

# Creating Better Communities: A Study of Social Capital Creation in Four Communities

Report by Karen Healy, with assistance from Anne Hampshire, Liz Ayres,  
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Date of publication: October 2007

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ISBN 978-0-9751479-5-5

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# Background to the project

Between 2001 and 2004, The Benevolent Society and The University of Sydney embarked on a jointly funded study entitled 'Creating Better Communities: A Study of Social Capital Creation in Four Communities.' This report outlines the key findings of this three year study into social capital creation and the implications of these findings for The Benevolent Society's role in helping to build stronger communities.

The project was funded jointly by The Australian Research Council (Strategic Partnerships with Industry) and The Benevolent Society. The project team was comprised of Dr Karen Healy (at that time from the University of Sydney), Anne Hampshire (at that time the Director of the Executive Strategy Unit at The Benevolent Society), Elizabeth Ayres (PhD Scholar) and Cherie Kennaugh (Research Assistant). Sophie Ellwood also provided assistance with statistical data analysis.

The Benevolent Society initiated the project because of its concern with extending the organisation's commitment to strengthening communities and to promoting collaboration across the sectors of government, business and the non-profit sector to contribute to community capacity building. The Benevolent Society's commitment to these goals arises from its awareness that:

- The local social support networks of family, kin and neighbourhoods play a pivotal role in ensuring individual and family well-being, and further that traditional modes of one-on-one service delivery should recognise and support local social networks.

- There is escalating demand in many areas of community services delivery, especially in the key areas of The Benevolent Society's service provision to older people, children and families, and in the fields of women's and men's health. There is recognition that The Benevolent Society can more effectively meet these needs by continuing to extend its practice beyond traditional casework modes of service to building the capacities of communities to respond to community members' needs.
- Government, business and the non-profit sector all have resources and capacities that can effectively respond to the needs of communities which The Benevolent Society serves. Following the success of The Benevolent Society's Sydney Leadership Program in building inter-sectoral relationships, the Society was keen to understand how it could further promote collaboration between government, business and the non-profit sector in creating stronger communities.

In developing the research project, The Benevolent Society sought to understand how social capital creation varies by geographical context, that is, how the practices of building stronger communities vary in different types of geographical locations. When the project began, our Sydney Leadership Centre was working in north-western NSW to initiate a rural leadership program. In addition, as a leader in social innovation, it was important for The Benevolent Society to understand how its focus on strengthening communities would translate outside the urban areas in which its services at the time of the research were primarily concentrated. The focus on geographic diversity also addressed a



significant gap in social capital research (Healy, Hampshire, and Ayres, 2004).

The Benevolent Society also sought to make a practical contribution to understanding how social capital is created. The social capital literature is dominated by debates about theorising social capital and how to measure it. Our research is intended to build understanding of how non-profit organisations can practically promote social capital formation.

# Our approach

The project team conducted research in four distinct geographic communities in Urban, Urban Fringe, Regional and Rural areas in NSW. These communities were chosen because each had been disadvantaged by rapid social and economic change and had demonstrated resilience in the face of these transformations. The project team interviewed almost 700 participants across the four study sites. These included focus groups with different 'stakeholder' groups including: active residents and community leaders, older residents, younger residents, service workers, and disengaged residents, as well as interviews with workers in the key institutions of government, business and the non-profit sector that impact on these communities. Our research is not primarily about the characteristics of the communities themselves, but rather about the formation of social capital within them and the contrasts between them. By choosing not to disclose the names of the areas, we hope to focus readers' attention on social capital building processes within and between the communities rather than on their individual characteristics.

Our key research questions were:

- How do local community members contribute to social capital creation?
- How do community members experience social capital and do these experiences and perceived benefits vary by geographical context?
- What role do government, business and non-profit organisations play in creating social capital and does this vary by geographical context?



# Theoretical framework: the synergy model of social capital

Social capital is a longstanding concept in social policy and community building. The term social capital refers to social networks based on trust and reciprocity that enable people to collectively resolve common problems and achieve common goals (Stone, 2000). The synergy model of social capital provides the theoretical framework for our research project. This model, first outlined by Woolcock and Narayan, identifies three dimensions of social capital: bonding, bridging and linking capital (Woolcock 1999; Putnam 2000; Woolcock and Narayan 2000). We have found their approach to defining and analysing social capital useful for recognising and analysing different dimensions of social capital and for considering areas of strength in The Benevolent Society's practice and areas for future growth. 'Bonding' capital refers to social connections that build on commonality and homogeneity (Putnam, 2000, p. 22). Some illustrations of this form of capital include the bonds between family members and close friends.

'Bridging' capital refers to networks across 'diverse social cleavages' (Putnam, 2000, p. 22). This form of capital may be present in neighbourhood networks where people form relationships across identity differences. For instance, in one community centre, a diverse group of service user advocacy groups may join together in the common cause of achieving better representation to government. Bridging networks are characterised by both formal and informal relationships as well as strong and weak ties. Bridging capital is vital for linking individuals and communities to resources or opportunities outside their personal networks. Preliminary findings suggest that

some sectors are better at creating certain forms of social capital than other sectors and vice versa.

'Linking' capital refers to alliances between communities and individuals or groups with formal power, particularly power over resources required for social and economic development. Links can facilitate access to government, business or the non-profit sector. According to Stone and Hughes (2002: 4) 'these types of ties are associated with trust in governance and expert systems.' By drawing attention to the role of non-local institutions in building local community capacity, Woolcock and Narayan (2000) challenge the primary emphasis on local neighbourhood development that characterises many contemporary community strengthening initiatives. Woolcock (1999: 175) points out that:

*In successful bottom-up development programs, linkages to broader extra-community institutions are forged incrementally; a community's stock of social capital in the form of integration can be the basis for launching development initiatives, but it must be complemented over time by the construction of new forms of social capital, i.e., linkages to non-community members.*

Connections to non-community members include social networks with members outside one's geographical or identity community as well as links to 'macro-level' institutions of the state and the corporate sector (Woolcock, 1999: 186).

Woolcock and Narayan's (2000, see also Woolcock, 1998) synergy model offers one of the more developed models for incorporating

non-local institutions into the concept of social capital creation. The synergy model (Woolcock and Narayan, 2000: 236) is based on the axioms that:

- governments, corporations and civic groups have different influences on communities' capacities to achieve collective goals
- no sector possesses all the resources necessary to promote the required broad-based, and thus sustainable, development partnerships across the sectors
- the State has some responsibility for, and diverse roles in, the creation of social capital.

The synergy model is useful for highlighting the role of local institutions (such as local government and businesses) and non-local institutions (such as state and federal government and big business) in social capital creation. In addition, this model is useful for understanding the different contributions various forms of social capital can make to building stronger communities. Many researchers argue that bonding capital provides the kinds of emotional and mutual support needed to 'get by', while bridging and linkage capital can provide access to resources, such as enhanced educational opportunities, that are needed to 'get ahead' (Cattell, 2001; see also Putnam, 2000).



# Key findings

## Communities and social inclusion

### Perceptions of social inclusion

Our research found significant correlations between various measures of family, friendship and community participation and perceptions of social inclusion. People are more likely to report feeling that they are part of their local community – that they are ‘included’ – if they:

- Have regular contact with friends living close by
- Are members of local organisations and cultural, sporting or civic groups
- Volunteer in their local community
- Exchange goods and services with friends and neighbourhood members or live in a community where there is a high reported level of bartering
- Believe that there are plenty of things to do in their community.

Respondents’ perceptions of social inclusion differed significantly between metropolitan and country areas, and between older and younger people.

In the focus group interviews, the Rural and Regional dwellers said they felt that their communities were more ‘inclusive’ and that there were more activities to be involved with in country areas than urban areas. These respondents often pointed to lower living costs and a ‘slower pace’ of life in their communities as being primary reasons for their ability to participate more readily in activities, compared to their perceptions of life in urban areas. This contrasted with

responses from the Urban and Urban Fringe study sites, where respondents more often commented on the lack of opportunities for local community engagement outside involvement with formal institutions, leading to a greater sense of social isolation.

The study also indicated a greater overall risk of social isolation amongst older respondents (those over 50), often because they lacked close family ties. In particular we found that older respondents were significantly more likely than younger people to report they were living alone. Older respondents were also less likely than younger respondents to report that they could ‘turn to someone in their family for emotional and financial support’. On the other hand, we found that older people were more likely to participate in local community groups. We also found that they were more likely to report feeling part of a community and more likely to report that they could rely on their neighbours for practical help. Our findings indicated that older people, particularly older rural residents, are less embedded in bonding capital than younger people. This confirms results of earlier studies pointing to older people’s vulnerability being increased by a lack of strong interpersonal ties (Joseph and Chalmers, 1995). Our findings also suggest that older people are more vulnerable than younger people to social isolation within their communities, even though older people may be more dependent than other citizens on these networks for practical and emotional support, often because of reduced mobility. Again, older people in the Rural

community reported less capacity to access practical support within their neighbourhood compared to other respondents to this study.

Non-profit organisations can create opportunities which encourage social inclusion, such as facilitating volunteering, local social groups, activities and formal and informal exchange networks. In this way organisations can enhance social inclusion and create opportunities for friendships to emerge amongst community members.

This study also found that established groups can be excluding so formal groups need to be open to new members and diverse enough to reach a broad cross-section of people. Non-profit organisations can encourage a diversity of informal and formal options for social networks to suit different needs. Non-profit organisations can play an important role in helping to integrate members of the community who are more vulnerable to social exclusion and encourage networks which target them.

### **Volunteering**

Formal volunteering has been shown to reflect the presence of pathways into community networks, and can also create these pathways. For this reason it was important to investigate participants' involvement in volunteering in their local communities. Our study revealed significant variations in the level of volunteering and local group participation in the different communities.

Members of the Regional and Rural communities were statistically significantly more likely to report volunteering in

their local communities. In communities where respondents reported high levels of volunteering, the overall score for local friendship networks were also higher.

We found significant gender differences in volunteering activities. In examining the relationships between people's volunteer work and their location, gender and age, we found that men in this study were more than three times more likely to contribute to volunteer work than women. This is an interesting and surprising result because it is widely hypothesised in theoretical debates about gender and social capital that women make significantly greater, but largely unrecognised, contributions to volunteer work, especially in community services (Onyx and Leonard, 2000).

Female respondents were much more likely than male respondents to volunteer for community service and school related activities. Men were more strongly represented in civic activities, emergency services, religious activities and sports and recreation.

The results also showed gendered patterns of informal exchange activity with women being much more likely than men to report involvement in general support, child focused activities, combined child care and transport, and emotional care activities which may not be recognised by them or others as 'work' nor as a contribution to local community building, despite its importance to creating caring cohesive neighbourhoods.

These gendered patterns of activity contribute to the invisibility of women's involvement in social capital creation in that the less-visible and informal nature of



women's activities, such as emotional care work, are often overlooked in assessments of social capital creation (Edwards, 2004). By contrast, men's greater involvement as volunteers in formal contexts, such as religious and civic organisations, was shown to increase their own and others' recognition of their roles in building social capital. We also observed that women's capacity to volunteer was limited by their informal care obligations and the constrained availability of opportunities for participation in civic organisations, especially in the Rural study location.

These findings suggest two challenges for non-profit organisations that are concerned with promoting gender equity in social capital creation. The first is the equitable recognition of the different forms of social capital building in which men and women are involved. Non-profit organisations have an important role to play in improving perceptions of the value of the social capital building work typically undertaken by women. Formal recognition of emotional care work by volunteers could help to increase the visibility of women's volunteering activities. Second, non-profit organisations can help women to gain equitable access to formal leadership roles in their local communities by providing opportunities for them to participate in leadership training and mentoring programs. In these ways, non-profit organisations can help to ensure that social capital creation activities contribute to greater gender equity in the communities they serve.

## Barriers to social inclusion

Our analysis revealed four key barriers to community members' participation in local social networks.

### **Tensions associated with cultural and racial exclusion**

At all four sites we found tensions associated with mainstream communities responding in an inclusive way to cultural diversity. In the Rural and Regional communities, both of which were characterised by a dominant Anglo-Celtic heritage, tensions between Indigenous and non-Indigenous communities were evident. At the Regional community study site, there was greater awareness of this tension as it was raised by many respondents in most focus groups and survey interviews. For many, the marginalisation of Indigenous people from the mainstream community was a cause of profound concern. Indigenous people from the Regional study site also commented on their sense of social exclusion from the mainstream community. Indigenous respondents discussed frequent experiences of racism and this was most evident in the Regional community studied. Indigenous respondents from the Regional community identified that a lack of adequate service provision and the lack of opportunities to raise the profile of Indigenous cultures contributed to their social exclusion.

In contrast to the strong awareness of Indigenous issues in the Regional centre, at the Rural study site we found it difficult to identify or engage Indigenous community members. Although census

data suggested a substantial Indigenous population in the area, we found little evidence of Indigenous-specific services or Indigenous service providers. The interests and experiences of Indigenous people were rarely raised in interviews with community members or service providers. This suggests the profound social exclusion of Indigenous community members at the Rural study site.

Respondents from the Urban community study sites often commented on tensions between different cultural minorities, as well as between these minorities and the Anglo-Celtic majority. One study site was characterised by very high levels of recent migration and cultural and linguistic diversity, yet our interviews with community leaders and community members suggested limited exchange between different cultural minorities. For example, older Anglo-Australian members of the community appeared to dominate mainstream community service organisations, while older members of the community from cultural and linguistic minorities tended to favour culturally specific services. In our interviews with members of a range of culturally and linguistically diverse communities, respondents frequently expressed the view that their community was isolated from the mainstream community. Respondents to this culturally specific focus group also added that the disconnection occurred not only with the dominant 'Anglo' community, but was evident amongst different cultural and linguistic communities.

### **Community stigma**

This study found that stigma associated with a particular location can also create a barrier to promoting social capital, due both to external and internal prejudices towards the community. This was particularly evident in the Urban Fringe community as many residents reported on the stigma associated with their community despite substantial local community development initiatives. The sources of the stigma lay in the low status of the area as a public housing estate, with very little mix of housing, and a troubled social history characterised by entrenched high unemployment and, in its recent past, high rates of crime. Community members and service providers relayed numerous instances of difficulties encountered by residents in accessing outside opportunities.

Additionally, we found that even those representatives of local institutions who were personally supportive of the general community also expressed negative views towards it, reinforcing perceptions of stigma. For example, one business owner conceded that he was reluctant to employ local young people even though he was supportive of the community as a whole.

Stigma creates a barrier to building caring and inclusive communities because there is a reputational cost to local members for being associated with their community. In the case of the Urban Fringe study site, local residents and even some representatives of institutions associated with the area believed that it disadvantaged them in gaining access to opportunities, especially employment opportunities.

### **Poverty**

Our findings indicated that poverty was a substantial barrier to participation in many formal community activities. Our research found that many residents of the Rural and Urban Fringe communities were concerned that there is not enough for young people to do. This is significant because it has negative repercussions for building social capital and social inclusion. The research confirms that participation in local cultural and sporting activities can promote social inclusion. Facilitating the capacity of community members to participate in these activities, through sponsoring of activities or subsidising fee payments, is one way institutions can promote social inclusion and thus help create social capital.

## **The role of institutions in creating social capital**

The synergy model of social capital emphasises the role of formal institutions in all three sectors (business, government and non-profit) in social capital formation. Woolcock and Narayan (2000) remind us

that: 'States, firms and communities alone do not possess the resources needed to promote broad based sustainable development; complementarities and partnerships forged both within and across

these different sectors are required.’ For proponents of the synergy model, formal institutions hold resources that are vital for enabling communities to thrive even in conditions of adversity.

Over the course of the project, we asked residents at the four study sites to comment on their perceptions and experiences of the role of these institutions in their community. We also interviewed informants from each of the sectors. The result was an analysis of the role of formal institutions in helping to create social capital in local communities, especially in communities that are subject to rapid social and economic change. We also considered the role of non-profit organisations, small and large for-profit businesses, and government agencies in creating social capital.

### **Non-profit organisations**

The core business of non-profit organisations that deliver community services involves not only responding to the health and welfare of individuals and groups, but also building social capital of local communities. One way services do this is by providing pathways for individuals and groups who are vulnerable to social exclusion to enable their participation in mainstream community bridging activities. The key findings from interviews with non-profit community service providers were:

#### **The role of non-profit organisations**

- Non-profit organisations should help provide pathways for the socially excluded to participate in community bridging activities.

- Funding of the non-profit sector doesn't seem to reflect the level of need. Respondents all shared the view that government funding must be allocated to supporting non-profit organisations' involvement in local community building activities, not only direct service provision. Respondents also frequently commented that government agencies (particularly at the State and Federal level) are too far removed from the 'coal face' to adequately grapple with local issues. Local non-profit community service providers, members of the community and small businesses were commonly identified as having the most in depth local knowledge and therefore represented a key resource for governments when seeking to build social capital.
- At the Urban Fringe study site, non-profit organisations had a central role in community building activities for the whole area that was not matched at other study sites. The greater visibility and centrality of the non-profit organisations was evident in focus group interviews, in which respondents frequently pointed to the important role these services played in local community building. At all the other study sites, non-profit organisations played an important though less central or visible role in general community building. One reason for the differences in the role of non-profit organisations across the study sites was that in communities with more socioeconomic variation, community services were primarily engaged with the most vulnerable and marginalised citizens.
- More resources are needed in this sector so it can engage better in community building activities.
- All 23 service providers interviewed

affirmed that facilitation of social capital creation was an important part of their role. Local community building was recognised as an important form of primary intervention into the effects of socioeconomic disadvantage.

- Social capital creation activities need to be embedded in day-to-day business of non-profit organisations rather than going beyond core activities, and should be reflected in organisations' mission statements.
- Non-profit organisations can play a key role in facilitating a more productive interchange between the sectors to create social capital.

A broad range of interesting and innovative responses to social capital building, grounded in local community needs were shared by respondents in this study. These examples provide a snap shot of the activities being undertaken by service providers. While they may not have been formally labelled as 'social capital creation' by service providers, they are innovative, based on community needs and lay the foundations for greater opportunities for, and involvement of individuals and groups in their communities.

### **Non-profit organisations building social capital: some examples**

- Provision of 'no-interest loans' for low income earners so they can purchase good quality, reliable kitchen equipment and whitegoods, and thus also avoid additional financial pressure from becoming trapped in high interest repayments

- Work with young people to teach disk jockeying, rapping and other contemporary music skills
- Teaching literacy and numeracy skills
- Catering classes that build skills and teamwork among young people
- Community barbecues
- Tenancy rights education
- A cultural dance program for Indigenous people that performs at festivals and community events.

### **Local business (less than 20 employees)**

This study found that local business has an important but often low key role in social capital creation. Local residents at all four study sites were generally very positive about the level of local business involvement with the community. Over half the respondents stated that local businesses were involved or very involved with their local community. Residents of the Rural and Regional study sites were even more likely to rate local business involvement highly than those in the Urban and Urban Fringe areas. Small business community support typically comprised activities like sponsoring sporting and cultural events. Additionally, small businesses were key employers in the Rural community examined. We found that the small business owners we interviewed were well networked within their local communities and therefore well positioned to understand local needs. Business representatives are in regular contact with civic organisations, especially formal service clubs such as Rotary, and charities. Five small business owners also stated that they

were in regular contact with government representatives, primarily those from Local Government.

### Working with local businesses

- The survey responses from residents and in-depth interviews conducted with business representatives from Regional, Rural and Urban Fringe communities both highlighted the important role local businesses play in their communities. While respondents from small business did not necessarily perceive that they had a responsibility for building social capital, their activities and interactions indicate that they do in fact play a central role. Non-profit organisations need to recognise the importance of the links and relationships local businesses have with their communities, and harness their role in building social capital.
- While it is acknowledged that local businesses are very busy and stretched, it is important for non-profit organisations to provide opportunities for businesses to give input into any needs analysis, planning and visioning for the community and/or provide opportunities for businesses to represent their issues to Government through meetings, forums, consultations or other methods identified by businesses.
- It is important to utilise the grass roots knowledge local business owners have about the communities they service, while maintaining confidentiality of individuals. Where possible, utilise the local knowledge of businesses when identifying ways to build social capital.



- Non-profit organisations can encourage local government representatives to be proactive about engaging local businesses in initiatives that address social issues and build social capital.

### Big business

Over the past decade, there has been increased interest from the government and business sector in enhancing the role of business, especially big business, in building the capacities of local communities. While corporates' contributions to philanthropy are relatively well understood (Lyons, 2001), their broader contribution to community building activities in Australia is not well known. The Benevolent Society has been keen to understand how to broaden the scope of big business involvement in a range of its activities. In order to better understand the role of the corporates in social capital creation we asked respondents to the survey their view of the role of corporates in social capital creation and we also conducted interviews with representatives of corporate organisations.

In general, large businesses were viewed ambivalently by community members. Big businesses were seen as important providers of employment and goods and services, however many were concerned about their impact on small business, or leaving rural areas altogether. Respondents expressed the concern that corporates were motivated by profit over any other factor, as well as the fact that corporate decision making tended to occur away from local communities.

Respondents from big business at each of the four study sites expressed sentiments consistent with those of the surveyed

residents' expectations of the potential role of big business in building social capital. Corporate respondents believed they had responsibilities as corporate citizens to enrich the communities in which they were involved via philanthropy, corporate support for volunteering, pro bono services, and through partnerships to resolve a particular issue.

This study identified several challenges for corporates to overcome in their dealings with communities and the non-profit sector. One of the key challenges for the corporate sector was that of understanding the needs of communities, especially communities undergoing rapid social and economic change, and understanding how they can best respond to those communities. There were at least two key areas of tension identified by the corporate respondents between their sector and the non-profit sector. These tensions were about the different language used by the sectors and the nature of partnerships between the sectors.

This indicates a mismatch between the different expectations of corporates and non-profit organisations in their engagement with each other. Respondents from corporate organisations repeatedly stated that they did not want to become an alternative funding source, but rather that they ideally sought mutual relationships with communities and non-profit organisations. Using this partnership model, they expected that their business interests might be recognised and enhanced. Further investigation is warranted about whether this is, in fact, a widespread view in the business sector and to what extent, if any, this is a barrier to more fruitful exchanges

between non-profits and businesses. One way to address this issue is for members of both sectors to work together in developing strategies for building understanding about the different expectations the sectors bring to business-community partnerships and how these differences can be resolved in establishing working relationships.

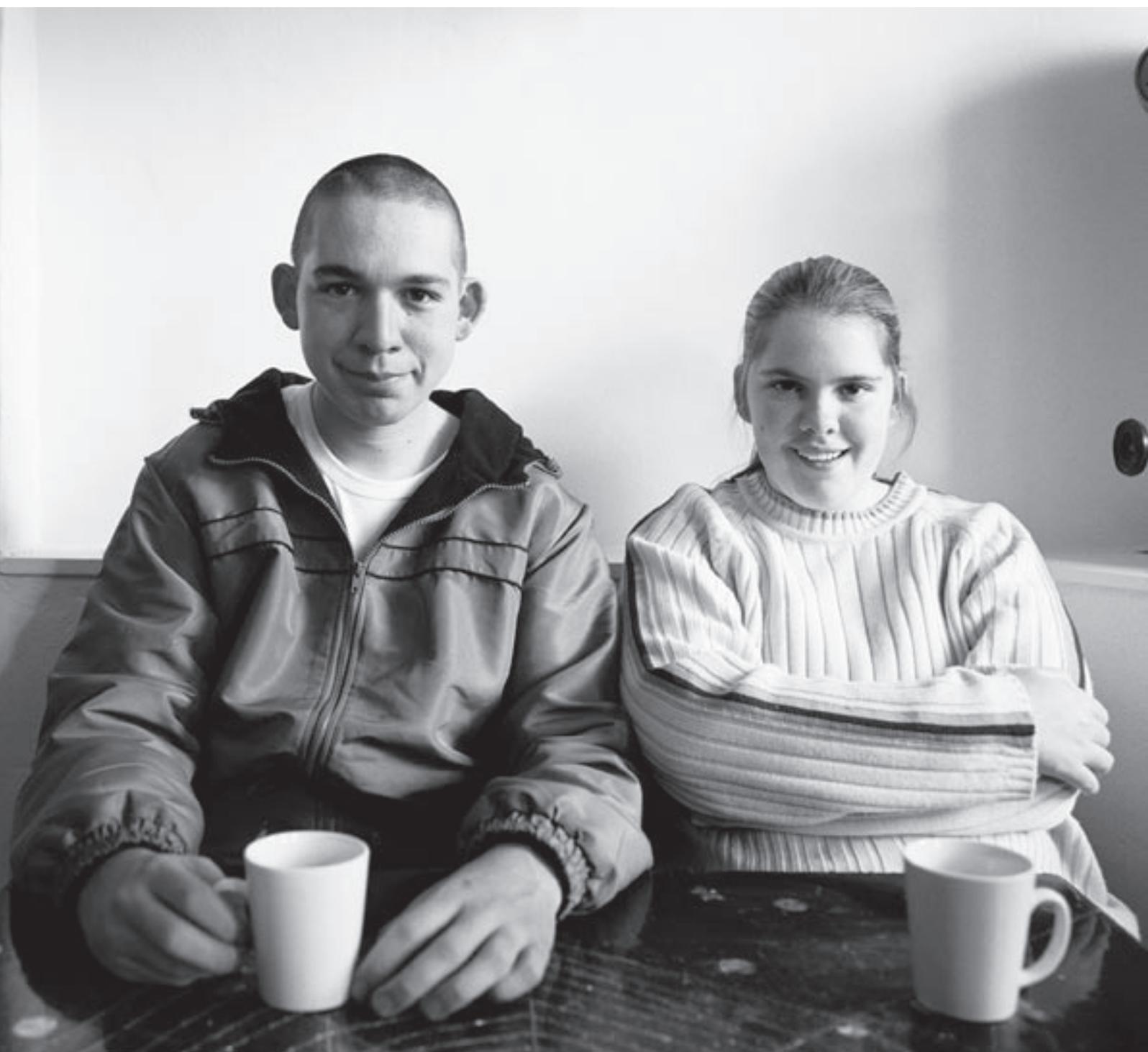
### **Government**

Most respondents from non-profit organisations and business institutions believed that governments, especially state and federal governments, had responsibility for social capital creation. In the synergy model, government responsibilities include facilitating linkages between local communities and non-local institutions of government, and by providing access to resources, including funding, that can be used to promote local social capital initiatives.

The key ways the respondents' agencies contributed to local community building was by the provision of funding to support local community initiatives. Most of these funding programs were short term and aimed at facilitating new initiatives rather than sustaining long term community growth. A second way these government agencies supported social capital creation was by facilitating community access to resources.

A further challenge, repeatedly highlighted by respondents from government agencies, is their remoteness from local communities. While the synergy model and many social policy commentators point to the importance of linkages between government agencies and local community services, we

found significant disconnection between residents at the four study sites and non-local institutions of government. Rural and Regional residents were statistically significantly more likely to believe that their local council seeks to benefit their community. By contrast residents of the Regional and the Urban study sites were more likely than those at the other study sites to report that state government seeks to benefit the area. It should be noted that in all areas substantially fewer than 50 percent of respondents believed that state government sought to benefit their area.



# Key messages and recommendations

This study indicates that non-profit agencies are often in the best position to take a leading role in social capital creation, as they have the ability to build on their local knowledge of communities in which they work as well as to exploit inter-community and inter-sectoral opportunities for connection. Drawing on the findings detailed in this report, we make the following recommendations for how medium to large non-profit organisations, such as The Benevolent Society, can promote social capital in the communities that the organisation serves. We recommend that these organisations consider implementing the recommendations outlined below. Non-profit organisations could increase their focus on social capital creation by:

1. Extending the non-profit sector's commitment to supporting volunteering activities, especially at the local community level. Through locality- based volunteering activities, non-profit sector organisations can provide opportunities for informal connections to develop between community members.
2. Ensuring that volunteer activities work to overcome, rather than reinforce, traditional gender stereotypes. For example, providing leadership opportunities and training to women volunteers may be one way of overcoming the traditional division of labour still apparent in volunteering activities.
3. Continuing to value the role that formal service provision can play in ensuring that the most vulnerable community members are able to participate in local social capital building activities. For example, services to frail older people can provide the basic support infrastructure needed to enable them to participate in the community. The involvement of non-profit organisations can also be pivotal to promoting community engagement opportunities, as was found at the Urban Fringe study site.
4. Ensuring that there is a balance between direct service and community building roles within non-profit organisations. Our findings indicated that the capacity of non-profit community service providers to promote community engagement was compromised by the expectation of their funding or employing body that they focus on the 'crisis end' of practice. Non-profit organisations also frequently reported that their community building responsibilities were compromised by the high level of demand for direct services. Medium to large non-profit organisations, as leaders in the sector, can play an important role in encouraging government funding bodies to recognise and support third sector involvement in local community building activities.
5. Ensuring that direct community service practitioners have sufficient autonomy to respond flexibly to local community needs and interests. Increasingly, funding for non-profit organisations is tied to specified outcomes and outputs and, again, we encourage medium to large non-profit organisations to encourage government funding agencies to recognise the importance of local flexibility, especially in community building activities.
6. Recognising the diverse needs and interests of cultural and linguistically diverse groups in social capital creation. Repeatedly, we found a lack of connection between culturally and linguistically diverse

- groups and mainstream community services. The first step towards enhanced engagement may be for mainstream community service organisations to partner with services for culturally and linguistically diverse groups to seek opportunities for joint social capital initiatives.
7. Focusing on reducing the barriers which restrict socio-economically disadvantaged and stigmatised communities from fully engaging with their communities. Non-profit agencies can facilitate this level of engagement by directing some resources to providing pathways for people to participate in mainstream sports and cultural activities as these activities can be effective for promoting long-term social inclusion. We need also to focus our energies on breaking down the stigma experienced by some communities as this stigma provides a powerful disincentive to local community participation. Inter-community engagement strategies are especially important here.
  8. Diversifying social capital initiatives to include opportunities for inter-community linkages. Building links between communities can improve access to opportunities for education and employment as well as increasing participation in community activities. Currently, most community development initiatives reported in this study focused on building links within communities rather than across them.
  9. Addressing the substantial disconnection between non-local institutions and local communities. A key barrier to more effective engagement is the lack of connection points between institutions and between institutions and local community members. Medium to large non-profit organisations are in an ideal position to facilitate connection points, such as organising forums, where representatives of these diverse constituencies can meet and focus on specific community concerns. In relation to social capital formation, medium to large non-profit organisations can play a critical role in bringing together diverse institutions and local community members around the issue of geographical disadvantage and geographical community development.
  10. Promoting opportunities for mutual learning between the different sectors. Our study revealed points of tension between the business sector, especially large non-local businesses, and non-profit organisations. A key point of frustration was different understandings of similar concepts, as well as differing expectations of the potential contribution of each sector to social capital initiatives and other issues of common concern. Again, medium to large non-profit organisations are in an ideal position to foster opportunities for mutual learning across the sectors.
  11. Providing support in evaluating community building outcomes. Representatives of government and business institutions repeatedly stated their desire to improve both their understanding and the effectiveness of their community building initiatives. The non-profit sector can play a valuable role in assisting these organisations to identify quantitative and qualitative indicators for analysing and improving their effectiveness in supporting stronger communities.

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