and how safe they feel in their everyday lives.
- **Trust towards public officials and institutions** These indicators measure whether people feel confident in the institutions of society.
- **Norms** These cover the rules, beliefs, mores and habits which regulate behaviour.
- **Attitudinal variables important to social capital** These include individuals' beliefs about themselves and their tolerance of others, levels of acceptance, motivations, sense of connection, fears, etc.
- **Confidence in the continuation of social and political relationships** These indicators measure people's confidence in the future.

4. New Zealand framework for the measurement of social capital

The draft framework developed in 1997 had three interdependent components relating to population groups, attitudes and values, and participation in social networks. This basic structure of the draft framework still seemed relevant in that it catered for most of the indicators of social capital identified as critical for measurement. However, it seemed more logical to reverse the structure of the framework and examine:

- Behaviours (what people do)
- Attitudes and values (what people feel)
- Population groups (what people are)

Also, it was felt necessary to add an "organisation" component to the framework. This allowed the examination of organisations as social structures. Their existence often reflects a society's attitudes and values and they are the vehicles through which people display certain behaviours. In this sense they are linked to all the other three components of the framework yet stand alone as an important component in their own right.

Behaviours

This component of the framework deals with people's behaviours, in particular the activities that indicate high levels of social capital but also behaviours that are capable of dissolving it. Here the focus is on what people do and, in particular, their participation and engagement in social networks. Potential indicators include:

- **Giving to strangers** This covers all types of "giving" to people outside one's family or household (eg donating blood).
- **Participation in voluntary organisations (as a partial sub-set of the above)** This assesses the propensity people have to give their time willingly to causes from which they will not necessarily directly benefit. This also measures the social interactions people have with others through formal organisations.
- **Participation in informal networks** This gauges the relationships and interactions people have with others on an informal basis.
- **Wider interest in society** This determines who pays attention to what is going on in the world, especially in the local community.
- **Community participation (local community and interest groups)** This gauges who cares enough to become involved in their community (and at regional or national levels as well).
- **Compliance with rules and norms that support the formation and maintenance of social capital** This ascertains who takes on responsibility by complying with rules (written and unwritten) and by taking responsibility for others. Behaviours that destroy or harm social capital are also important, so it is necessary to assess who is "opting out" of society through non-compliance with commonly-accepted norms of behaviour.

Attitudes and values

In the second component of the framework, the focus is how people feel, what they believe and what they value. It is accepted that people's behaviour may not always equate with their stated beliefs and opinions. However, honestly-expressed attitudes and values reflect people's view of the world and the ideological base from which they operate. Attitudes and values are important to measuring social capital because of the ideas, assumptions and obligations that motivate and protect the transactions and social exchanges within a

civil society.

The "attitudes" that could be measured in this part of the framework involve:

- **Beliefs about self** These beliefs relate to identity, worth and personal empowerment.
- **Attitudes towards others** These include a willingness to give, tolerance, approval of free-riding, and optimism.
- **Trust and reciprocity** This covers confidence in others, expectation of mutual support, and concern for other people's interests.
- **Attitudes to government and other societal institutions** This measures how people feel about the institutions of society, including government.
- **Values and norms that support the development of social capital** These consist of important beliefs and values that are likely to underpin the development and ongoing maintenance of social capital.
- **Outlook for and confidence in the future** This measures how positive people feel about what the future holds for them.

Population groups

As the third component of the framework, it is necessary to understand the community (or society) under study. This means having knowledge of the different groups of people making up the population because the nature of the relationships different people have with others (and therefore the social capital in a particular area) will differ according to basic characteristics. Our picture of the composition of the population has as its base variables relating to demography:

- **Demographic** Sex, age and ethnicity are an obvious place to start because there are likely to be differences in the nature of relationships entered into by men and women, different age groups and different ethnic groups. It is likely, for example, that if a community has a high concentration of older retired people, the networks of which they are part will be completely different from the social groups to which a much younger, working-age population belongs. Similarly, one of the main focuses of social capital in a largely Māori community is likely to be the local marae. There is no cultural equivalent in a non-Māori area.

Aside from the basic demographic variables of sex, age and ethnicity, a number of other variables are important as back-drops to social capital. These consist of all the characteristics that can categorise people into different groups and impact on the nature of the relationships they form. These variables affect who people mix with, which social networks they join, the norms they are exposed to, who they trust, etc. Most of these variables can be summarised under three headings:

- **Family** These variables are those associated with partners/spouses, children and wider family networks. An example of how people's family type might impact on the networks to which they belong is the case of people with children. Dense associations may form among the parents of children attending a particular school. The institution can become the focus of social capital in the local area with tight relationships being established as a result of fund-raising and other activities carried out for the benefit of the school.
- **Cultural** These variables go further than ethnicity, already covered above. They can include associated variables such as birth place, length of time in New Zealand and religion. Religion can have a major impact on social capital. A church (or its non-Christian equivalent) can be the focus of social capital in a community, greatly influencing people's beliefs and behaviours, forming the basis of their major social networks and affecting how they lead their lives.
- **Employment** These variables can also have a major impact on social capital. People's paid work has a huge influence on the social networks of which they are part. In a paid work environment, interaction with colleagues ranges from sharing formal membership of professional associations to socialising out of work hours. It is not difficult to see how the dominant types of employment in an area will impact on forms of social capital. A freezing works or a large factory in a small town is likely to be the

¹ Ceremonial centre of community, forecourt of meeting house

focus of the community. This place of employment will have people interacting differently from the white-collar central business district of a large city.

Income is included as an "employment" variable, even though people may acquire income from non-employment sources. What may be important from a social capital point of view is the extent of income inequality. While recognised as an important factor in determining well-being, income inequality may have a significant impact on trust and, therefore, on social networking built on trust.

It should be noted here that identifying various population groups and talking of differences between them does not imply that some groups will automatically be high or low in social capital. Rather, the information is designed to act as a flag for researchers to be aware that the type of phenomena they may investigate in one area, where one population group is dominant, may not necessarily be appropriate in other areas. A community poor in monetary terms, for example, will not automatically be low in social capital. However, the income levels of people in an area may signal that some indicators of social capital will be more relevant than others. Service club involvement and golf club memberships are likely to be limited in a low-income area, whereas in more affluent communities these types of social network may be critical to the social organisation of the area.

There is one other group of variables relevant to setting the scene for measuring social capital. These are variables relating to:

- **Communication** These are factors that may facilitate (or conversely, hinder) people's ability to communicate, their access to information, their capacity to co-operate or their opportunities to deliberate. They do not necessarily automatically impact on the level of social capital. However, they do impact on the form that social capital is likely to take. For example, the types of social network operating in a geographically isolated rural area are likely to be different from those operating in a city. The focus of social capital in a rural community may be institutions such as the local school, the volunteer fire brigade, or the local rugby club. That sort of knowledge would be vital to a researcher wanting to fully understand and investigate social capital in that area.

Organisations

The final component of the framework covers organisations in the community under study. An organisation's terms of engagement bring together norms, mandate, sanctions, etc. The existence of social capital is not guaranteed by the mere presence of organisations that bring people together for a common purpose. However, it is still important to identify how many organisations of various types exist, their size, how the organisations are structured, how they are linked together, and how they operate. This is particularly true of organisations that dominate an area (such as a very large employer) or organisations that play a major role in other ways (for example, the territorial authority).

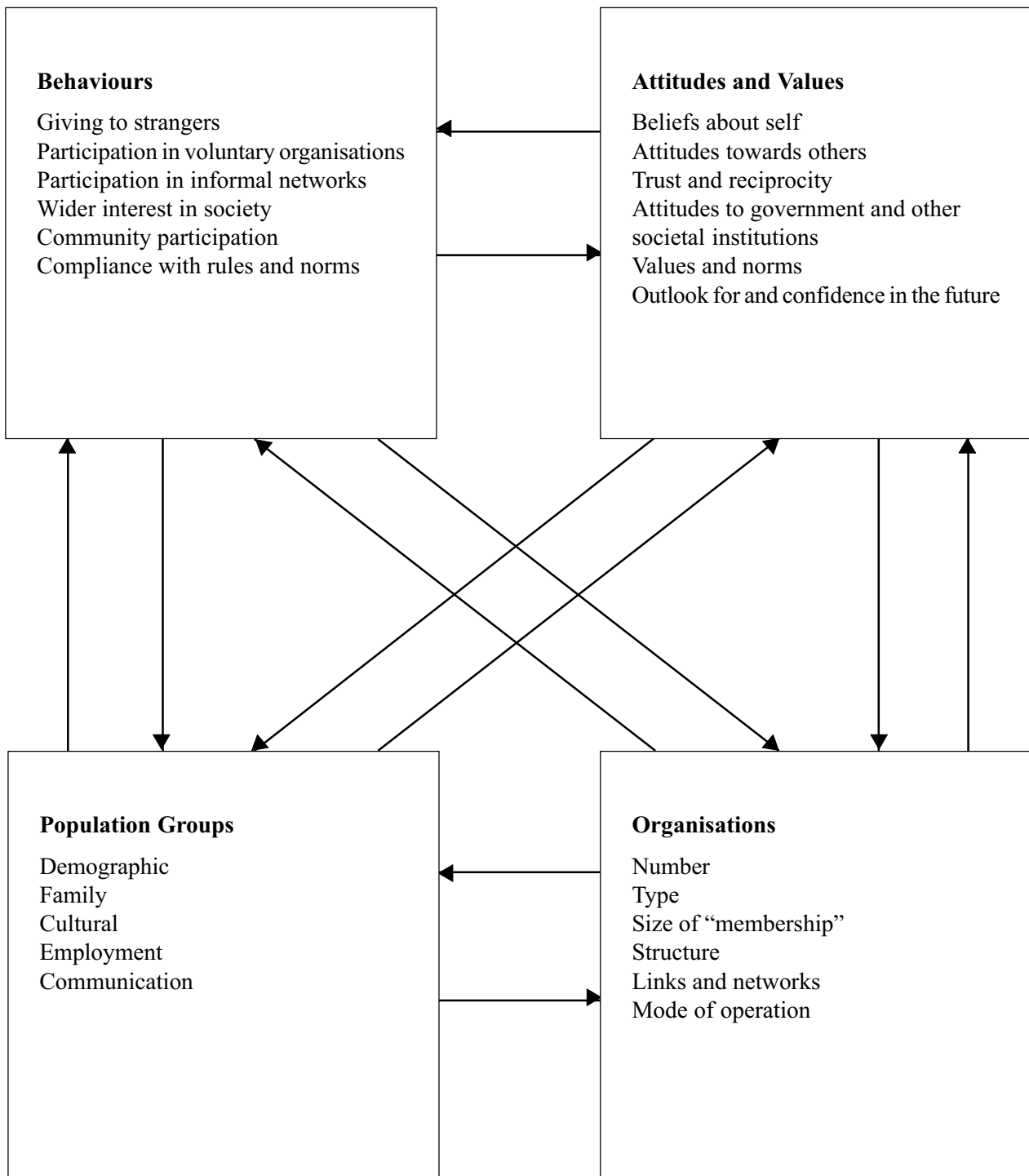
Aspects of organisations included in the framework are:

- Number
- Type
- Size of "membership"
- Structure
- Links between organisations
- Mode of operation / terms of engagement

The following is a diagrammatic representation of the suggested measurement framework. The indicators relate to different aspects of social capital, but they sit alongside one another, reflecting the importance of each as a stand-alone component but also the connections between all of them.

Diagram:

Framework for the measurement of social capital in New Zealand



5. Suggested measures for indicators of social capital

Potential measures and areas of measurement in the framework are listed against each indicator in the following section.

Behaviours

Giving to strangers	Measures of the propensity people have to give willingly to stranger. This includes such things as giving: <ul style="list-style-type: none"> • Time (volunteering) • Money (donations) • Experience and expertise (voluntary advice) • "Oneself" (blood donations, organ donations) • Information (participating in surveys)
Participation in voluntary organisations	Measures of the propensity people have to give their time to causes from which they will not necessarily directly benefit. Also, measures of the social interactions people have with others through formal organisations. This includes active membership of a: <ul style="list-style-type: none"> • Sports club • Special interest or hobby club • Service organisation • Trade union
Participation in informal networks	Measures of the relationships and interactions people have with others on an informal basis. Examples include: <ul style="list-style-type: none"> • Contact with neighbours • Extent of borrowing from neighbours, family or friends • Doing favours for sick neighbours or friends • Frequency of contact with family • Frequency of socialising with friends or workmates • Propensity to discuss personal problems with friends • Propensity to discuss political matters with friends
Wider interest in society	Measures of who pays attention to what is going on in the world (particularly in their own community). Examples include: <ul style="list-style-type: none"> • Reading local (and national) newspapers • Being aware of who runs the local council (and the country) • Knowing how the country is governed • Discussing who to vote for • Voting in local (and national) elections • Listening to or watching the news on radio or television

Behaviours - continued

<p>Compliance with rules and norms that support the formation and maintenance of social capital</p>	<p>Measures of who takes on responsibilities by complying with rules (written and unwritten) and by taking responsibility for others. Examples include:</p> <ul style="list-style-type: none"> • Picking up rubbish • Mowing lawns • Obeying traffic rules • Having children immunised • Offering help to strangers / sharing space with strangers • Knowing people and greeting them • Helping other people / sharing resources • Speaking out about problems • Making sure children are cared for • Turning up when they promise • Taking part in local activities <p>Equally important here are measures of who is rejecting commonly-accepted norms of behaviour. Examples include:</p> <ul style="list-style-type: none"> • Theft or cheating • Vandalism • Abuse • Neglect • Violence against others • Road rage • Alcohol abuse • Drug abuse • Self-harm and suicide
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Attitudes and values

Beliefs about self	<ul style="list-style-type: none"> • How you view your "place" in society • Whether you feel valued by society • Whether you believe you would be missed if you died • Whether you feel angry or depressed • Whether you think life is meaningful • Whether you feel connected to other people or lonely and isolated • Perceived ability to change personal life situation • Perceived ability to influence politics or make claims on officials
Attitudes towards others	<ul style="list-style-type: none"> • Whether everyone is of equal value • Whether society needs to care for people who cannot look after themselves • Whether you would help a stranger • Opinion of a range of social and political activities • Tolerance towards outsiders • Tolerance towards marginalised people • Whether you enjoy living amongst a diversity of people • Fears of people who are different (eg ethnically, in religion or in sexual orientation) <p>Some attitudes are best measured by indicative behaviours, such as:</p> <ul style="list-style-type: none"> • Whether you would cheat on your taxes if you had the chance • Whether you have ever avoided a fare on public transport • Whether you would claim a benefit to which you were not entitled
Trust and reciprocity	<ul style="list-style-type: none"> • Trust in other people, including strangers • Belief about whether people would try to take advantage of others if they got the chance • Whether you feel safe in your local area • Optimism about others' motivation • Whether you see any personal advantage in cheating
Attitudes to government and other societal institutions	<ul style="list-style-type: none"> • Confidence in Cabinet and MPs generally • Trust in Parliament • A belief that politicians are interested in people's welfare • A belief that governmental officials care about public interests • Trust in the judicial system • Opinion of the education system • Faith in the health system
Values and norms that support the development of social capital	<ul style="list-style-type: none"> • Which ideas and concepts are most important (eg giving and getting a "fair go") • Attitudes towards caring, co-operating, tolerance and other "social capital-related" norms • Perceived freedom to speak out in opposition to a commonly-accepted norm
Outlook for and confidence in the future	<ul style="list-style-type: none"> • Whether you have a positive outlook for the future • Goals for the future • Expectation of achievement of goals

Population groups

Demographic	<ul style="list-style-type: none">• Sex• Age• Ethnicity
Family	<ul style="list-style-type: none">• Whether partnered• Family type• Number of children• Ages of children
Cultural	<ul style="list-style-type: none">• Birth place• Length of residence• Religion
Employment	<ul style="list-style-type: none">• Labour force status• Status in employment• Education• Occupation• Industry• Hours of work• Income
Communication	<ul style="list-style-type: none">• Health / disability status• Literacy level• Language spoken• Presence of a telephone• Presence of computer / Internet access• Availability of a vehicle• Geographic isolation

Organisations

Number	<ul style="list-style-type: none"> • Number of organisations
Type	<ul style="list-style-type: none"> • Service organisations • Sports clubs • Churches / places of worship • Marae • Performing arts/cultural groups • Special interest or hobby clubs • Schools • Etc
Size of "membership"	<ul style="list-style-type: none"> • Number of members (if applicable) • Number of employees • Number of volunteers
Structure	<ul style="list-style-type: none"> • Top position • Tiers of management • Committee structures • Public access routes into organisation • Etc
Links between organisations	<ul style="list-style-type: none"> • Membership of network, association, cluster
Mode of operation / terms of engagement	<ul style="list-style-type: none"> • Choice of officers • Number and frequency of meetings • Consultation with community • Involvement of community in decision making

6. Key indicators of social capital in New Zealand

In developing this framework we were aware that a large range of potential indicators was being suggested as relevant to measurement in New Zealand. To be really useful to researchers, a few key indicators of social capital need to be identified.

Doing this is not a simple matter for two main reasons. Firstly, identifying the indicators of greatest importance will be influenced, at least to some extent, by the views of users, who will want to investigate specific policy issues. The choice of indicator may well be different depending on the issues being investigated. Secondly, the process of identifying key indicators has, at least partially, a statistical perspective. Some of the international studies listed in appendix 2 show that, ideally, data should be gathered and statistically analysed in order to isolate the most important elements of social capital. Some studies have gone as far as also identifying key questions to include in surveys. Availability of information is, therefore, crucial to the process.

To date, no specifically-focused, wide-coverage data on social capital has been gathered in New Zealand. Until it is, the main elements (and therefore the key indicators) of social capital in this country can only be estimated. For example, using availability of information from existing sources as a key factor in deciding priorities, a proposed list could be as follows:

- Trust (both the degree to which other people or institutions are trusted and the degree to which individuals feel they themselves are trusted or valued)
- Civic engagement
- Voluntary activity
- Participation
- Giving
- Meeting obligations

These factors can be organised in different ways:

- By individual activity (what people do; how they behave) In this case, the following could be examined:
 - Civic engagement - voting, standing for election to school boards of trustees, etc
 - Voluntary activity - volunteering for others, both formal and informal activities
 - Participation - in sports, arts, culture (club rather than social service activity)
 - Giving - time, money, blood, information
 - Meeting obligations - family, cultural, religious obligations; paying taxes
- By opportunities (the presence of institutions that are inductive to the building and use of social capital, ie a social capital rich environment) Organised this way, the following factors would be important:
 - Voluntary associations - How many? What type?
 - Elected boards and committees versus appointed or bureaucratic management
 - Public meetings - forums for dialogue

7. Existing data sources

This section examines data availability for each of the four components of the measurement framework. It provides a description of some existing data sources and identifies some of the known gaps in current statistical information. (Appendix 3 contains a list of relevant Statistics New Zealand surveys and detail of the variables collected in each.)

Behaviours

Time Use Survey

New Zealand conducted its first national Time Use Survey in 1998/99. Using a similar methodology to time use surveys conducted overseas, information was collected through questionnaires and a time use diary. In the diary, respondents provided details of everything they did over the period of two days, in five-minute segments.

The Time Use Survey can provide information on many of the behaviour indicators listed in the framework, for example:

- Participation in voluntary organisations
- Participation in informal networks
- People's wider interest in society
- Participation in the local community

And these behaviours can be analysed by the large range of demographic and socio-economic variables collected in the survey. However, the survey does have some important limitations. Firstly, the diary imposes a limit on the reporting of behaviours to those occurring during the selected two-day period. This means that a respondent may in fact undertake a particular activity of relevance to social capital but they do not happen to do it on a diary day. This can be remedied by asking additional questions. For example, in New Zealand's survey, respondents were asked in a separate questionnaire if they had done certain activities during the last four weeks, including various Māori activities.

The second major gap is the lack of small-area data if a particular community is the focus of social capital research. The Time Use Survey was designed to provide national results. Regional analysis is very limited and small-area estimates are non-existent.

Census of Population

The last few censuses have asked people about unpaid work undertaken during the four weeks prior to the census. Questions have generally asked not only about the types of activities but also the number of hours involved. Appendix 3 details the variables available from the 1996 Census. In 2001, it is planned to ask only a question on activities. This will ask whether in the last four weeks, people have done one or more of the following activities without pay:

- Household work, cooking, repairs, gardening, etc for their own household
- Looking after a child who is a member of their own household
- Looking after a member of their household who is ill or has a disability
- Looking after a child who does not live in their household
- Helping someone who is ill or has a disability and who does not live in their household
- Other helping or voluntary work for any person, group or marae

While information obtained from census questions is not hugely detailed, it has the advantage of relating to a four-week reference period. Also, because the Census of Population covers every person in the country, the data can be analysed for small population groups and small geographic communities.

Household Economic Survey

The Household Economic Survey (HES) collects information on household income and expenditure, as well as a wide range of demographic information on individuals and households. HES data can provide information on some social capital indicators, revealing the types of individuals and households that spend money on particular items (eg supporting charities or belonging to particular types of organisation). The survey is now conducted only every three years. The most recent data is 1997/98, with fieldwork having commenced again in June 2000. Data is national only, with no regional analysis possible.

Attitudes and values

Social Indicators Survey 1980/81, New Zealand Social Policy Survey - Attitudes and Values 1987

There are no official surveys of attitudes and values currently carried out within government. Earlier ones include the Social Indicators Survey (undertaken by the Department of Statistics in 1980/81), and the Social Policy Survey, which was commissioned by the Royal Commission on Social Policy and conducted by the Department of Statistics in 1987. These surveys asked respondents' opinions on a number of issues, their experience in several spheres (eg receiving health care), their satisfaction with these experiences and their assessment of the fairness of this phenomenon across New Zealand.

This means they collected information relevant to several of the "attitudes and values" indicators, especially attitudes towards others, trust and reciprocity, attitudes to government and other social institutions, and values and norms. There were also questions relating to the "behaviours" component of the social capital framework (eg membership of and active involvement in a trade union, political party, church, community services group or sports club).

There are two important "gaps" in terms of these data sources. The first is the age of the data. Even the most recent of these surveys is now 13 years old. The second is the fact that they were designed to produce national results. Regional and small area analysis is next to impossible.

Territorial authority surveys

Some of the territorial authorities around the country survey their residents on a regular basis. The main objective of these surveys is to ascertain residents' satisfaction with aspects of council's operation, but sometimes objectives include wider social monitoring. Some attitudinal information is collected in these surveys (eg perceptions of community identity).

The statistical adequacy of these surveys has not been assessed, but they are purported to be designed to produce results representative of residents in each authority. Whether smaller area analysis is possible is unknown.

New Zealand Study of Values 1998

This study, conducted as part of the World Values Survey 1998, was undertaken by the New Zealand Study of Values Trust in association with the School of Sociology and Women's Studies, Massey University. Input to questionnaire development was provided by Local Government New Zealand, the Ministry of Social Policy, David Robinson and the Department of Internal Affairs. The survey asked about attitudes towards a variety of things, including family, work, leisure, politics and the environment. There were also questions on social capital-related behaviours (such as active membership of various organisations and participation in community activities).

The survey has not been formally assessed for statistical adequacy, although concerns have been expressed over some aspects of the sampling methodology. The survey was designed to produce national results so its ability to produce regional data is limited. However, information from the Study of Values in other countries has been used in a number of studies of social capital and community involvement. The comparative nature of this study suggests that input into the next survey could be useful.

New Zealand Election Study

This programme of research is based in the Department of Political Science and Public Policy at the University of Waikato and is funded by the Foundation for Research, Science and Technology. The survey asks questions to probe attitudes about the electoral system, political parties and politicians. Data is available for 1996 and 1998.

Population groups

Census of Population and Dwellings

The census meets almost all needs for data on population groups. It produces statistical information on demographics, families, cultural characteristics, employment and communication, but the extent to which it covers all of these topics varies census by census. Appendix 3 contains details of the variables collected in the 1996 Census. In 2001, and later years, this may vary.

The advantage of the census is not only the range of information it collects but its coverage of the entire population. This makes it an ideal vehicle for providing information if social capital is to be studied in a small geographical area or within a small population group.

Territorial authority reports

Many of the country's territorial authorities produce annual reports on their city or district. While most of the population data they contain comes from the Census of Population, councils do add some of their own data or data from other sources (eg health services or schools). These reports would be good background information for someone wanting to study social capital in a particular area.

Household Labour Force Survey

The Household Labour Force Survey (HLFS) is New Zealand's official measure of unemployment. As such, it provides an important national social and economic indicator. The figures are up-to-date, being produced on a quarterly basis and enabling changes over time to be monitored. Some regional analysis is possible from the HLFS.

Organisations

Business Demography Statistics

Subject to confidentiality conditions being met, Statistics New Zealand can release business demography data from its Business Frame and business surveys. Information comprises the number of businesses operating in an area (down to meshblock (city block) level), by type of industry (to a fine breakdown), and the number of full-time equivalents employed (in size bands). In terms of the social capital framework, this provides a good picture of business organisations, their type and size.

Territorial authority reports

City and district councils also include business organisation data in their reports. It is important for them to understand the industries on which their economies depend and where employment is concentrated. Territorial authorities make use of Statistics New Zealand business data as well as their own sources.

As part of this reporting, territorial authorities may include statistics on not-for-profit organisations operating in their districts. Local Citizens Advice Bureaux may hold information on the number and type.

Survey of Local Authority Candidates

This survey provided a profile of successful and unsuccessful candidates in the 1992 local authority election. The Department of Internal Affairs is hoping to repeat the survey for the 2001 election.

Section 7 shows that some information is available on all four components of the framework, but the extent and quality of this information vary considerably. The "population groups" component is well served by the Census of Population, meaning that detailed information is available for small areas and for small sub-sectors of the population. The framework components relating to behaviours, attitudes and values, and organisations are less well served in terms of current data, but some information does exist. The extent to which these data sources will be useful to potential users will be determined by the specific need for information and, in particular, by the policy issues they wish to investigate in relation to social capital.

8. Current social capital work in overseas statistical offices

During the development of this framework, two overseas statistical offices, with which Statistics New Zealand has a lot of contact, initiated social capital projects.

Office for National Statistics, UK

In the United Kingdom, the Office for National Statistics is running a module on social capital in its General Household Survey. This is currently in the field, having started in April 2000 and continuing through to March 2001. The module is being conducted on behalf of the Health Development Agency. Five constructs of social capital are being investigated:

- Views about the local area
- Civic engagement
- Reciprocity and trust
- Social networks
- Social support

In the analysis of results, it is planned to look at the social capital to which an individual has access rather than the social capital present within an area. Along with socio-economic variables, measures of social capital will be looked at in relation to the impact on health and on health-related behaviours.

Australian Bureau of Statistics, Australia

The Australian Bureau of Statistics (ABS) has recognised a widespread interest in social capital and wants to use its expertise to contribute to the measurement of social capital. The Bureau is considering including social capital measures in the proposed General Social Survey 2002, so has seen the need to consult with potential users on three things:

- Whether the concept of social capital as a resource of a group can be successfully measured by aggregating information collected from individuals
- Which unit of measurement would be most valuable for measuring social capital (the individual, the household, the family or the community)
- Whether ABS surveys are useful means of obtaining such information

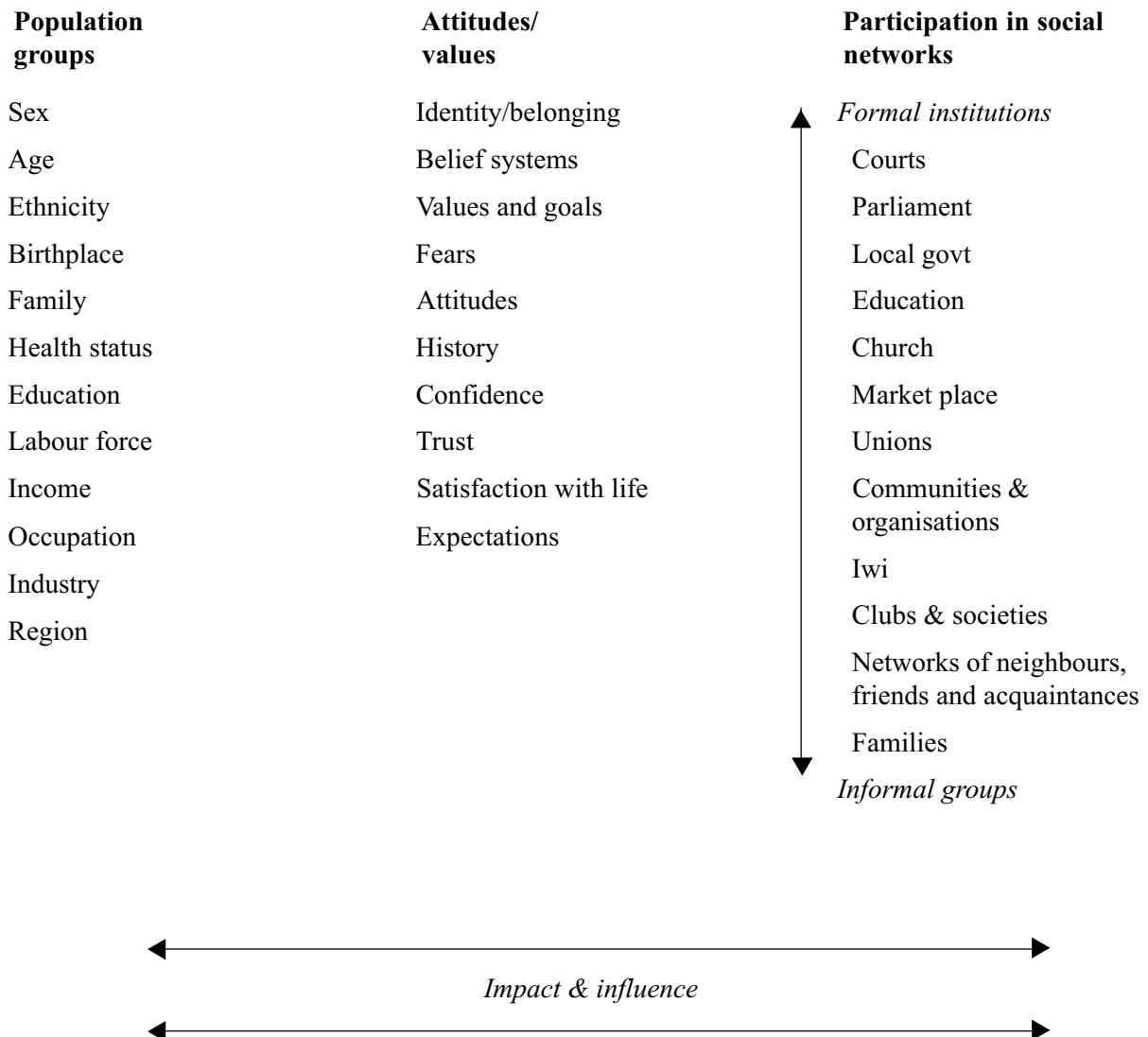
The ABS is also seeking feedback on the most useful data items and concepts for measuring social capital. It has suggested the following data items:

- Social networks and support structures
- Social and community participation
- Civic and political involvement and empowerment
- Trust in people and social institutions
- Tolerance of diversity
- Altruism, philanthropy and voluntary work

While the two countries are in different stages of the data collection and analysis process, both projects reflect an official statistical interest in measuring social capital.

Statistics New Zealand is interested in monitoring progress on these projects with a view to determining how they might impact on attempts to measure social capital in New Zealand.

Appendix 1: 1997 Draft framework for the measurement of social capital



Appendix 2:

International attempts to measure social capital

Christiaan Grootaert

In 1997, Christiaan Grootaert discussed the difficulties associated with indicators for social capital. He noted that because definitions of social capital vary greatly, it is inherently difficult to propose a list of indicators. They will have to evolve as the conceptual definition and, more importantly, the operational definition of social capital is developed. As part of his discussion, he provided a non-exhaustive list of properties that indicators should possess. He stated that indicators must:

- Be developed within an agreed conceptual and operational framework
- Be clearly defined and easy to understand
- Be subject to aggregation (from household to community, from community to nation)
- Be objective (independent of the data collector)
- Have reasonable data requirements - either available data or data that can be collected at limited cost and within the capacity of the country's statistical apparatus
- Have "ownership" by users
- Be limited in number
- Reflect input, process, or outcome

Grootaert went on to list some of the indicators of social capital that have been used in empirical studies in a number of countries. He noted that indicators of horizontal associations take a microperspective and typically have been collected for analysis within a country. The other sets of indicators have been calculated at the national level and have been used in cross-country research.

Horizontal associations

- Number and type of associations or local institutions
- Extent of membership
- Extent of participatory decision-making
- Extent of kin homogeneity within the association
- Extent of income and occupation homogeneity within the association
- Extent of trust in village members and households
- Extent of trust in government
- Extent of trust in trade unions
- Perception of extent of community organisation
- Reliance on networks of support
- Percentage of household income from remittance
- Percentage of household expenditure for gifts and transfers
- Old-age dependency ratio

¹ Christiaan Grootaert is Task Manager, Social Capital Initiative at the World Bank, Washington D.C.

Civil and political society

- Index of civil liberties (Gastil, Freedom House)
- Percentage of population facing political discrimination
- Index of intensity of political discrimination
- Percentage of population facing economic discrimination
- Index of intensity of economic discrimination
- Percentage of population involved in separatist movements
- Gastil's index of political rights
- Freedom House index of political freedoms
- Index of democracy
- Index of corruption
- Index of government inefficiency
- Strength of democratic institutions
- Measure of "human liberty"
- Measure of political stability
- Degree of decentralisation of government
- Voter turnout
- Political assassinations
- Constitutional government changes
- Coups

Social integration

- Indicator of social mobility
- Measure of strength of "social tensions"
- Ethnolinguistic fragmentation
- Riots and protest demonstrations
- Strikes
- Homicide rates
- Suicide rates
- Other crime rates
- Prisoners per 100,000 people
- Illegitimacy rates
- Percentage of single-parent homes
- Divorce rate
- Youth unemployment rate

Legal and governance aspects

- Quality of bureaucracy
- Independence of court system
- Expropriation and nationalisation risk
- Repudiation of contracts by government
- Contract enforceability
- Contract-intensive money

Deepa Narayan and Michael Cassidy

In June 1999, Deepa Narayan and Michael Cassidy⁸ produced a paper that aimed to provide researchers with a set of statistically validated survey questions for measuring social capital in developing communities. They noted that an intermediate step in defining what social capital is and what it is not, is to unbundle the construct into its dimensions. They identified the following as the most prominent underlying features that should be considered in defining the dimensions of social capital:

Structure vs norms

To measure social capital, it must be defined as encompassing both the structural forms of a society as well as the norms (rules, beliefs, mores and habits) that operate to constrain and regulate behaviour. They gave the example of trust and noted the importance of distinguishing between generalised trust, interpersonal trust in particular groups or individuals, and institutional trust.

Sources vs outcomes

Measures of social capital should not include success in achieving outcomes (eg collective action for public goods provision, community groups managing local resources, entrepreneurs accessing credit on a hand shake, or contracts being enforced without legal recourse). They should focus instead on the structure and functioning of social groups and their associated norms.

Form vs function

The forms and functions of associational activity change over time, so measures of social capital must include a range of formal and informal groups, networks, everyday social interactions and political engagement.

Narrow vs broad

To take into account the social capital embodied in different social institutions, a broader institutionally encompassing definition of social capital must be used. This includes the nature of the political regime, rule of law, property rights, political liberties, etc.

Echoing several selected social capital measurement studies and drawing on the theoretical literature on social capital, the authors postulated a number of key dimensions against which social capital should be measured. These dimensions were:

- Membership in informal groups and networks with particular characteristics
- Subjective well-being
- Political engagement
- Everyday sociability
- Community participation
- Neighbourhood connections
- Family connections
- Trust and fairness norms
- Crime and safety

⁸ Deepa Narayan is Principal Social Development Specialist in the Poverty Group at the World Bank, Washington D.C., and Michael Cassidy is Associate Professor, School of Business, Marymount University, Arlington, Virginia.

To identify survey questions for measuring social capital in developing communities, the authors analysed data from a 1998 pilot study in Ghana to isolate a number of stable factors, or dimensions, of social capital. A second study was then conducted in the Republic of Uganda. The results were found to be highly consistent with the previous study in that similar dimensions of social capital emerged from the data. Four dimensions were confirmed as important:

- Norms (eg trustworthiness, helpfulness, fairness)
- Memberships (number of groups, participation in groups, etc)
- Heterogeneity (frequency and form of social interactions, trust, etc)
- Reliance on neighbours

Anirudh Krishna and Elizabeth Shrader

In a paper prepared for the June 1999 Conference on Social Capital and Poverty Reduction, Anirudh Krishna and Elizabeth Shrader¹ described the development of the Social Capital Assessment Tool (SCAT). The conceptual framework behind the SCAT divides social capital into a macro level and a micro level. The macro level, which includes formal relationships and structures (eg rules of law, legal frameworks, the political regime, the level of decentralisation), is not measured by the tool. However, it is noted that at the local level, macrolevel variables can be assessed through semi-structured interviews with key informants in sector institutions and desk review of document sources.

The SCAT is a field-tested set of indicators and methodologies that measures levels of social capital in communities designated as beneficiaries of development projects. Social capital is measured as “cognitive” social capital (values, beliefs, attitudes, behaviour and social norms) and “structural” social capital (the composition and practices of local level institutions that serve as instruments of community development). The tool assesses social capital at three levels, producing a community profile, a household survey, and an organisational profile.

The community profile is elicited through a series of group interviews conducted in the community in the early stages of the fieldwork. It has three objectives. It establishes a consensus definition of the “community” in which the research will take place. It serves to familiarise the research team with community characteristics and issues relating to social capital. And, most importantly, the interviews generate a collection of community maps, diagrams and field notes that serve as the primary source material for the assessment of levels of social capital in the community. The interviews assess several dimensions of social capital:

- A consensus definition of community and the identification of community assets
- Examples of collective action, solidarity, conflict resolution, and sustainability of efforts
- Aspects of community governance and decision making
- Identification of community institutions
- Characterisation of community-institutional relationship
- Assessment of institutional networks and organisational density

The household survey is intended to generate quantifiable indicators for the structural and cognitive dimensions of social capital, measuring individual households’ stocks of and access to social capital. The design was based on a review of approximately 26 questionnaires from social capital research conducted in 15 countries in Asia, Africa, Central and Eastern Europe, and the Americas, as well as additional instruments from related studies. The questionnaire contains a 39-item battery on structural social capital and a 21-item battery on cognitive social capital.

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Questions relating to structural social capital cover:

- Membership of, involvement in and opinions about groups or organisations
- Networks and mutual support organisations in the village or neighbourhood
- Exclusion of people from community life or access to services
- Collective action
- Conflict resolution

Cognitive social capital items include questions on:

- Solidarity (support during hard times)
- Trust
- Reciprocity and co-operation

The organisational profile attempts to delineate the relationships and networks that exist among formal and informal local-level institutions and to assess the organisation's internal characteristics that may promote or hinder the building of social capital in a given community. Through a series of semi-structured interviews with organisational leadership, membership and non-members, the profile assesses organisations' origins and development, quality of membership, institutional capacity and institutional linkages. Depending on the size of the community and the complexity of the development project, between three and six organisations per community are profiled.

Jenny Onyx and Paul Bullen

Jenny Onyx and Paul Bullen at Sydney's University of Technology have been exploring the concept of social capital from both a theoretical and empirical basis. Drawing on the work of Bourdieu, Coleman, Putnam and later theorists, Onyx and Bullen have identified several key components of social capital. These are:

- Participation in networks (stressing the importance of people's engagement with others through a variety of lateral associations which are both voluntary and equal)
- Reciprocity (the provision of a service to others in the general expectation that this kindness will be returned at some undefined time of need in the future)
- Trust (a belief that the results of someone's intended action will be appropriate from your own point of view)
- Social norms (unwritten but commonly understood formula for determining the patterns of behaviour expected in a given social context, and the forms of behaviour which are valued or socially approved)
- The commons (the creation of a pooled community resource, owned by no one, used by all)
- Proactivity (the active and willing engagement of citizens within a participative community)

In a 1997 project, Onyx and Bullen set out to determine whether the concept of social capital has an empirically meaningful reality and then, assuming the answer was yes, to develop a valid practical measure of social capital. The project involved a survey of 1,211 people living in five communities in New South Wales. After development and testing, the final questionnaire included several elements to tap each of the dimensions of:

- Attitudes (value of self)
- Trust / perceived safety
- Participation in the local community
- Reciprocity
- Personal empowerment
- Diversity / openness
- Relations within the workplace
- Attitudes to government
- Demographic information

The questionnaires were analysed independently by both authors using different statistical packages. Using mainly factor analysis (which correlates every item with every other item and identifies the clusters that emerge), this data analysis aimed to identify, among other things:

- Which sets of attitudes, behaviours and knowledge were related to social capital (and which were not)
- The elements (factors) of social capital
- A good set of questions for future use in measuring social capital in other communities

The analysis found eight distinct elements that appeared to define social capital and also identified the questions that best contributed to each. The eight elements are:

- Participation in local community
- Proactivity in a social context
- Feelings of trust and safety
- Neighbourhood connections
- Family and friends connections
- Tolerance of diversity
- Value of life
- Work connections

Eva Cox

Eva Cox, also of the University of Technology in Sydney, suggested in 1998 that social capital should be measured as part of measuring progress and well-being. She suggested a number of dimensions and measures.

Unobtrusive measures

- Who is accepting responsibilities by compliance with rules, written and unwritten, and by taking responsibility for others?
- Who feels angry or depressed so they opt out, exit mentally or physically, and/or react to self-destruct, steal, cheat, vandalise, abuse, neglect, commit violence on others?

Measures of attention and wider interest in society

- If there is no interest in social change or social issues, there are major problems in expecting people to engage, to use their time in the public sphere for the public good.

Sociability and engagement

- Measures of social involvement as indicators of skills in sociability as a precondition of developing trust. If people have few skills in building interpersonal relationships, no practice in communicating with others, there are major barriers to social relationships. Therefore, social involvements in formal and informal groups offer both indicators of social capital and possible sources of its accumulation.

Attitude measures - how people express their feelings

- Expressed attitudes: levels of acceptance of a range of social and political activities which may be part of communal resources, redistribution, justice, etc.
- Expressed fears: racism, fear of crime, tribalism, gangs, populism, lack of tolerance, intolerance, inability to deal with diversity.

Expectations

- Measures of the gap between expressed reasonable desires and the possibilities of achieving these goals. Assessment of their sense of efficacy, locus of control and trust in social processes.

¹⁰ Eva Cox works in the Faculty of Humanities and Social Science at the University of Technology, Sydney.

The multi-dimensional picture

Relationships between all of the above and the distribution of material and other resources, and access to these by the various players. Therefore, once the measures above have been collected and analysed, they should be correlated and cross-tabulated with the more conventional social, economic and health indicators.

Cox went on to describe the basic and essential elements of social capital measurement as:

- Social trust (as a predictor of good will)
- A sufficient tolerance of diversity to allow for differences to be explored
- Civic trust, an articulated rule of law, seen as sufficiently legitimate to be able to be generally operational

Centre for Independent Studies

In 1997/98, ACNielsen was commissioned by the Centre for Independent Studies to conduct in-depth, qualitative research on social capital. Twelve Australian households were interviewed to provide different perspectives on their experiences of social capital. Because it was important for all respondents to have a common understanding of the issues being investigated within the context of the term "social capital", a common definition was established that would be accessible to all respondents. Social capital was defined as "the things that allow you to rely on other people, trust other people, help or get help from other people".

The research focused on social capital from the vantage point of the individual. Using this perspective, it focused on the voluntary connections between people that operate to empower individuals in parallel to the governmental and civic sphere. Several aspects of social capital were identified as worthy of exploration:

- The impact of variables, such as the respondent's life stage, location and socio-economic class/financial status on the creation and use of social capital
- The extent to which social capital can be "stored" or lie dormant, to be activated when it is more salient to individuals (ie the amount of elasticity present under various situations in relation to social capital and the conditions/types of relationships that promote this elasticity)
- The impact of increased or decreased work time flexibility, including the impact of work time flexibility that aims to permit greater integration of paid work with unpaid work and civic commitments.

The investigation was carried out within the following overall framework:

- Individual involvement in groups and associations (the extent and type of involvement in a range of groups and associations, outside of the immediate household and paid employment)
- The individual's network and connections (any connections between two or more of the associations and groups with which respondents are involved to reveal the way in which their links to other people and to other groups and associations have any overlaps)
- The individual's motivations/perceived benefits (the reasons and motivations that encourage involvement in groups and associations, and the range of benefits respondents feel they receive because of their involvement)
- The importance of place and other connections (the importance of a sense of connection to a physical place, location or to a 'place' that might be defined in terms of a network, an association, etc in terms of promoting a sense of belonging)
- The role of norms, interests and values

Appendix 3:

Statistics New Zealand data sources and variables collected

1996 Census of Population and Dwellings

Variable	Unit of Measurement	Comment
Address	Meshblock	Full address is requested but data stored at meshblock level
Length of time at address	Years	
Address five years ago	Meshblock	Same comment as above
Address on census night	Meshblock	Same comment as above
Sex	Male or Female	
Age	Years	Date of birth collected
Country of birth	Country	
Length of residence in NZ	Years	Date of arrival requested
Ethnic group	Ethnic group(s)	Maximum of three coded
Language	Language	
Maori descent	Yes, No, Don't know	
Iwi	Iwi	
Religion	Religious affiliation	Includes "none" and "object"
Marital status	Legal marital status	
Social marital status	Presence of partner in h'hld	
Living arrangements	Who lives in same h'hld	
Family membership	Who lives in same h'hld	
Whether regular smoker	Yes, No	
Whether used to be a regular smoker	Yes, No	
Fertility	Number of live babies given birth to	Only females answer
Educational participation	Full-time study, Part-time study, Neither	
Secondary school qualifications	Secondary school qualifications	
Other qualifications	Type of qualification	
Income source	Type of income source	
Annual gross income	\$	13 banded categories
Unpaid work for own household	Type of unpaid work	4 categories, including "none"
Unpaid work for another household	Type of unpaid work	7 categories, including "none"

1996 Census of Population and Dwellings - continued

Variable	Unit of Measurement	Comment
Hours spent in last four weeks on unpaid work for another household	Hours	6 banded categories
Whether employed	Yes, No	3 categories of "Yes" reflecting different employment situations in the 7 days leading to the census
More than one job	One, more than one	
For main job (ie the one involving the most hours):		
- status in employment	Four statuses	
- occupation	Type of occupation	
- industry of employment	Type of industry	
- workplace address	Meshblock	
- usual weekly hours	Hours	For main job, for other jobs
- main means of travel	Type of transport	11 categories, including "at home"
Whether looked for work in last four weeks	Yes, No	
Job search methods	Six methods	
Able to start job last week if one available	Yes, No	

Time Use Survey

Variable	Unit of Measurement	Comment
Sex	Male or female	
Ethnicity	Ethnic group	Coded three
Location	Urban or rural	Held at meshblock level.
Age	Single year	
Labour force status	Four statuses possible	
Government transfer status	Received government transfer No government transfer	Community wage, DPB, ACC, other
Family type by age of children		Five statuses
Age of youngest child	Years	0-4, 5-13, 14-17, 18 or older
Whether partnered	Yes, no	Social status rather than legal status
Personal income	\$	7 categories output
Highest educational qualification	Qualification	4 categories output
Occupation	Output at first digit level of the NZSCO	Stored at the third digit level of the NZSCO
Industry	Output at first digit level of ANZSIC	Stored at the third digit level of ANZSIC
Number of jobs held	1, 2, 3 or more	
Number of hours worked per week	Hours	
Household composition	8 types output	
Equipment available	15 appliances asked about	
Whether did unpaid work for own household in last four weeks	8 categories of activity	
Whether did unpaid work outside the home during last four weeks	8 categories of activity	
Formal unpaid work	10 categories of activity	
Type of organisation through which unpaid work done	7 categories	
Activities undertaken	Minutes	11 activity groups 67 activities 88 detailed activities
Types of time	Minutes	4 categories (amalgamations of activity groups)
Where activity was done	Place	11 categories
For whom activity done		5 main categories 11 sub-categories 10 detailed categories
Travel activities / reason for travel	Activities involving travel	14 categories
Mode of travel		4 categories

Household Labour Force Survey

Variable	Unit of Measurement	Comment
Age	Single year and 5-year group	
Country of birth	9 categories	
Ethnicity	10 categories	Up to 3 may be chosen
Family code	10 categories, including "visitor"	
Full-time status	Full-time = usual hours of 30+ per week Part-time = usual hours < 30 per week	
Labour force status	Employed, Unemployed, Not in labour force	
Marital status	5 statuses	
Regional Council areas	12 regional council areas	
Sex	Male or female	
Duration of residence in NZ	Years (if born overseas)	
Type of dwelling	Private dwelling Non-private dwelling Institution	
Work for pay or profit	Yes, No	
Absent from work because of illness, holiday or other reason	Yes, No	
Unpaid family member	Yes, No	
Multiple job holder	Hours in other job > 0	
Hours actually worked	Hours	
Hours usually worked	Hours	
Reason did not work usual hours	11 reasons	
Prefer to work more hours	Yes, No	
Reason not working more hours	7 reasons	
Status in employment	Four statuses	
Occupation	Type of occupation	
Industry	Type of industry	
Looking for another job	Yes, No	
Looking for full/part-time work	Yes, No	
School qualifications	Yes, No	
Highest School qualification	7 categories	

Household Labour Force Survey - *continued*

Variable	Unit of Measurement	Comment
Obtained qualifications since leaving school	Yes Still at school No	
Post-school qualifications	7 below bachelor's level 3 at bachelor's level or higher	
Waiting to start new job	Yes, No	
When starting new job	4 weeks or less more than 4 weeks	
Looking for paid work in the last 4 weeks	Yes, No	
Activity	5 activities	
Started work last week if suitable job offered?	Yes, No	
Main reason not looked for work in last 4 weeks	11 reasons	
Intend to look for work	Intend to look for work in the next two years	
When to start looking for work	Three time periods	
Job search methods	10 including "none"	
Duration of unemployment	Duration of unemployment	
Looking for full/part-time work	Looking for full/part-time work	
Occupation sought	Up to 3 digit NZSCO90	
Why not available last week	4 reasons	
How long since last worked	How long since last worked	
Status in employment of last job	Status in employment for last job	
Occupation of last job	Up to 3 digit NZSCO90	
Industry of last job	Up to 3 digit NZSIC	
Why left last job	10 reasons	

Household Economic Survey

Variable	Unit of Measurement	Comment
Age	Years	Date of birth collected
Sex		
Ethnic	11 categories	
Marital status	5 statuses	
Family status	9 categories of relationship to householder	
Years in NZ	Years	
Present education	Type of education enrolled in Full-time, Part-time	
Highest qualification	7 categories	
Type of dwelling	7 types	
Number of rooms	8 types, plus total rooms	
Tenure	4 categories of tenure	
Number of household amenities	28 types of amenity or appliance	
Number of vehicles	15 types of vehicle	
Housing-related expenditure	\$ on rent, household operation, insurance, mortgage	
Expenditure on other commodities	By group, sub-group, sub-sub-group	
Contributions to savings	\$ per period	
Ownership of financial assets	Membership of superannuation fund Life insurance policies Stocks and shares (plus estimated value)	
Ownership of other properties		
Income	Current employment details Self-employment details Income-earning hobbies Accident compensation payments Benefit receipt Other regular income Irregular income received	

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