

QUALITIES AND INDICATORS FOR SOCIAL CAPITAL ASSESSMENT

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Abstract. Social capital as a research subject has been topical for several decades, especially in the field of social and economic sciences, and recently also in relation to development planning. In literary sources and territorial development planning practice, an ever greater attention is devoted to the significance of social capital in the context of territorial development and possibilities for its assessment. Social capital is usually understood as mutual connections among individuals or groups in society, however, different opinions still exist. There are also different approaches to the measurement and assessment of social capital, usually manifested as development of various quantitative and qualitative indicators.

Where social capital is regarded as a resource for territorial development, it is important to define suitable indicators. The purpose of this study is to define indicators for the assessment of social capital on the basis of information freely available in the databases of various agencies which store statistics in Latvia. Five local municipalities in three regions of Latvia have been chosen as research territories where consultations were undertaken and situation was explored to define social capital indicators and identify possibilities for its assessment.

The outcomes of research demonstrate that, when carrying out an assessment of social capital, it is equally important to include information on population as creators of social capital, and on civic participation in social processes as well as social interaction and networks, which is the component of social capital least easily assessed and requiring a quality-based approach.

Key words: social capital, territorial development, assessment.

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Introduction

This article explores various understandings of the concept of social capital and regards social capital as a resource for territorial development. The study has examined options of the measurement and assessment of social capital by applying a complex approach, or two sets of indicators: quantitative and qualitative – the latter also defined as qualities.

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For assessment of social capital it is important to define suitable indicators, at the same time statistical information used in formation of indicators should be available to all local municipalities

that would be main users of it. Therefore the aim of this study is to define indicators (based on freely available information) for the assessment of social capital in Latvia. In order to reach it, several tasks have been set: 1) to develop suitable approach for social capital measurement in Latvia; 2) to analyse information freely available in the databases of various agencies which store statistics in Latvia; 3) to probe into five local municipalities as case studies in order to define quantitative and qualitative indicators for the assessment of social capital in Latvia. Research methods include analysis of statistical information, interviews and consultations with local authorities, representatives of local NGOs and observations of research areas.

Five territories of local municipalities in the planning regions of Riga, Vidzeme and Latgale have been chosen for research purposes, on the grounds of their scale and location: Jaunpils - a small rural municipality, Kandava - a municipality with a small town as the centre, Gulbene - a municipality with a town as the centre, Rezekne - a municipality with a city as the centre and Rezekne city. The territories have been analysed in the context of statistical data available in Latvia, applying quantitative indicators which characterise population and people's engagement in societal processes. It is more difficult with identification and analysis of social interaction and public participation - it is not enough to apply quantitative indicators, and more often than not, the necessary information is not available.

For the most part, the study builds on information obtained in consultations in the above listed municipalities, and on freely accessible data; the majority of it was obtained through the application of the Regional Development Indicator Model (RDIM, 2014), which integrates information provided by various data maintainers at the national, regional and local level.

The section of conclusions and recommendations contains the main findings on the possibilities for measuring the social capital and a prospective course of further research that should most probably target the issues of qualitative assessment.

Understanding of social capital

Although the term "social capital" was coined as early as at the end of the 19th century, it is only since the 1980s that social capital and its significance is being addressed alongside other forms of capital. The ideas concerning social capital are of particular significance in the areas of sociological and economic sciences, while also being actively applied in other realms, for instance, environmental sciences, medicine, psychology and others. This means that the concept is holistic, making it possible within its framework to analyse and explain issues connected with the structure of society, engagement, health, and others. This article focuses on the importance of social capital in the context of territorial development and possibilities for its assessment.

Most often, social capital is understood as connections keeping society together and related, for the most part, to the value of mutual relations the formation thereof as a resource for social conduct. Social capital is accumulated through building social relations between people, groups, communities and institutions. Social capital is often regarded as the aspect that shapes the context of human capital.

Human capital concerns the existing abilities of individuals, while social capital is about possibilities (Burt, 1997). Like other forms of capital, social capital makes it possible to achieve results that were not possible to achieve in the absence of that capital (Coleman, 1990). In Latvia, in the "Human Development Report", social capital has been defined as the most significant advantages offered to an individual, a family or a group by better contacts (Simane, 2003; Zobena, 2007).

American sociologist James S. Coleman distinguishes among three forms of social capital – social norms, information channels, and collective obligations and expectations that function in social networks. Individuals involved in certain relationship structures are able to achieve goals which they would be unable to achieve otherwise (Coleman, 1988).

Politologist Robert Putnam focuses on trust, norms and networks, emphasising the prominent role of the involvement of the general public in various civic society organisations which can stimulate collective action (Putnam, 1993). A number of researchers have studied differences between social capital, which featuring internal, exclusive relations (bonding capital) and social capital possessing external, inclusive relations (bridging capital). Bonding capital promotes solidarity and cooperation within a community or group, whilst bridging capital ensures access to resources and information outside a group (Putnam, 2000; Saegert et al., 2001).

Rasma Pipike explains this with an example and points out that on the one hand, a helping hand lent by a neighbour can be regarded as an element reinforcing social capital but on the other hand, that social capital is a set of existing or potential resources which are formed by various institutions interacting over a longer period of time (Pipike, 2003) and, thus, presents a resource beyond the boundaries of a group or community. Accordingly, social capital is related to the ability of individuals to form connections among the members of their group/community and "bridges" with other groups. Likewise, in this study, social capital is treated in terms of both its manifestations – individual connections and relations within a group, and links between groups/inter-institutional relations.

Social capital as a resource for territorial development

James Coleman began using the concept of in a broader sense in the 1990s and connected it to the development issues. He admitted, that the role of social capital in territorial development is not unequivocal. In certain cases, information and trust based on personal contacts or networks can facilitate economic cooperation, whilst in other cases, networks can also function as an instrument restricting competitions, thereby reducing efficiency (Trigilia,

2001). The role of social capital in local economic development depends on whether bonding capital or bridging capital dominates in the specific territory, and on the mutual relations and the strength of linkages between those two aspects (Kaminska, 2000). Besides, an American sociologist Mark Granovetter has argued that the impact of social capital on local economic development cannot be clearly foreseeable. Therefore, in order to understand the impact of social, political and economic indicators on the formation of social capital in a certain territory and, consequently, its significance in development processes, he calls for an in-depth analysis of those indicators (Granovetter, 1985).

Social capital as a resource is formed only through interaction and can be used by everybody who is involved in a particular network. Consequently, certain individuals have a lesser incentive of personal involvement in the formation of social capital. Thereby, social capital is often created as a by-product of various activities (Coleman, 1990). In the context of territorial development, it can be formed as a by-product of various organisations and networks (cultural, religious, political associations, territorial communities) connected with a territory.

Measurement and assessment of social capital

Social capital can be evaluated in groups and communities, and between groups and institutions: in the first case, social capital can be measured by analysing it at the level of individuals, in the second, at the level of relations between groups. Social capital is a multi-dimensional phenomenon and its assessment cannot be conducted taking into account separate indicators. Therefore, to enable a complex perspective, indicators in this article have been separated in two sets – quantitative indicators characterising social capital, and qualitative indicators characterising social capital. Five territories – Jaunpils, Kandava, Gulbene, Rezekne municipalities and Rezekne city – have been analysed as examples on the basis of data available in Latvia.

The assessment of social capital can be undertaken taking into consideration various indicators available in a specific territory or a country. Selection of those indicators depends on the objective of research (sector), the dimension of analysis and the data available. More often than not, data are available on territorial units of different scale (police precincts, statistical units, administrative and territorial units and others), on different time periods and with indeterminate frequency (Chaskin, et al., 2006).

At the same time, although increasingly more data are obtained and analysed, and presented in various ways, they are often unavailable for local communities and even local authorities (Coulton, Hollister, 1998), which would potentially be the most direct users of those data. Therefore, it is accentuated in this article that the indicators used in the assessment of social capital should, as much as possible, be made more easily available to anyone interested in a concrete territory.

To enable the assessment of the formation and accumulation of social capital, the data should be analysed on several dimensions of indicators:

- 1) population;
- 2) civic participation;
- 3) social interaction and networks.

Each dimension has been presented below in further detail.

People are indicators of social capital in a specific territory, therefore, the characteristic features of population are essential in terms of background for the formation of social capital. The analysis should take into account population number, population change trends in a territory, age structure and employment.

Civic participation directly illustrates resident activity in a territory. Participation can be analysed in view of a number of indicators – voter turnout rates, the number of NGOs per 1000 people, the number of the EU projects carried out and the amount of funding under those projects, activity in planning processes (e.g. public consultations), engagement in leisure activities (amateur art groups). The existence of a phenomenon such as local territorial communities, and their actions, should also fall within the realm of civic engagement and activism. These communities often are informal groups hard to identify and small scale territories, not municipalities should be more suitable for studying them.

Social interaction of people and networks relate to individual level– people's daily contacts, for instance, the frequency of contacts with neighbours, the existence of territorial community in a territory. These indicators directly point at the presence of social capital in a territory.

Possibilities for assessment in the context of statistical data available in Latvia

As mentioned above, in order to identify the available resources and understand the scale of their application, it is of vital importance that there are possibilities for assessing social capital in the territories of local governments, therefore, data should be easily accessible. The quantitative, regularly updated data used in this article have been regularly extracted from the Regional Development Indicators' Module (RDIM, 2014), in addition to publicly available data from the Central Statistical Bureau, the Office of Citizenship and Migration Affairs, the Population Register, the Central Election Commission, and information from the Lursoft company database.

Nevertheless, the authors are aware that these are not the only indicators that could potentially characterise social capital in certain territorial units; however, the other indicators are not so easily usable and accessible for anybody who would be interested and, therefore, only indicators from the above mentioned resources have been analysed in this article.

Indicators characterising **Population** as creators of social capital in the research territories have been selected to reflect the number of population, changes in population, its age structure and employment rates (Table 1).

Changes in the number of population, characterised by indicators of population change due to natural causes (births and deaths) and mechanical movement (migration) in the research territories are mainly negative, which is self-evident given the negative demographic situation in the country as a whole: in 2013, the number of population in Latvia decreased by 0.50% due to natural causes and by 0.37% due to migration. On the whole, both these factors have had an almost equal impact on decrease in population numbers over the past years; however, there are certain territories (Jaunpils municipality, Rezekne municipality) where the migration balance is positive, albeit slightly.

The most significant differences between the territories are those concerning unemployment rates: municipalities in Latgale region demonstrate much higher figures, which can largely be explained by less favourable overall socio-economic situation. The figures for the share of working-age population as an important part of the creators of social capital do not reveal significant differences in the selected territories, while demonstrating a common trend – decrease in the share of this segment of population, which is largely indicative of a gradual reduction of social capital.

Table 1

Indicators characterising population as creators of social capital

Indicators	Territories					Average in Latvia	
	Jaunpils municipality	Kandava municipality	Gulbene municipality	Rezekne municipality	Rezekne city		
Number of population at the beginning of the year (inhab., OCMA)	2012	2 743	9 691	24 604	31 164	33 936	-
	2013	2 698	9 605	24 311	30 901	33 438	
	2014	2 665	9 431	23 720	30 217	32 630	
Number of births per 1000 population (inhab., RDIM calc.)	2012	8.75	10.73	8.13	9.02	8.31	9.25
	2013	7.78	8.54	8.51	7.67	7.51	9.68
	2014	-	-	-	-	-	-
Share of working-age population (%, RDIM calc.)	2012	66.28	65.69	66.36	66.70	65.94	65.62
	2013	66.23	65.36	66.30	66.43	65.31	65.35
	2014	65.93	64.54	65.97	66.24	64.69	64.81
Unemployment rate (%, RDIM calc.)	2012	6.82	6.19	8.26	21.25	13.19	7.18
	2013	7.16	6.51	8.62	21.95	13.67	7.52
	2014	-	-	-	-	-	-
Impact of migration on population numbers %, RDIM calc.)	2012	0.18	-1.34	-0.61	0.12	-1.34	-0.29
	2013	-1.49	-0.42	-0.56	0.12	-0.84	-0.37
	2014	-	-	-	-	-	-

Source: author's construction based on the data of the Office of Citizenship and Migration Affairs (OCMA) and Regional development indicators module (RDIM)

Civic participation in social processes is the main indicator of population activity. Indicators selected for the assessment of participation point to the intensity of absorption of the EU funds, the work of non-governmental organisations, and elector turnout (Table 2).

The rate of absorption of the EU funds illustrates, to a great extent, the ability of people and institutions to cooperate in joint activities and towards common goals. The amount of the EU funding in projects per 1000 of population reveals dramatic differences among the selected territories; however, the number of population, the number of projects implemented, and also the local government's possibilities for applying for specific funding have a major role to play here. These indicators sooner point to good quality development management and ability to effectively embrace opportunities offered by the EU funds.

The number of organisations and their activities are the quantitative indicators that perhaps the most precisely characterise the level of population activity. Jaunpils and Kandava municipalities are in the lead here, having more than ten non-governmental organisations per 1000 of population, which is indicative of the ability of people to cooperate and a more pronounced horizontal communication.

The voter turnout is the most formal indicator of civic participation, and nevertheless, to a great extent indicative of civic activity. The analysis of voter turnout at the local elections of 2013 and the European parliamentary elections of 2014 reveals that the overall voter turnout is rather low. However, in the territories with a comparatively high rate of the non-governmental organisation activity, people also tend to be more active at elections.

Table 2

Indicators characterizing civic participation

Indicators		Territories					Average in Latvia
		Jaunpils municipality	Kandava municipality	Gulbene municipality	Rezekne municipality	Rezekne city	
EU project funding (EAGF, EAFRD, EFF) per 1000 population (thou. EUR, RDIM calc.)	2012	2 177.9	373.7	582.9	571.0	3.8	478.7
	2013	1 003.4	253.6	380.4	405.7	3.1	324.5
	2014	-	-	-	-	-	-
Number of projects under EU funds (EAGF, EAFRD, EFF) per 1000 population (number, RDIM calc.)	2012	88.9	106.8	131.7	289.6	0.4	114.9
	2013	88.6	103.5	136.7	287.5	0.5	116.5
	2014	-	-	-	-	-	-
EU project funding (ERDF, ESF, CF) per 1000 population (thou. EUR, RDIM calc.)	2012	21.8	410.5	362.3	97.2	370.2	268.8
	2013	34.2	228.3	597.5	242.4	384.4	322.9
	2014	0.3	0.0	26.6	6.4	3.2	13.1
Number of registered non-liquidated NGOs (Lursoft data base)	2012	-	-	-	-	-	-
	2013	25	92	128	212	179	
	2014	28	95	137	222	196	
Number of registered NGOs per 1000 population (author's calc.)	2012	-	-	-	-	-	-
	2013	9.3	10.2	5.6	7.5	5.5	7.6
	2014	10.5	10.1	5.8	7.3	6.0	8.8
Voter turnout (%, CEC)	2012	-	-	-	-	-	-
	2013	44.4	42.5	36.4	37.4	47.5	46.0
	2014	57.6	55.8	51.4	38.4	57.7	58.8

Source: author's construction based on the data of the Regional development indicators module (RDIM), Lursoft data base of enterprises, the Central Election Commission (CEC) and author's calculations

The existence of **Social interaction and networks** is the most essential and still the least easily identifiable element of social capital. The quality of human life is determined by the ability of the members of society to socially interact and trust each other; nevertheless, the existence of communities and their coordinated and targeted actions are essential preconditions for these processes to take place in a meaningful way. The formation and existence of communities is related to common priorities, beliefs, interests, traditions and mutual relations the functioning of which is conditional on social interaction and networks.

The most important qualities usually named as those behind the ability of communities to act, or social capital, are mutual trust, equality, availability, communication, participation, cooperation, adaptability and flexibility. To characterise those qualities of social capital, it is not enough to define separate selected quantitative indicators in selected territories, because the activities of this type usually take place disregarding administrative borders of territories and, for the most part, on a smaller scale.

Conclusions and recommendations

1. In view of the multidimensional character of social capital, a complex approach should be applied to its measurement and assessment, which includes both quantitative and qualitative methods.

2. In evaluation, it is of equal importance to include information both on population as creators of social capital, and civic participation in social processes as well as social interaction and networks.

3. Quantitative indicators are best suited for the assessment of population and civic participation. The characteristics of population should consider the number of population, trends of population changes in the territory, age structure and employment rates. The assessment of civic participation should examine activity in civic processes, from joint leisure activities to membership in non-governmental organisations, involvement of joint projects, participation in local development planning processes and elections.

4. The existence and actions of local territorial communities are essential for the assessment of social interaction and networks. Communities often are informal groups difficult to identify, and a quality-oriented approach sooner than definite quantitative indicators should be applied to study them.

5. Possible directions of further research should involve the identification of approaches to qualitative assessment of social capital.

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