

CONCEPTUALISING AND DEFINING SOCIAL CAPITAL
WITH A POLICY RELEVANT FOCUS

<<DRAFT>>

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1. INTRODUCTION

Social capital uses language more familiar to a discussion of economics rather than networks of people, business or personal relationships or contacts. As in economics, social capital is viewed as a resource that can be mobilised and utilised for gain or advancement, personally or for someone else. However, unlike money in the bank, or looms in a factory, there is no centrally located repository of personal networks that can be tallied. In other statistical concepts, such as the distinction between employment and unemployment, there is a concrete distinction between the two states. This is not true for social capital; networks and relationships are often context specific and the absence or presence of social capital is much harder to clearly distinguish.

Other theories such as social support are considered in some literature to already address the area and study of interpersonal relationships and dynamics that are the bedrock of the social capital concept. Additionally, the idea that people's lives are improved, for example, with better health or increased life opportunities, by healthy interpersonal relationships is generally accepted. As Elio Frattaroli, M.D. has stated: "When I hit my thumb with a hammer, it hurts. Nobody needs to prove this empirically for others to know that it is so." So, what is the value of defining social capital for measurement and in accepting a common conceptualisation? Furthermore, can policy, at any stage from inception through development and execution to evaluation, benefit from this clear conceptualisation of social capital?

2. DEFINING SOCIAL CAPITAL

When defining social capital within a policy relevant context there are three reasons to be clear about how the definition was reached and what definition is being used. The first is to ensure that those who are constructing the policy, and those who may be engaged to evaluate the policy, either through their own or sponsored research, understand the concept in the same context. The second reason for achieving consensus in the definition of social capital is to ensure that there is a definitive construct that underlies the information collected. The third is to ensure consistency over time.

First, recognising and accepting the assumptions of a concept ensures that construction and evaluation are on the same basis and reduces the theoretical impact of individuals – what people bring as their own values and constructs when they are discussing and measuring social capital. For this reason, it is necessary to engage with the wider academic debate that surrounds social capital. If the discussions about social capital are distinct and do not inform each other, it is plausible that the definitions will diverge and create discontinuities that are exacerbated by the amorphous nature of social capital.

The second reason builds on the first. Having a definitive construct increases the likelihood that the information collected is interpreted and applied correctly. Since the issue of social capital arises in a number of domains as diverse as organisational theory and community regeneration, a clear definition and conceptualisation ensures that the interpretation of data is appropriate to the purpose for which they were collected.

Finally, and underlying both of the above, relationships between people change over time, as do normal and socially acceptable behaviours. To ensure that the interpretation of social capital related research remains relevant, the assumptions and definitions should be clear so relationships to past or future measures are more clearly identifiable.

The above reasons underscore the need for the understanding of social capital to be an iterative and dynamic process that adapts to the changing social environment. It should evolve over time. Differences in language or understanding may be further confounded by intergenerational shifts in lifestyle. The prevalence of email and instant messaging as a medium of communication is far more common among youth than older generations, and our measurement of social capital should be able to adapt. This includes adaptation to changing levels of technological infiltration into countries, areas, and age groups as well as being sensitive to gender, ethnicity, and national identity, both within and between communities and countries.

2.1 Conceptualising Social Capital

The concept behind social capital is nothing new in sociological terms. Durkheim researched the links between being connected in a community and lower incidences of social isolation and suicide. Portes (1998) cites this work as an example of the idea of social capital before the term was coined. Social capital was (re)introduced by Bourdieu (1983/1986), although his focus highlighted the possibility of wider society misrecognising the existing social structure as the norm. Bourdieu's work also encompasses the possibility of reactionary social capital – individuals identifying with a group as a means of distancing themselves from a separate social group (Lin, 2001).

Before addressing claims that social capital is potentially the 'Emperor's new clothes' and the theory of social support sufficiently addresses the ideas that are the backbone of social capital, it is necessary to address what is meant by 'capital'.

2.1.1 Marx and Social capital

The main formulation of capital has been the Marxian, and subsequently Neo-Marxian, notion of capital (Lin, 2001). The traditional model of capital, money transformed into product and sold for profit, resulting in increased return to the investor (**M-C-M¹**). This cycle is engaged in for the express purpose of increasing profit. Hean, *et. al.* (2003) re-evaluate the above cycle within the social capital context. In this article, the authors develop a social capital model, replacing money with resources (**R-C-R¹**). Further, they suggest two types of social interaction: complementary, one person is provided help by (an)other person(s) who has the resources to provide assistance; and symmetrical, a group working together for the benefit of the collective (p. 1067).

The authors do acknowledge this model has an incomplete transaction; the return to the original investor, particularly within complementary interaction, is not accounted for. They suggest that the return for the investor is at a later date in a separate transaction cycle, if the original investor does not receive immediate return on their investment (Hean, *et. al.*, 2003: 1067). The authors do not suggest how these two transaction cycles could be linked within the model, which is problematic when trying to determine the stocks and flows of investment and return.

While this model allows for two different types of interactions to be evaluated within a similar framework, it does not easily identify the potential multiple returns on investment. In complementary interactions the investor may receive immediate benefit from the recipient of the investment, as well as returns at a later date. Additionally, the recipient may benefit in multiple ways that the model does not recognise.

For example, if Actor X uses business contacts to get Actor Y a job interview, Actor Y receives the social capital of Actor X. In the interview, Actor X's reputation adds to (or detracts from) the assessment of Actor Y. The return could also result in employment, which has the additional potential impact of increasing Actor Y's social capital through contacts and improving their self-perception. The return to Actor X cannot be accounted for in the revised model proposed by Hean, *et. al.*

Modifying this model to accept secondary returns in the cycle may create a more dynamic model, thus: $\mathbf{R_I-C-R_R^1, R_I^1, \dots, R_N^1}$. In this modification, using the above example, $\mathbf{R_I}$ represents the resources held by the original investor of the social capital; Actor X's business contacts. Actor X uses or 'activates' their social capital for Actor Y, calling their social contacts ($\mathbf{C}$ in the model). The job interview is $\mathbf{R_R^1}$, the intended resource output. The return can be for either the original investor (Actor X in the above example) or a third party who was the intended recipient of investment (Actor Y in the above example). $\mathbf{R_I^1}$ represents the (perhaps unintended) resource output experienced by the original investor, for example Actor Y's increased social contacts. As suggested in this model, developing a deeper understanding of social capital as multi-dimensional may also allow measurement to extend to the strength and direction of relationships. The final notation, $\mathbf{R_N^1}$, allows for the inclusion of multiple returns in the third element, which although crude, begins to address the multiple returns that may result from using social capital.

2.1.2 Social Capital, Economic Capital and Human Capital

A complication of the comparison to the traditional economic model of capital is that social capital is not as readily transferable across cultures or perhaps even groups as is economic capital. According to Lin (2001) "we need to understand the value of and development of these value and cultural symbologies" (p 16) before they can be used.

Although social capital is often considered to be vested in the individual, it can only be put into action within the appropriate context. For example, if a French person spoke Italian, that skill would be of little use in England. Social capital has similar constraints, although between the two types of social capital introduced below, many of these can be overcome. (For a more in-depth discussion of the various types of capital and the relationship with social capital, please see ABS, 2004; Hean, *et. al*, 2004; Kritsotakis & Gamarnikow, 2004; and Lin, 2001.)

Using social capital primarily with economic overtones suggests “[i]nvestment in social relations with expected returns in the marketplace” (Lin, 2001; p 19) and suggests those social relations most engaged with the economic or formal enterprises have more value than those concerned with the social. Conceptualising the exchanges in social networks similarly to the economic or financial could also confuse how best to understand the relationships between people. The medium of exchange is not saleable, nor can it be stored. Social capital can be put into use or has value, either within the community in which it was accrued or one in which the networks and attributes are also recognised. Although there can be exchanges between stranger communities, often an intermediary with ties in both communities is needed: a translator. With financial capital, there are fewer constraints on exchange.

Although economic capital is perhaps the most familiar type of capital, a number of types exist, such as human, physical, and organisational. To confuse things further, although cultural capital is sometimes identified as a distinct form, it could be considered as an aspect of human capital, of social capital, or of both. This discussion will focus on human capital, agreeing with Gould (2001), who suggested that cultural capital adds to, or is a fundamental component of, social capital. When a community gathers to share culturally, (through celebrations, rites or dialogue), it is enhancing and developing relationships, partnerships and networks (social capital) between members; this may be within or between cultural groups within a community and could potentially be between communities. Alternatively, when cultural capital is viewed as knowledge an individual can accumulate over time; participation to increase knowledge of cultural activities, like attending the opera or the ballet, is the defining element that separates it from human capital (Matrasso, 1999). Given that

cultural capital relies on networks of people for development and maintenance, even in Matrasso's definition, it will be considered as part of social capital.

Human capital is often considered an attribute of individuals and is composed of a stock of skills, attributes, qualifications and knowledge. Differentiating between human and social capital relies on recognising that human capital is located in the individual and the expected returns are to the individual only. It is not necessary to be a part of a network to develop human capital; one can practice an instrument at home alone, to develop a skill and/or for personal enjoyment and satisfaction. No one else needs to benefit. In contrast, social capital relies on interaction between individuals to be developed, used, or have value. In *Bowling Alone* Putnam (2000:19) also notes that human capital refers to individuals, whereas for him social capital refers to connections among individuals and the social networks and the norms of reciprocity that arise from them.

2.1.3 Similarities and Differences

There are a number of similarities and differences between social and economic and human capital. Some of these are addressed specifically in either economic or human capital above; however, there are some additional characteristics to be addressed. Like other forms of capital, social capital is productive but if it is not renewed, it depletes (Coleman, 1990). Putnam suggests that the more people work together, the more social capital is produced, and the less people work together, the lower the community stocks of social capital (as in Cooper *et al.* 1999), emphasising its cooperative nature. Healy (2001) recognises we need to protect the "social ozone" and devise strategies for the maintenance and renewal, it is not self-renewing. The maintenance of social capital is not an individual pursuit, the use of 'we' in the above statement serves as a reminder.

Although social capital is 'stored' in the individual and they can 'spend' it, just like other capital can be spent, social capital has no meaning without a specific collective. Unlike economic wealth, social wealth cannot be spent outside of the group in which it was accrued. In addition, social capital cannot be accumulated by an individual in a community which does not recognise reciprocity or does not have norms to encourage the mutual exchange of 'favours'; there would be no benefit of helping others because

they would be unlikely to return the action. Interaction among (a majority of) members is essential for production and maintenance of social capital. This reliance on community also makes social capital less mobile than economic and human capital. Relationships developed between people in one local community are unlikely to yield as high a return if the individual tries to use the relationship in a new environment.

One interesting characteristic of the value of social capital is that it is not independent and if it is not spent, it is worthless. First, although material goods depreciate in value over time, each piece has an inherent value that can be determined independently of the individual who owns the good. Social capital does not operate this way; there is no value independent of the individual relations in which it resides (Maloney, *et.al*, 2000). Second, personal storing or banking of social capital is more likely to deplete it rather than encourage growth, whereas this is not as true with human and economic capital. Money, if it is put in a bank account, is likely to remain constant or grow, similarly with human skills, such as playing an instrument, if they are exercised, even in private. However, social capital relies on interaction between individuals or groups and without this interaction it loses its value.

2.2 Theoretical development of Social Capital

Having addressed how the understanding of capital informs the conceptualisation of social capital, the theory needs to be addressed. There are a number of challenges to the current definition of social capital that should be considered to ensure that the definition arrived at allows for the most flexibility and transparency. Next, the claim that social capital is simply social support with a new name, or “The Emperor’s New Clothes”, will be examined. How do social capital and social support differ?

Putnam’s theorisation of social capital, which is widely accepted as having brought this topic to the mainstream, draws on several theories. However the main dimensions of civic participation, trust, reciprocity, and community engagement echo Homans’s work (1950) on small groups. Homans recognised the role of reciprocity and positive reinforcement on three levels: activity, interaction, and sentiment. Relationships need to be reinforced, and the more of the three levels that are involved in reinforcing similarity, the more likely the relationship will continue. Homans also identified two

types of interactions between groups: homophilious, interaction between actors of a similar social position; and heterophilious, interaction across social positions.

Lin extends Homans's interaction→sentiment hypothesis to include resources, creating a triangular dynamic:

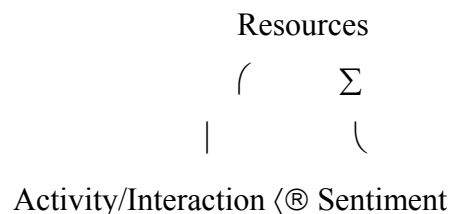


Figure 1.2 The homophily principle. (Modified from Homans, 1950 and Lazarsfeld and Merton, 1954, taken from Lin, 2001.)

One of the benefits of Lin's modification is the inclusion of resources and multi-directional interaction; the power relations inherent in the social structure are not prioritised in this model. The principle of homophily suggests that individuals tend to interact, particularly informally, with others of similar socio-economic and lifestyle choices. Lin (2001) suggests therefore "[F]rom the resource perspective, this suggests that most interactions tend to occur among actors at the same or adjacent social positions in the hierarchy" (39). And resources are capital – money, education, property; social capital places relationships and networks in this context. To extend this parallel in the Marxian paradigm, power remains concentrated at the top of the hierarchy. The actors with the most need for enhanced social capital are the least likely to benefit. However, conceptualising social capital needs to be able to accommodate unequal power relations. Although this could form a separate chapter, one suggestion is to take different approaches to defining social capital: top-down and bottom-up.

2.2.1 *Top-down or Bottom-up*

The current view definition of social capital is primarily bottom-up, particularly when measures, such as political participation, are used to signal the absence or presence of social capital (Maloney, *et. al.*, 2000). Understanding the difference between these two perspectives also introduces another element to be considered in the value to

policy. One statement useful for understanding the distinction between the two approaches, and how this could inform policy, is the United States slogan from (YYYY): “Ask not what your country can do for you, but what you can do for your country!”

The bottom-up approach is described in the latter half of the above slogan, ‘what you can do for your country.’ This is the current and accepted understanding of social capital. If the starting point is how what one individual does impacts on the health, physical or otherwise, of the collective, the emphasis is placed on the least powerful of all actors in society, thus bottom-up. The reverse ‘What your country can do for you’ is top-down. This perspective starts by asking how action or inaction by the collective, or government, enables the development or maintenance of stronger interpersonal bonds and networks. Therefore, the emphasis is placed on a larger group – the government or institution, for example – and how their actions can help or hinder development of social capital.

The concept of social capital as outlined in this paper does not prioritise one perspective over the other. However as the bottom-up approach is the most common, there are a number of criticisms to be presented, as well as a number of benefits from the top-down perspective to be considered with the aim of developing a more holistic understanding and measure of social capital.

One challenge to the bottom-up view is that it ignores the state, in its role of governance and maintenance of institutions. It does not recognise any explicit role for government to play in the development and maintenance of social capital (Maloney, *et. al.*, 2000), only in the measurement. Second, the burden of responsibility is placed on the individual (Harloe, 2001) and prioritises more formal engagement in community activities (Williams, 2003). Finally, there is an assumption that the quality of governance can be inferred from the engagement of the populous (Maloney, *et. al.*, 2000), rather than recognising that the development of networks between people may be in spite of governance.

Adopting a top-down approach also provides an opportunity for governments, or service providers, to be self-reflexive and recognise “the effect of government-

associational relationships on social capital” (Maloney, *et. al.*, 20000: 817). However these are not mutually exclusive, but mutually reinforcing and informing approaches and therefore, neither approach is suitable alone.

2.2.2 Social Capital and Social Support

Is social capital new? The language is the same as that used when discussing and defining social support. Particularly within the context of health where it is most often used, social support has been defined as “the degree to which a person’s basic needs are met through interaction with other people” (Hafen, *et. al.*, 1996; 263). Three additional dimensions are also included: feeling esteemed and cared for; having a sense of belonging; and having access to information and material resources (Amick and Ockene, 1994). As will be discussed in more detail below, the dimensions above are also used in the definition of social capital (Kritsotakis & Gamarnikow, 2004).

The main defining element of social capital is the recognition of the wider contextual nature that networks play in maintaining both personal and collective well-being. As Hean, *et. al.* argue, social capital “is not simply a new term for an old product—but a new, multi-dimensional and measurable concept that offers a new combination of old ideas in a new and useful package” (2003: 1071). The main challenge that social capital faces in rising to its dynamic nature is to ensure that it is operationalised for policy development, measurement, or evaluation in a way that makes use of its key defining feature.

2.3 Types of Social Capital

Various theorists have discussed the different elements of social capital (ABS, 2004; OECD, 2001; Putnam, 1993; Lin, 2001; Kritsotakis & Gamarnikow, 2004) and the range of terms used to address the different aspects of social capital add to potential confusion. Before addressing the different types of social capital, it should be noted that social capital of any type can be positive or negative, or both depending on the perspective of the actors and/or the observers. Strangers can be excluded and group interests protected in the positive scenario, however a too closely guarded community runs the risk of losing its vitality or becoming isolated from wider ideas, information, and innovations.

A rough distinction between the two groups is 'same' (identified above as homophilious) and 'different' (heterophilious above). However some fine-tuning is necessary to understand what these relationships between same and different people mean in practice. Putnam's labels for the two widely accepted types of social capital is bonding and bridging. He suggests that bonding social capital is good for "getting by" and bridging useful for "getting ahead". In other words "...bonding social capital constitutes a kind of sociological super glue, whereas bridging social capital provides a sociological WDF40..." (Putnam 2000:19). Linking is the third, although less widely recognised, type.

2.3.1 Bonding Social Capital

Bonding social capital refers to relations amongst relatively homogenous groups such as family members and close friends. This is the notion of strong ties or links existing between people, tying people closely together. This form of social capital serves to tie actors more closely together by creating a strong identity. Some examples could be Boy Scouts and Girl Guides, and military service (Putnam, 2000). Direct reciprocity is most important in bonding social capital to maintain healthy relationships.

Strong bonding social capital, more than the other types, may effectively exclude individuals because they do not share the same values or norms. This has the potential to create negative consequences for the wider community, particularly if the views are opposed to those accepted by others (Lin, 2001, Putnam, 2000). The growth of reactionary ideology, for example sectarianism, is one possible outcome of over-strong bonds (Elliot, 2001). Whether the outcome of such exclusive social capital is good or bad, however, rests in the context.

2.3.2 Bridging Social Capital

Looser ties between individuals characterise bridging capital, the second type of social capital identified by Putnam. This form of social capital refers to relations with distant friends, associates and colleagues, for example human rights movements or local "Moms and Tots" community events. Similarity of the individual is less important in this type of social capital, than is similarity of purpose. The ties identified in these relationships tend to be weaker and more diverse than those in bonding social capital, however they can be more important in "getting ahead".

Putnam's idea of bridging social capital is not new. In 1973, Granovetter in *The Strength of Weak Ties* suggested that these weak ties were an important resource in cultivating mobility opportunities.

Social capital of this sort is also not as reliant on tangible, personal reward as is bonding social capital. The people these 'bridges' connect tend to be working toward enhancing the overall well-being of an area. Although net personal gain is less concrete in bridging social capital, it can have much wider consequences for individuals involved by engaging a large number of people to affect change.

2.3.3 Linking Social Capital

Linking social capital refers to relations between individuals and groups in different social strata in a hierarchy where power, social status and wealth are accessed by different groups (Cote and Healy, 2001:42). Institutions play a more recognised role in linking social capital and are explicitly included in some definitions; Woolcock (2001) includes the capacity to leverage resources, ideas and information from formal institutions beyond the community in this type of social capital.

The people brought into contact through linking social capital are loosely, and possibly indirectly, connected and are quite heterogeneous. This form of capital can broaden the number of people who access various, generally limited, resources and it can work to reduce hierarchical inequalities. There is sometimes a lack of clarity in the distinction between bridging and linking social capital.

International child sponsorship has been cited as an example of linking social capital (Harper, 2001), however this example can also highlight the confusion between the two forms of social capital that engage in more heterophilious interaction. The sponsor of the child does not know the child, usually lives in a different country, and sends money to an intermediary who then distributes this, in the form of goods and services to the child and the wider community (see www.actionaid.org.uk for a full description of international child sponsorship). While this is linking social capital for the child, one could argue that from the perspective of the donor, it is bridging social capital.

The role of linking capital

2.4 Defining Social Capital

When defining social capital, Coleman (1988, 1990) takes rational action as a starting point and suggests that:

Social capital is defined by its function; it is not a single entity, but a variety of different entities having characteristics in common: they all consist of some aspect of a social structure, and they facilitate certain actions of individuals who are within the structure (Coleman 1990:302).

A number of authors have identified three key elements to social capital (Coleman, 1990; Maloney, *et. al.*, 2000; Whittaker and Banwell, 2002). Similar to Homans's work discussed above, these elements are:

1. Obligations and expectations; these depend on the trustworthiness of the social environment
2. Effective channels of information exchange; referring to both the quality of the information accessible and the capacity of information to flow across groups to provide a basis for action
3. Disciplined relationships; through the presence of norms and effective sanctions

Additionally, trust is considered a key component of social capital across the growing body of literature (e.g., Maloney, *et. al.*, 2000; Putnam, 2000; Sinclair and Löfstedt, 2001; Walker, 2001). Relationships rely on one person trusting they will receive some benefit or return on any investment they have made, in other words, an expectation of reciprocity. Fukuyama (1995) approached social capital and trust from an economic perspective, suggesting it is the trust inherent in a given system that ensures its prosperity and degree of democracy, as well as its ability to compete economically. This definition and economic focus highlight the need to have collective agreement for success, but potentially belittles the impact of non-financial engagement.

While the above economic definition may be appropriate in some contexts, an additional consideration when defining social capital for measurement or

comparability is determining which aspect of social capital is of concern. There are a number of topic areas, for example social exchange, that fall under the rubric of social capital. Depending on what the desired outcome/s of measurement is/are, these topic areas could inform how social capital is operationalised. A number of questions could also further inform measurement or comparison, for example:

- Are we interested in the characteristics of the instigator or the group in which the actor is located?
- Does the motivation for the activation or withdrawal of social capital interest us from the individual actor's perspective?
- How, if at all, should the transformation processes occurring between the resource to commodity and the commodity to improved resource be considered?

International differences in language or understanding may be further confounded by intergenerational shifts in lifestyle. The prevalence of email or instant messaging as a medium of communication is more common among youth than among older generations, and our measurement of social capital should be able to adapt. This includes adaptation to changing levels of technological infiltration into countries, areas, and age groups, as well as being sensitive to gender, ethnicity, and national identity both within and between countries.

A final element to be factored into any definition and understanding of social capital is its contextual nature. A number of studies across a range of disciplines highlight that the action needs to be appropriate to the situation and that social capital cannot be understood without understanding the context. For example, Edelman, *et. al* (2004) compared two business managers, in two different industries, and their approach to networking. They found that business relationships which do not evolve in step with the business as it changes lose their value. Whittaker and Banwell (2002) used a map to ask people in a rural Australian location to define their community and their results showed that the borders indicated varied depending on the purpose or the meaning of community suggested by the researchers (p. 256). Context, as well as influencing the effectiveness of peoples' networks or interpersonal relationships, can also impact

whether or not a disenfranchised group engages with the wider community and with the outcomes desired by both groups (Campbell and McLean, 2002: 644).

2.4.1 Agreeing a Definition

Achieving agreement on a definition of social capital should consider the purpose such a definition will serve and recognise the various, and varied needs of, users of such a definition. The intuitive nature should also be included, as it is in Bourdieu's:

The aggregation of actual or potential resources which are linked to possession of a durable network of institutionalised relationships of mutual acquaintance and recognition—or in other words, to membership in a group

(1983/1986; p248)

The almost colloquial nature of “membership in a group” underscores the ubiquitous and ephemeral nature of social capital. A group could be defined in almost any terms, as could membership. For example, Whiting (2004: 84) identifies an increase in membership in some groups over time in the UK, particularly environmental groups, which potentially counteracts the decline in participation in others. However, Putnam (2001) suggests that a similar rise in the US may be attributable to membership in name only, suggesting that such participation has less value attached to it. This may create a hierarchy which values certain sorts of engagement over others without understanding fully the implications of such an act of valuation. In Birmingham, Maloney, *et. al.* (2000), found that membership had simply moved from one group to another as the needs of the actors changed.

The OECD defines social capital as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups" (Cote and Healy, 2001:41). This definition is simple and provides versatility; it does not specify either the individual or the group and does not impose geographical restrictions on communities. As well, there is no evident prioritisation of the formal over the informal, the majority over the minority, or the financial over the non-financial. Finally, the possibility of unexpected, and perhaps undesirable, results arising from social interactions is not excluded. However, this simplicity does not suggest a role

for the social institutions in the development, maintenance, and understanding of social capital.

The World Bank definition does list a role for institutions within society:

"Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Social capital is not just the sum of the institutions which underpin a society - it is the glue that holds them together."

This definition is, essentially, the same as the OECD definition, with the addition of the specific identification of a role for institutions and, similar to Bourdieu above, the use of a colloquialism to try and capture the essence of social capital.

Recognising the mutual role of government and the individual in ensuring that the 'social ozone' is maintained provides opportunities to open dialogue between the policy makers and the recipients of that policy. As stated in the first reason for developing a clear conceptualisation of social capital within a policy context, it is necessary to ensure that the people who are constructing and evaluating the policy understand the same assumptions. It is also necessary to be clear that what is being measured is a true representation of what is hoped to be achieved.

As is shown in the Parts 2 and 3, a number of countries have developed a working or official definition of social capital that is presently being used in the development of measurement tools.

3. POLICY RELEVANCE

Developing a clear definition of social capital leads to: "So what?" How does the evidence translate into policies which can make a difference? The policy response should not be a 'call for more choirs'; it is not a panacea, and more of it is not necessarily better (Edelman, *et. al.*, 2004; Woolcock, 2001). Social capital has a well established relationship with outcomes of concern to policy makers such as economic growth, social exclusion, better health and well being (Halpern, 1999). Cote and

Healy (2001) suggest that social capital, particularly bridging social capital, can be important for policies aimed at minimising social exclusion because it may provide avenues to engage with the disenfranchised groups.

On the flip side some consider that the idea of social capital has been used to justify cuts to welfare funding (Campbell, 2000: 184). More worryingly, Harloe (2001) sees deficient social capital being used as an explanation for social exclusion and deprivation. The bottom-up approach most generally accepted is particularly prone to locating the onus for success or failure firmly on the individual, rather than recognising the mutually reinforcing nature of social exclusion and low social capital (Harloe, 2001; 891).

Many current users of (existing) data on related subjective and objective measures were thought to be especially interested in securing a higher degree of agreement, and perhaps international comparability, to help in setting benchmarks for the goals and consequences of national policies (Helliwell, 2002). Due to this interest, the theoretical definition and the method of measurement are the areas of most attention. The issue of measurement and international harmonisation efforts will be more fully addressed in Parts 2 and 3. However the challenge inherent in measurement of social capital needs to be acknowledged in any discussion of the policy relevance and usefulness of the social capital concept.

Each state is trying to address engagement and involvement within country and, however what is pertinent to one country may not be relevant in another, particularly across levels of development. This is a national issue, but with an international audience with a goal of understanding the health of our communities and how this reflects experiences in other countries. Further, positive and negative policy outcomes among the international community can lend some guidance at a national or local level if each party understands the conceptualisation of social capital used for the development and evaluation of the policy. Trying to position social capital in a global context can at once broaden its application and limit its usefulness. Social capital is not located on a global stage so in order to create a realistic indicator or number of measures, it needs to be at state level, with international meaning.

For example, Northern Ireland introduced policies that aim to build bridges between antagonistic groups through community involvement in Ulster's People's College. This helps community workers become more effective in their work (Cote and Healy 2001). The experiences in this area may provide guidelines as to what worked in what context to other countries looking to develop a conversation between two groups with different ideologies. Another example is research undertaken among Moscow street children. This work examined how socially excluded children built their careers in the informal economy and other subcultures and how their social background impacted on their current lives (Stephenson, 2001). Given growing international interest in reducing the number of economically inactive people, this research may present original suggestions to engage with disengaged members of other cities or nations.

3.1 The Role for Social Capital in Policy

It would be naïve to assume that the interest of individuals, governing institutions, and businesses in social capital is completely altruistic. Particularly in the early stages of trying to reinvigorate socially engaged communities, the actors involved are keen to see some return. Walker (2001) investigated the volunteering habits of UK business executives to understand what the returns to the individual and the corporation were. The main motivation cited for voluntary involvement was 'to give something back' to society (Walker, 2001: 222). However, as one respondent said: "I suppose Adam Smith would have called it enlightened self-interest"; corporations benefit from their engagement in charities by an improved public perception of the company's role in the wider society (Ibid: 225).

In an interview with Carl Mitchell, the Head of Fundraising for the Woodland Trust (Working Lunch BBC2, January 19, 2005), outlined how big corporate sponsorship of the 170,000 charities in the UK is necessary to maintain the work of these charities; and this sponsorship is the most difficult to get. Mr. Mitchell also pointed out that the experience of the Woodland Trust and previous collaborators is that a company's profits can increase through sponsorship by generating public goodwill, increased press attention, and in turn increased profits. This is a "win-win" situation because a healthier financial situation for the charity is created, supporting Walker's findings. Underlying this is the need for tangible evidence of the impact policies geared toward developing and maintaining of social capital. A number of disciplines have

investigated the links between social capital and successful or unsuccessful outcomes, either within local communities or on a broader scale (e. g., Whittaker and Banwell, 2002; Williams, 2003).

There is a variety of research associating high social capital with lower crime rates (Cote and Healy, 2001, Green *et al.* 2000, Halpern, 1999, Sampson *et al.* 1997). Using research from the US, these studies identified characteristics associated with increased levels of crime and violence: anonymity and limited acquaintance, unsupervised teenage peer groups and low levels of civic participation (Sampson *et al.* 1997). By increasing social capital, crime rates were reduced. The authors suggest that “collective-efficacy” was improved through higher levels of trust and mutual respect within and between community members. These, combined with an increased self-esteem, enabled members to act to reduce crime by being preventative, dealing with the antecedents of crime, rather than by being reactive (Halpern, 2001).

As suggested by Fukuyama’s conceptualisation of economic trust, social capital has been shown to have a positive association with economic growth (Halpern, 1999). Nations with high social capital, as measured by trust between strangers in the World Values Survey, tend to be wealthier nations, as measured by GDP per capita. Both Halpern and Fukuyama (2000) support the notion that informal networks characterised by healthy social capital reduce transaction costs. This raises the question of how distance from each of the other actor(s) may impact participants’ trust of each other. Sinclair and Löfstedt (2001) found that in their research, distance from the actor did impact participants’ trust of others and some questioned the motives of other actors. The trust issues could be attributable to characteristics of each of the actors as well; these were not similar actors but ones at different positions in a spectrum of community care ad involvement, a parish council versus an industrial property developer. In researching and measuring social capital, personal characteristics are paramount – the above research does give some insight, but it also presents more questions.

Perhaps the most well documented area is the relationship between health and social capital, given the similarity to social support (Blaxter *et al.* 2001; Cattell, 2001; Cooper *et al.* 1999; Coulthard *et al.* 2001). As addressed above, the wider

ramifications of relationships between people is what distinguishes social capital from social support when investigating this relationship. A number of studies showcase the social capital can mediate the effects of other negatively associated behaviours or characteristics (Cattell, 2001; Halpern 1999; Putnam, 2000). Current and past research suggests that social capital may have a mediating effect on social stress and poverty by generating a sense of well-being and belonging among individuals.

3.2 Social Capital and Policy – Some Challenges

As identified by the research above, there are a number of potential benefits of social capital informing policy development, measurement and evaluation. However, there are also some challenges that need to be considered specifically within the policy agenda.

The first is that groups most often in need of targeted policy can often be the hardest to reach, excluded through unemployment, illness, or language barriers or some combination of these and other factors. Potential exists to reach these people by using links between people situated within the community but with links – or ‘bridges’ – to the wider community. However, in order to ensure that such networks are maintained, evidence has shown that returns to each participating party, or actor, are necessary and that social structures should evolve as social attitudes change (Maloney, *et. al.*, 2000:815).

As Campbell and McLean (2002) point out, the most excluded groups may feel alienated from attempts to engage with them if the wider, or dominant, community does not recognise its own structures or language as reinforcing social exclusion (Bourdieu, 1983/1986; Lin, 2001). This presents particular challenges as policy is generally constructed to have a broad applicability. Perhaps, as Williams suggests, it is necessary to envision social capital on a spectrum to avoid prioritising the more mainstream forms of social engagement over those on the periphery.

One possible approach is to consider policy development in innovative ways. Kritsotakis (2002) proposed selecting issues of concern that actors want addressed from both ends of the scale; both those favoured by a majority and those that have a more narrow focus (in Kritsotakis & Gamarnikow 2004).

4. CONCLUSION – THE UNIQUE SELLING POINT OF SOCIAL CAPITAL

Len Cook opened the 2002 OECD/ONS conference by reminding us that policy and social capital may interact in ways we do not expect, and therefore it is important to measure the impact of policy change on social capital and vice versa. This should be an iterative process: as policy is implemented, social capital may begin to develop or

change, and how these changes interact with a policy designed for a different environment should be considered. As discussed throughout this chapter, social capital is context specific. Taking that one step further, in an increasingly global world – economically, culturally, and socially – international events, or events not located in the country of measurement, may also interact with social capital in unexpected ways. For example, displaced people in one country may report lower levels of generalised trust because of their former experiences, or the current political state in their country of origin, not because of their immediate government.

Looking specifically at defining community or neighbourhood, identifying geographical co-location as necessary to community overlooks the possibility of people supporting family abroad, etc. Community could be a small, clearly defined and tightly knit group, or a global and loosely linked group of individuals, who might be strangers to each other. As Williams and Robinson (2002) found, the Maori concept of family or neighbourhood does not require people to be co-located, but rather extends beyond geographical space. This research may provide an understanding for other countries about how migrant communities may retain bridging or binding ties with people in other countries and the resultant implications this has for their country of residence – and origin. And community can be unexpected; the international reaction in the wake of the 2004 Tsunami disaster highlights the unexpected links between countries and how international citizens react in times of crisis.

The singular advantage that social capital has over social support, social exchange and network theory, and the economic understanding of capital is the ability to identify the role of the individual within the collective and the role the collective may play in determining the individual's well-being. The interaction between group and individual actors underpins its relevance to policy. However because of the dual nature of social capital, that is: it is located within the individual but can only be accessed within a contextually appropriate social grouping, there is a measurement challenge.

A sidestep into quantum mechanics may provide insight when considering the definition and measurement of social capital. Heisenberg's Uncertainty Principle originated from the contradictory observations of electrons.

The electron is a particle but a particle that can be described in terms of waves. The uncertainty around which the theory is built is that we can know the path the electron takes as it moves through space or we can know where it is at any given instant, but we cannot know both. Any attempts to measure one will unavoidably destroy the other. This isn't a matter of needing more precise instruments; it is an immutable property of the universe.

(Bryson, 2004; 188).

This is true of social capital. Rather than searching for one integrated definition of social capital – as a concept, a tool, or an outcome – a definition that is apparently contradictory or fractured might offer the flexibility needed. We may need to accept that the inherent immutable property, the unique selling point, of social capital which makes it valuable to our understanding of the social universe is also the greatest challenge to successful measurement: as electrons were in the physical universe.

Although social capital is located within the wider community, it needs to be 'spent' to have value, and contributes to the community both directly and indirectly. The unit of measurement is the individual, or actions of the individual, within a specific context. The challenge lies in developing a measurement approach that recognises and works with stated assumptions, while still collecting information of value.

Social scientists may need two (or more) measurement tools when creating an indicator of social capital. For example, at a broad sweep, it may be necessary to create a tool for top-down initiatives, and another for bottom-up. Alternatively, stocks and flows may both need their own measurement approach to understand the transformation that occurs in the exchange of social capital. At least the goal of measurement should ensure that the information is fit for purpose and is best practice within the current understanding of the concept. Section 2 explores the potential barriers to successful international comparability in measurement and how these challenges may be best overcome through integrated practice within and between countries.

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