

Social Capital in Finland – Statistical Review

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Foreword

The measurement of social capital for statistical purposes has recently attracted growing interest in national statistical agencies around the world. This review investigates the possibilities of producing statistics on social capital in Finland by using existing statistical materials.

This publication is the first comprehensive statistical overview of social capital in Finland, and as such provides useful material for the international discussion and debate on the subject. The sources for the articles include both register-based data and materials compiled on the basis of population and business surveys.

Social Capital in Finland is the second product of Statistics Finland's social statistics collaboration project. The first statistical review on population ageing in Finland was published in May 2005.

The contributors to this report formed a project team headed by Anna Pärnänen (May to September 2005) and later by Laura Iisakka (from the beginning of October 2005), who has also edited this volume. The project team was supported by a steering group (Pertti Jokivuori, Jouko Kajanoja, Seppo Niemelä, Jussi Simpura and Ari Tyrkkö), who also read and commented on manuscripts at different stages. Comments were also received from Raija Sailas at Statistics Finland. Timo Sirkiä assisted in the writing of Chapter 7. The layout of the report is by Seija Töyräänvuori.

Statistics Finland, February 2006

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1. Social capital in Finland: domestic and international background

Laura Iisakka and Aku Alanen

Social capital in Finland: domestic and international background

Multidisciplinary debate on the concept of social capital initially got underway in the 1980s, gathering momentum in the late 1990s and early 2000s. The concept has its roots in the notion that a proper understanding of welfare and the economic situation of society can only be achieved if the social dimension is also taken into account, i.e. society's capacity for collective action and the networks that support collective action.

Economics has traditionally made a distinction between three factors of production: natural resources, labour and physical capital. In the 1960s growing attention was paid to the quality of labour, which led to the realization that immaterial or intellectual factors also have an impact on the efficiency of production and on the operation of the economy. The concept of human capital was coined to refer to the individual's knowledge, competencies and skills. Later on, it was recognized that not only knowledge and skills but also social relations are important to human development and well-being. It was largely this recognition of the importance of intellectual capital to economic development that informed and inspired the accelerating debate on social capital in the 1990s. Indeed, along with human capital, social capital is another form of immaterial capital. (OECD 2001.)

The concept of social capital has attracted growing research interest since the late 1990s both internationally and in Finland. Here, the literature began to accumulate in 1997 when Reino Hjerpe published his article *Social Capital – A Concept Worth Exploring* (in Statistics Finland's Welfare Review, in Finnish), and Jouko Kajanoja published *The Welfare State as Investment in Human and Social Capital* (in Finnish). However discussion and debate on the subject of social capital has been going on since 1990 in a health survey conducted under the direction of Markku T. Hyyppä (1990a; 1990b; 1994) – even though the actual term of social capital was not used. Research into social capital gradually gathered steam around the turn of the millennium. In recent years a major impetus for this line of work in Finland has come from the Academy of Finland research programme on *Social Capital and Networks of Trust*. Launched in 2003 and running through to the end of 2007, the programme comprises no less than 31 research programmes. According to Maria Forsman who has studied the proliferation of the concept in academic research, there are signs now of increasing specialisation among researchers into different areas of expertise (Forsman 2005).

There have also been some tentative attempts to compile statistics on social capital in Finland. Aku Alanen (Alanen & Pelkonen 2000; Alanen & Niemeläinen 2001; Alanen 2003) has experimented with introducing social capital into economic statistics. Statistics Finland experts have been involved in international statistical networks dealing with questions of social capital

(e.g. the Siena Group) and produced Finnish articles on the measurement of social capital (Simpura 2002; Alanen et al. 2005). The purpose of the present statistical review is to investigate the possibilities for compiling statistics of social capital in Finland on the basis of existing statistical materials.

What is social capital?

The concept of social capital is most commonly used to refer to social networks, norms of reciprocity and trust. These characteristics of the social structure promote interaction between individuals, facilitate the coordination of activities and support the attainment of collective and individual goals. In spite of the interest that the concept that has inspired, there is still no single, universal definition of social capital. However it seems there is emerging agreement now that social capital has to do most particularly with informal networks and norms (Halpern 2005, p. 17).

Three names tend to figure most prominently when discussing the definition of social capital: Pierre Bourdieu (*The Forms of Capital*, 1986), James Coleman (*Social Capital in Creation of Human Capital*, 1988) and Robert D. Putnam (*Making Democracy Work*, 1993; *Bowling Alone*, 2000). The most notable difference between the various definitions is whether social capital is seen as an attribute of the individual or the community.

Putnam defines social capital as referring to the stocks of social trust, norms and networks among citizens that can improve the efficiency of communities and societies. Social capital, for Putnam, is an attribute of the community: it belongs first and foremost to civil society, of which collective action and local communities are an integral part. Social capital is inherently productive and compatible with the common good. Because of its collective nature, social capital cannot be converted into anyone's private property. (Putnam 1993, p. 167–170.) Stocks of social capital such as trust, social norms and networks accumulate in use. On the other hand they also dwindle if they are not used. Putnam's views on social capital can be seen as a perspective that underscores the significance of the civilisation of society.

According to Coleman, social capital is a type of resource related to the social structure whose purpose is to facilitate meaningful activity. Coleman identifies the following forms of social capital: 1) the requirement of reciprocity (including trust), 2) information channels and the flow of information and 3) norms (including effective sanctions). These forms of social capital, Coleman says, are resources that actors can apply to achieve their interests. Furthermore, the maintenance of norms requires a closed network structure (i.e. close social relations), allowing each member of the network to monitor and observe others. Social capital exists in the relations among people and in this sense has the nature of a public good. The actors may be either individuals or organisations. (Coleman 1988.)

Bourdieu defines social capital as “the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu & Wacquant 1992, p. 119). It can be understood

as either an individual or group-specific characteristic that is associated with membership of networks of like-minded people who respect one another. For Bourdieu, social capital is a personal asset in the competition among individuals aiming to improve their own position vis-à-vis others; this represents the conflict theory perspective on social capital. Economic, cultural and social capital and the totality constituted by these capitals provide people with a resource in the struggles they wage and the distinctions they seek to make in different fields of society. Unlike Coleman and Putnam, Bourdieu does not look upon social capital as a public good, but its benefits are unequally divided: rather than being equally distributed throughout society, social capital tends to accumulate in certain areas of social life or in certain social groups. Social capital, for Bourdieu, is never entirely independent, but it is created specifically through cultural capital. (Bourdieu 1986, p. 242–249.)

Ronald Burt (1992) follows much the same line of reasoning as Coleman and emphasises the role of the network structure. Social capital, according to Burt, refers to the relations and contacts that allow individuals to exercise their economic and human capital. Social capital has to do first and foremost with the social relations accessible to the individual, not so much with the individual him- or herself. It all depends on who the individual knows and what position the individual occupies in the overall network structure.

The concept of social capital has also attracted the attention of major international organisations, particularly the World Bank and the Organisation for Economic Cooperation and Development OECD. In recent years the OECD's definition has enjoyed widespread approval. According to this definition, social capital consists of the “networks together with shared norms, values and understandings that facilitate co-operation within or among groups” (OECD 2001, p. 41). National statistical offices in the UK (ONS) and Australia (ABS) have devoted considerable effort to developing models for the measurement of social capital and the compilation of statistics on the basis of the OECD definition (see the second article in this volume by Iisakka).

The World Bank takes a broader view on social capital than the traditional civil society perspective in that it also takes account of the institutions that are active in society. According to the World Bank definition, “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.” (see the World Bank website at <http://web.worldbank.org>)

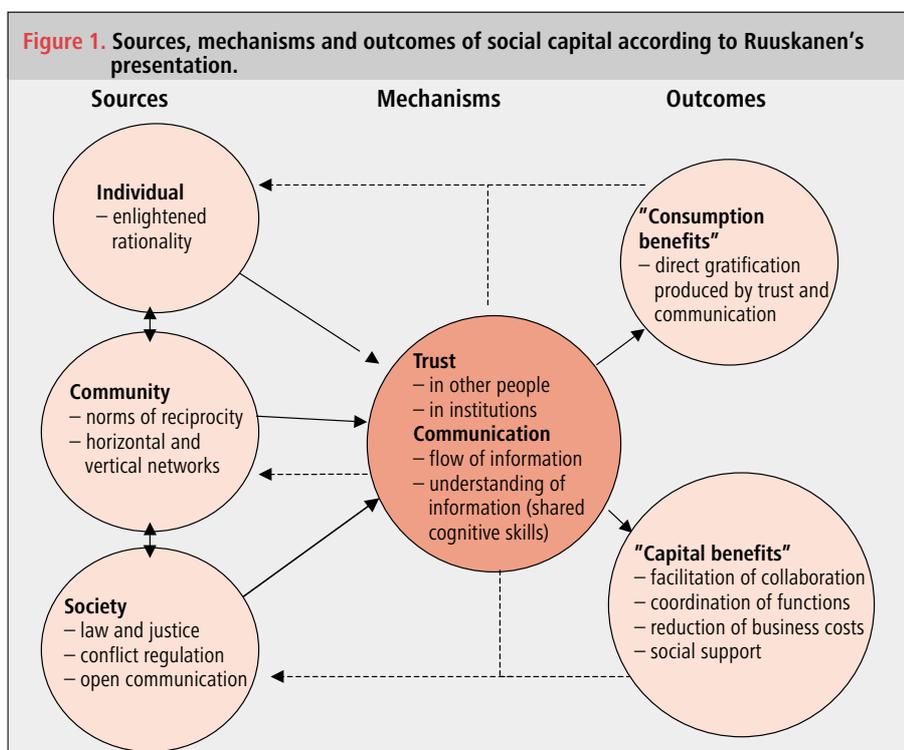
Studies of social capital often make a distinction between bonding, bridging and linking networks. Bonding networks describe closely-knit groups of people who are very similar to one another and who know one another. Bridging refers to networking among different kinds of people or groups, while linking refers to social relations between individuals and groups who occupy very different positions. (see e.g. Putnam 2000, p. 22–23.) Underlying this distinction is Mark Granovetter's (1973) distinction between weak and strong social ties. Strong ties refer to closely-knit groups of friends, weak ties on the other hand tie together people from different backgrounds and circles of friends. Weak ties link the network members to the broader society, strong ties do not necessarily do so.

The function of capital is to produce

Social capital is often used to explain the success and well-being of societies, communities or individuals. One of the key aspects of the concept and related research is that social capital is thought to have some outcome, that social capital has an impact and influence on something. Examples of the outcomes of social capital include improved public administration and democracy and greater well-being in society (Putnam 1993; 2000), improved health (Hyypä 2002), or economic growth and efficiency (Hjerppe 2003; Knack & Keefer 1997). David Halpern (2005) has explored the impacts of social capital on job opportunities, incomes, the safety of the neighbourhood, health and well-being. There is also evidence of a link between crime and social capital (PRI 2005c; Kivivuori & Salmi 2005). Although it is often difficult to establish causal relations, a selective focus on specific factors does produce quite clear results in the case of health, for example (see Article 6 by Nieminen).

In Finland, Petri Ruuskanen (2001) has proposed a distinction between the sources, mechanisms and outcomes of social capital, stressing the importance of keeping these dimensions apart in the measurement of social capital. This distinction is illustrated in Figure 1.

The sources of social capital are considered separately at three different levels, i.e. the individual, community and society. A similar distinction is made by David Halpern, who distinguishes between the micro, meso and macro



Source: Ruuskanen 2001, p. 46.

level of social capital (Halpern 2005, p. 27). The mechanisms of social capital, trust and communication, facilitate the flow of information from one individual to another and make it easier for people to maintain contact with one another. According to Ruuskanen both the sources and the outcomes of social capital are apparently context-dependent, whereas its mechanisms seem to work in the same way across different contexts. (Ruuskanen 2001.)

Trust is variably considered as either a source or an outcome of social capital. Michael Woolcock (2000), for example, takes the view that trust is an outcome rather than a feature or source of social capital. Some definitions of social capital do not mention trust at all. This is the case with the OECD definition of social capital, even though trust does appear in the OECD statistical framework (see Article 2 by Iisakka). Indeed most research in OECD countries recognizes trust as an important dimension of social capital (Ilmonen 2005, p. 50). In international comparisons the measure of trust has uncovered clear country differences in social capital (see e.g. OECD 2001).

The measurement of social capital

In spite of the absence of a universal definition, the measurement of social capital has attracted much research interest. Distinctions are often made between key components of social capital, which are then used to measure the concept. In practice, social capital is often measured indirectly by using proxies.

The sources used on social capital usually consist of 1) existing interview and questionnaire materials, 2) register data and statistics and 3) separate datasets on social capital. Measurements often make use of various parallel datasets (e.g. Putnam 1993; 2000). Most statistics and materials used in measuring social capital have originally been compiled for some other purpose, which certainly ups the challenge and detracts from the comparability of the results. A further source of difficulty is that community-level characteristics have to be examined against data describing the actions and opinions of individuals. (Simpura 2002.) A single dataset rarely provides a strong enough foundation for a comprehensive and diverse examination of social capital, but it is necessary to use side by side a variety of different materials at different levels. Indeed researchers in English-speaking countries have in recent years been working to collect separate datasets on social capital.

In Finland, discussions and debates on the measurement of social capital have largely taken a theoretical and conceptual perspective. Internationally, there has been a growing interest in the early 2000s to incorporate social capital in official statistics and to develop a harmonised system of measurement. Most of the work to compile statistics on social capital is concentrated in the English-speaking countries of the world: national statistical offices in the UK, Canada, New Zealand and Australia have worked on various ongoing projects to develop tools and methods for the measurement of social capital (Harper & Kelly 2003; PRI 2005a; Spellerberg 2001; ABS 2004). The OECD and the World Bank have also been active in developing statistics on social capital (see e.g. Grootaert et al. 2004). Their main interest has been to explore social capital alongside human capital. The work that was started in the early 2000s by the OECD to develop a

harmonised measurement system was picked up by the now defunct Siena Group, which was created to promote international cooperation in the area of social statistics. The Siena Group produced a review manual, which provides an overview of the foundations and various methods of measuring social capital. The UK Office for National Statistics is planning to publish the manual on its website in 2006 (<http://www.statistics.gov.uk/socialcapital/>). In Finland, Alanen et al. (2005) have recently discussed the compilation of statistics on social capital and international methods of measurement in an article on *The measurement of social capital in statistics* (in Finnish).

The measurement of regional economy and social capital

At Statistics Finland, Aku Alanen has conducted a series of studies on the relationship between social capital and regional economy (Alanen & Pelkonen 2000; Alanen & Niemeläinen 2001; Alanen 2003). Research on regional economies is conducted by measuring people's activities and opinions (at the level of civil society) and by surveying intra- and inter-organisational connections (at the level of organisations). At the regional level it is much harder to find reliable indicators than at the national level; this applies equally to social capital at the civil society and at the organisational level. Regional measurements at the organisational level are also very much complicated by business companies operating multiple units in different locations. The same measurement tools can yield completely different results for social capital when applied at different regional levels. Even in Finland there are so many different regions that it is impossible to produce any meaningful results on the associations between social capital and regional economy. So at what regional level would it make most sense to measure social capital?

A basic distinction can be made between hierarchic and non-hierarchic approaches to regional measurements. Examples of hierarchic, administratively created regional levels include the municipality, region, sub-region, major region and employment area. It is questionable whether there is any real value in conducting economic analyses on very small economic units such as municipalities, since they are not proper functioning economic units. The region, on the other hand, is often too large a unit; many regions in Finland are far too heterogeneous for these purposes. At the level of major regions or provinces, there is also the risk that the differences between regions become blurred. For purposes of measuring regional economies the most appropriate unit of measurement is the employment area, which is not used in any administrative regional classification. In practice, however, the level that provides the most meaningful platform for economic empirical research on social capital in Finland is that of the sub-region – although for reasons that have to do with the state of existing databases it is often necessary to apply other regional levels as well.

Another way to gain a statistical overview of all regions is to divide the country non-hierarchically into segments around a core consisting of all regional centres (Alanen 2003). However it is only rarely that the areas formed

in non-hierarchical classifications are economic units proper, even though they may be interesting and important from a regional perspective.

Pilot measurements of regional economies suggest that for purposes of regional analysis it would be important to include both the positive and negative aspects of social capital. Questionnaire responses, for instance, can be interpreted as partly negative and partly positive if it turns out that some respondents have no social capital at all. An example is provided by the search for subjective indicators of social capital at the regional level (Alanen & Niemeläinen 2001), where we tried to identify the individuals with very low levels of social capital. This group of people was considered to represent negative social capital because the absence of social relations and trust can be considered to erode the social capital of each community. However the interpretation of the results proved rather problematic since the sub-regions of Jyväskylä and Turku, for instance, were found to have higher levels of both positive and negative social capital.

Overall comparisons of regional economies and social capital have recently been complemented with analyses of the most important components of economic development. As in other countries, innovation research has been one of the most prominent areas of study in Finland. Here, the focus is usually on one or a few regions on the basis of smaller sample-based surveys. Given the limitations of existing data sources, the associations between social capital and regional economies can also be studied by concentrating on a few selected regions and on comparisons between those regions.

Social Capital in Finland: outline

This volume aims to provide the first comprehensive statistical overview of social capital in Finland. At the same time, it offers useful information for international discussion and debate on the measurement of social capital, and particularly on the project to start compiling statistics on social capital. The purpose is to produce a description of social capital that makes use of different statistical sources, including both register-based datasets and materials from population and business surveys.

This work is not a piece of research then, but a statistical review aimed at investigating the possibility of compiling statistics on social capital using existing materials. The articles in this volume review international measurements and statistical frameworks to find and extract indicators of social capital that can be obtained by using Statistics Finland's existing data resources.¹

1 In addition to Statistics Finland's materials, there are other materials in Finland appropriate for measuring social capital, which were surveyed in 2002 (see Statistics Finland's Internet pages). The key materials are the European Social Survey (ESS) and World Values Survey (WVS), which have been often used in international and domestic surveys. The materials also enable international comparison; the WVS is collected from over 50 countries and the ESS from over 20 countries.

The articles aim to answer the following questions:

- What kind of indicators and instruments can be used to measure key dimensions of social capital?
- What indicators of social capital are available in Statistics Finland's existing materials?
- What kinds of results are given by the indicators proposed?
- How well do the materials lend themselves to the measurement of social capital?

In researching and measuring social capital it is important to consider not only the characteristics of social capital, but also its presumed outcomes. Indeed the measurement of outcomes is important to the legitimacy of the concept of 'capital' in the first place. Therefore, the outcomes of social capital are discussed in the articles contained in this volume as far as this is possible.

Social capital is often associated with civil society and communities. Most typically, social capital is measured at the level of civil society, in keeping with Putnam's ideas. A civil community may be defined as "a group of people who share something in common. The community may be based on local interests or on shared characteristics that cut across the boundaries of place" (Hyypä 2002, p. 25). Essential is that it is based on voluntary activity. However, social capital has to be measured not just at the level of civil society, but also in the workplace, in business companies and government offices. Indeed in recent years there has been a growing research effort concerned with organisations in Finland (Johanson 2001; Sinervo et al. 2005; Luoma-aho 2005). In this publication the measurement of social capital is also taken beyond the traditional perspective: we will be examining social capital from the vantage-point of business companies, contract society and workplace communities, for example.

The report is divided into three main parts. After two introductory background articles, social capital and its measurement is discussed from a traditional civil society perspective. The emphasis then shifts towards the economic perspective on social capital. Articles 1 and 2 provide a background for the subject matter of this publication. Articles 3–10 constitute the main empirical body of the publication. The key results are summarised in Article 11.

Social capital is often seen as an inherently positive concept that captures everything that is good in society. However social capital is by no means always a positive force or indication of collective strength. It is also misleading to believe that all and any civic activity generates social capital. There are also situations where the individual's and the community's interests may clash, in which case social networks may also have negative consequences. The question of negative social capital is touched upon in Article 10.

2. *International models of social capital measurement*

Laura Lisakka

- *The measurement and compilation of statistics on social capital has attracted interest both among international organisations such as the OECD and the World Bank, and among national statistics offices, such as in the UK and Australia.*
- *International statistical frameworks are often based on the OECD definition of social capital.*
- *The most crucial elements in statistical frameworks are networks.*
- *There exists no simple and universally accepted set of questions for the measurement of social capital.*
- *The measurement frameworks are broad and extensive and often require collecting a separate survey material.*

International models of social capital measurement

In recent years not only national statistical offices but also international organisations such as the OECD, World Bank and the Siena Group have shown a growing interest in compiling statistics on social capital. The most advanced countries in this field at the moment are the UK, Australia, Canada and New Zealand. International statistical frameworks are largely based on the OECD's definition of social capital (see Article 1).

The key element of the concept of social capital in its measurement frameworks is that of *networks*. Social capital is mostly understood as a group rather than an individual attribute, even though the statistical frameworks are for technical reasons based on questionnaire and interview materials collected at the individual level. The purpose of this report on Social Capital in Finland is not to develop a new Finnish statistical framework for the measurement of social capital, but to introduce and apply existing measurement systems. The dimensions measured are drawn directly from those systems, although some modifications are made to adapt them to Finnish society and to the materials available.

The work done by international organisations

Work to develop international harmonised statistical standards is still in the blueprint stage. The OECD has hosted two international conferences on the measurement of social capital. The main focus at the conference in London in 2002 was on the experiences gained in different countries with the systematic measurement and analysis of social capital. The second conference in Budapest in 2003 was convened to develop an internationally harmonised measurement system and questionnaire for social capital. The statistical framework outlined in Budapest comprises four main dimensions of social capital, i.e. social participation, social networks and support, reciprocity and trust, and civic participation (OECD 2003):

1. Social participation
 - involvement in organised groups and voluntary work.
2. Social networks and support
 - providing unpaid help to others outside the household,
 - receiving help from others,
 - other interaction with friends and neighbours.

3. Reciprocity and trust
4. Civic participation
 - involvement in civic group or political party,
 - contacting politician or local government official, signing petitions.

The Budapest conference set about its task on the basis of the four dimensions mentioned above, compiling a list of questions that could be used in national surveys. This list covers all other dimensions of the statistical framework apart from trust. It was agreed that trust is a key dimension of social capital, but the conference failed to reach agreement on the specific list of questions. Work is continuing to further develop and revise the statistical framework and questions.

The World Bank launched in 1996 the Social Capital Initiative (SCI), which has involved the development of a model for the measurement of social capital. The World Bank shares the OECD's view according to which social capital is another form of immaterial capital alongside human capital. Its main concern has been with the developing countries: it has been particularly interested in developing methods of measuring social capital as part of an action programme aimed at preventing poverty and at boosting economic growth.

The World Bank has used various different statistical frameworks. One example is the Integrated Questionnaire (SC-IQ) that was developed at the World Bank in the early 2000s for the measurement of social capital. SC-IQ covers the following themes (Grootaert et al. 2004):

1. Groups and networks
2. Trust and solidarity
3. Collective action and collaboration
4. Information and communication
5. Social cohesion and inclusion
6. Empowerment and political action

The first two themes reflect the structural and cognitive dimension of social capital. Themes 3-4 refer to the environments of social capital and items 5 and 6 to the application of social capital and the outputs of social capital. This system covers both the macro and the micro level and the structural and cognitive dimension in the measurement of social capital (Grootaert et al. 2004.) Measures of social capital have often been criticised for what is considered an ambiguous all-inclusiveness: "All phenomena that are considered good in society are bundled together in indicators of social capital" (Ruuskanen 2001, p. 51). The model developed by the World Bank has moved one step further in that it makes the important distinction between the sources, mechanisms and outcomes of social capital.

Statistical frameworks adopted by national statistical offices

The *New Zealand* Statistical Office introduced its first framework for the measurement of social capital as early as 1997. The aim was to determine whether social capital had potential for policy development at both the local and central government levels. According to the New Zealand definition, social capital consists of “relationships among actors (individual, groups and/or organisations) that create a capacity to act for mutual benefit or a common purpose” (Spellerberg 2001, p. 9). A revised and modified version of the framework was published in 2001 (Spellerberg 2001). Its four main components are:

1. Behaviours
helping and supporting others (giving time, money, blood, etc.),
participation in formal and informal networks, compliance with rules
and norms, wider interest in society.
2. Attitudes and values
trust and reciprocity, attitudes to government and social institutions,
attitudes towards self and others and confidence in the future.
3. Population groups
demographic factors, family, culture, employment and communication.
4. Organisations
numbers, type, size, structure and cooperation between organisations.

A new addition compared to the 1997 framework was the inclusion of a fourth, organisational dimension. The idea of the New Zealand model is to look side by side at demographic data (sex, age, occupation, health status, incomes, etc.) and data on attitudes and participation, and furthermore to consider the operation and nature of local organisations. Examples are included of each indicator for purposes of measuring social capital. In addition, Statistics New Zealand has provided a list of existing data sources that can be used in the measurement of social capital, such as the Time Use Survey, the Population Census and the Household Labour Force Survey. (Spellerberg 2001.)

The *Australian* statistical framework is one of the most comprehensive systems developed for the measurement of social capital. The Australian Bureau of Statistics ABS considers social capital as a resource comparable to economic, human and natural capital. As other forms of capital, social capital may have both positive and negative effects on the well-being of individuals and communities, such as on health, employment, education, crime and economic growth.

The Australian concept of social capital is built around networks, which are divided according to their type, quality, structure and transactions taking place within the networks. Furthermore, the model identifies the composition of the network, describing the potential network participants: family, friends, neighbours, work colleagues, organisations and groups, people in general and acquaintances. (ABS 2004.)

The ABS framework for the measurement of social capital:

1. Network qualities:
 - norms (trust, reciprocity, cooperation),
 - common purpose (participation, civic participation, helping others, friends).
2. Network structure:
 - size, number, intensity, density and openness, etc.
3. Network transactions:
 - sharing support, knowledge and information, negotiation, sanctions.
4. Network types:
 - bonding,
 - bridging,
 - linking,
 - isolation.

The framework covers all the items and aspects that should be included in statistics on social capital. ABS also provides examples of the kind of questions with which social capital can be measured from existing datasets. Apart from the characteristics and individual indicators of social capital, the measurement system comprises the context for the emergence, appearance and use of social capital. The context consists of four component areas, i.e. culture, political, legal and institutional conditions. When networks are embedded in these different contexts, the measurement framework becomes more community-oriented. (ABS 2004.)

The Australian Bureau of Statistics has followed up on this work by developing a series of questions on social relations and participation for the General Social Survey (GSS) in 2006. Because of the extent of the statistical framework the questions do not cover all the indicators included, but all four main dimensions are well represented. The results will later be reviewed to assess information needs for the future measurement of social capital.

Much work has also been done *in the UK* to develop a framework for the measurement of social capital; indeed the UK Office of National Statistics (ONS) was the first to launch a systematic programme aimed at developing a national model in this field. The ONS framework (Harper & Kelly 2003) comprises the most widely used dimensions of social capital in the UK as well as other factors that are crucial to understanding social capital.

The UK measurement framework has five main dimensions. In addition, it includes examples of indicators with which each dimension can be measured.

The main dimensions of the UK statistical framework are as follows:

1. Social participation:
 - number of memberships in cultural, leisure and social groups and frequency and intensity of involvement,
 - volunteering and religious activity.
2. Civic participation:
 - how well informed about local and national affairs and perception of ability to influence events,
 - contact with public officials and political representatives,
 - involvement in local action groups, propensity to vote.
3. Social networks and social support:
 - frequency of seeing/speaking to neighbours, relatives or friends,
 - extent of virtual networks and frequency of contact,
 - number of close friends and relatives who live nearby,
 - exchange of help,
 - perceived control and satisfaction with life.
4. Reciprocity and trust:
 - trust in like-minded people and people who are not like you,
 - confidence in institutions,
 - doing favours and vice versa,
 - perception of shared values.
5. Views of the local area:
 - views on physical environment,
 - enjoyment of living in the area.

Ultimately the aim of the project was to develop better tools for the analysis of social capital and to take account of the aspects of social capital most directly relevant to policy programmes. Although people's views on the local area are not ordinarily regarded as an aspect of social capital, it was included in the measurement framework because of its perceived importance in the UK.

Based on this statistical framework, researchers at the ONS proceeded to develop a harmonised question set for the measurement of social capital. The questions cover the main aspects and characteristics of social capital and take around 20 minutes to administer in a face-to-face interview. The bank of questions was used in the 2004 General Household Survey (GHS). A shorter version was also developed that included the core questions.

Statistics *Canada* has also devoted considerable resources in recent years to the measurement of social capital. In 2003 it conducted a separate study on social capital as part of the agency's General Social Survey (Statistics Canada 2003). Questions were included on social, religious and civic participation, trust, giving and receiving help, reciprocity and bridging ties. Researchers in Canada have also worked to identify data sources suited for the measurement of social capital on the basis of the models developed by the ONS.

Other government institutions in Canada have also been engaged in research in the field of social capital. The two most prominent examples are the Policy Research Initiative (PRI) and Health Canada. In 2003 the PRI launched a two-year interdepartmental project “Social capital as a public policy tool”. The project was mainly concerned to elaborate on the concept of social capital, to measure social capital and to draw policy implications.

The PRI takes a strong network approach to social capital, which it defines as referring to “the networks of social relations that may provide individuals and groups with access to resources and supports” (PRI 2005b, p. 6). The social networks that reflect social capital have two main components: network properties and network functions. These components are measured at both the individual and the collective level. (PRI 2005a.)

The PRI project is extremely broad and multifaceted; the best way to learn about it is through its three final reports that were published in September 2005. The first of these reports deals with the measurement of social capital (PRI 2005a) and the second with the social capital project overall (PRI 2005b). The third addresses the role of social capital in different social and policy sectors and assesses various policy measures. The role and significance of social capital is discussed as part of poverty reduction efforts, crime prevention, successful ageing and the integration of immigrants. (PRI 2005c.)

How will the measurement of social capital develop in the future?

Much work has been devoted in recent years to developing tools for the measurement of social capital. The large datasets that are currently being collected will provide an excellent opportunity to test those tools in practice, and more generally to consider the future of the measurement of social capital.

The frameworks used for the measurement of social capital vary to some extent from country to country. Some of them include national peculiarities (e.g. views on the local area in the UK) that are not necessarily relevant for the purposes of international comparison. In spite of the OECD’s efforts at harmonisation, a short and effective model for the measurement of social capital seems to remain a distant aim. However the work to develop new tools and instruments for the measurement of social capital is very helpful for organising and structuring the content of research – particularly in this kind of project that uses several separate datasets.

The measurement frameworks developed so far seem to be so broad and extensive that they require collecting a separate dataset: they cannot be successfully used on the basis of existing statistical sources alone. Indeed it seems to be the dominant trend in most countries and statistical agencies to collect separate survey materials on social capital. At Statistics Finland this does not seem a feasible option at least for the time being.

3. *Social capital and trust*

Laura Iisakka

- *People in Finland generally trust one another: 81 per cent agreed with the statement that “people can generally be trusted”.*
- *In the 2002 Leisure Survey 79 per cent of the respondents said they trusted most people who lived in the same area.*
- *People living in small, densely populated and rural communities showed the most trust in people living in the same area.*
- *People with a higher level of education have greater trust in government than others.*

Statistical materials

The Leisure Survey is a Statistics Finland interview survey that is aimed to explore living conditions from different angles. It is part funded by the Ministry of Education and the Finnish Broadcasting Company YLE. The Leisure Survey has been conducted in 1977, 1981, 1991 and 2002. It sheds light on various out-of-work activities such as reading, radio listening and television viewing, involvement in sport and physical exercise, and civic participation. The focus is on activities outside of wage employment and formal education: on how people experience their everyday life and how their everyday life possibly has changed.

The data for the 2002 Leisure Survey were collected through personal-visit interviews in autumn 2002 and in early 2003. The survey covered the whole of Finland except Åland. A total of 3,355 acceptable interviews were received. The response rate was 73 per cent. The sample size was slightly smaller than 10 years ago. The interviews were conducted in the population aged 10 or over.

Social capital and trust

Research geared to international comparisons has often approached the concept of social capital from the vantage-point of trust, which also has a prominent place in international statistical frameworks (see Article 2 by Iisakka). Indeed trust is often considered a key indicator of social capital. According to Adam Seligman (1997, p. 13), trust is a necessary feature of all social relations. Trust facilitates social interaction, reduces the costs of interaction and contributes to the more effective operation of businesses, communities and societies. In Putnam's words, trust is the lubricant of cooperation; the greater the trust within a community, the greater the probability of cooperation (Putnam 2000).

An important distinction is often made between *trust* and *confidence*: trust refers to what is felt towards individuals, confidence to what is felt towards institutions and abstract systems. (Luhmann 1979; Seligman 1997; Giddens 1990.) Trust between people, then, is commonly divided between *generalised* and *particularised* trust. Eric M. Uslaner (1999, p. 122–123) follows Putnam in emphasising the importance of trust to social capital. Generalised trust is more commonly shown not only to people one knows, but strangers as well. It increases the likelihood of volunteering and civic engagement in general. (Putnam 2000, p. 136–137.) Particularised trust is shown towards other like-minded people, generalised trust towards larger groups of people.

In the ABS Social Capital Framework, trust is seen as an important part of norms and other values that are important to the operation of networks. The framework considers three types of trust: *generalised*, *informal* and *institutional* trust. In the Australian framework informal trust refers to *particularised* trust, i.e. trust that individuals may have towards people in their social networks, such as family members, friends, neighbours, work colleagues and other acquaintances. (ABS 2004, p. 26.)

This article applies the ABS distinction between generalised, informal and institutional trust. The material is drawn from for Statistics Finland's 2002 Leisure Survey, which represents the Finnish population aged 10 or over – although the questions considered here have been answered only by people over 15 years of age. The bank of questions concerning trust in this material allows us to explore the occurrence of different types of trust. The purpose is to find out how those different forms of trust are distributed according to different background factors. A further aim is to consider the applicability of the Leisure Survey's trust items and its material more generally for purposes of measuring of social capital.

Measures of trust

Statements describing generalised trust loaded on the same factor in factor analysis. On this basis we created a summary variable¹ of generalised trust. Informal trust is understood here in narrower terms than generalised trust, as a bonding type of trust shown towards people one knows rather than people in general. The material included two statements describing informal trust. There was only one statement in the material on institutional trust. The response options were presented on a four-point Likert-type scale (fully agree, agree to some extent, disagree to some extent and fully disagree). The statements were divided between the different dimensions of trust as follows:

- Generalised trust:* I can mostly be sure that other people want what is best for me.
If I am not careful, other people will take advantage of me.
People can generally be trusted.
- Informal trust:* There are only a few people in whom I can trust completely.
I trust most people living in my area.
- Institutional trust:* A person like me does not have say in what the powers that be do.

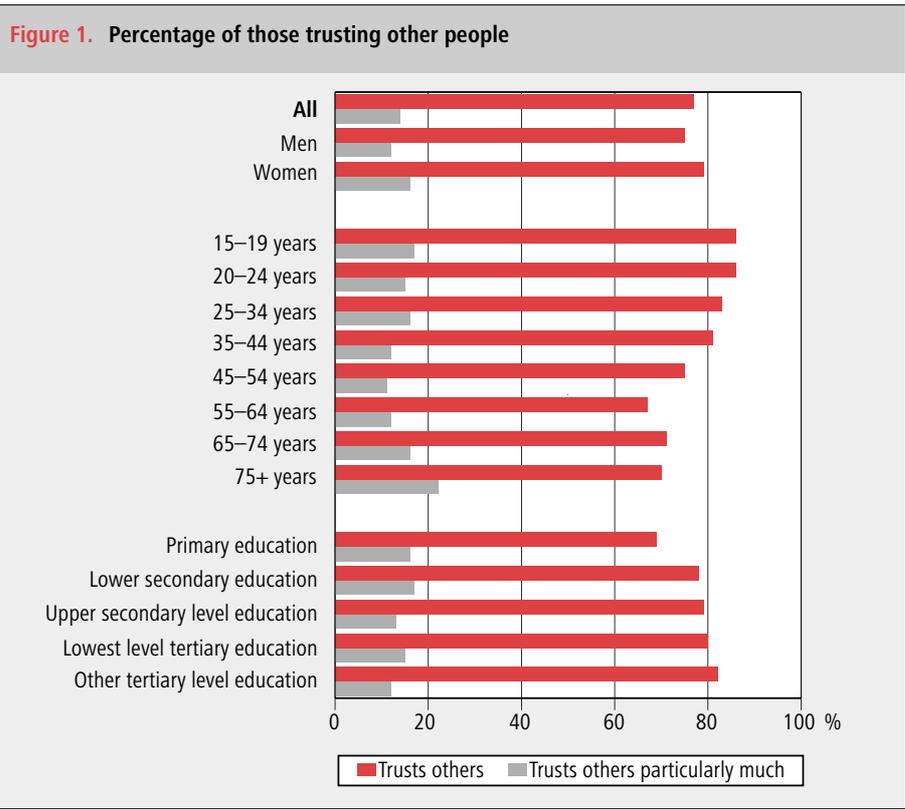
Generalised trust

In international comparisons, trust is often studied with the help of the World Values Survey (see <http://www.worldvaluessurvey.org/>), where generalised trust is inquired by the following question: “Generally speaking, would you say that most people can be trusted, or that you can’t be too careful in dealing with people?” According to data collected in 2000, 58 per cent of the respondents in Finland trusted most people (Hellsten & Komu 2006). In the Leisure Survey the item concerning generalised trust is divided into two separate statements. The results of the Leisure Survey suggest that the sense of generalised trust in Finland is far more common than in the WVS material, as 81 per cent indicated they generally trusted other people. On the other hand 40 per cent said one had to beware that others do not try to take advantage. The differences between the results of the Leisure Survey and the WVS are probably largely due to the way the item is worded: the WVS in effect includes two questions, which may well make answering more difficult.

1 The analysis mainly uses figures weighted to the sample group (N=3151). The summary variable describing generalised trust was formed from non-weighted figures, however. When producing the summary variable removed were the responses (don’t know and refused to answer) that influence averages, which were included in the figures.

According to the summary variables of generalised trust, 77 per cent of the respondents trust other people (Figure 1). Women have greater trust in others than men. Trust has a tendency to decline with advancing age, although in the age group over 65 it does increase again. The proportion of people who say they trust others is lowest in the age group 55–64. By education, people with primary education show the least trust.

Given the relative prevalence of trust in Finland, it is interesting to look separately at those people who show a particularly high level of trust in others (i.e., those scoring 4 on the summary variable scale from 1 to 4). Here, the gender differences in trust are effectively the same; women again show a particularly high level of trust in others. The age group differences are more or less the same with the exception of the oldest age group: among people over 75 there is a particularly large proportion of respondents showing a high level of trust in others. The results by education are particularly interesting, as the proportion of those showing strong trust in others is higher among people with primary and lower secondary education than among those with a lower or higher tertiary education and a doctorate or equivalent level tertiary education.



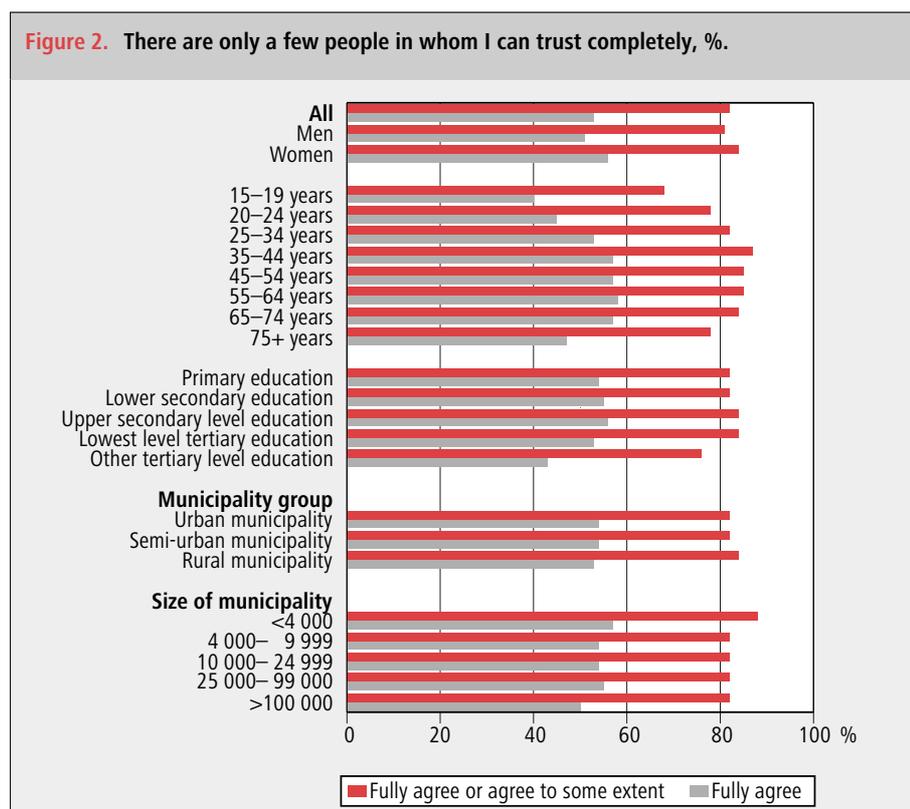
Source: Leisure Survey 2002, Statistics Finland.

Informal trust

Informal trust is defined here as trust in a particular group of people. Piotr Sztompka (1999) maintains that proximity has the effect of increasing trust in others; knowing the other person, proximity as well as the anticipation of future behaviour and the clarity of criteria all promote trust. Niklas Luhmann also underlines the importance of familiarity, which he says keeps the problem of trust at bay (Luhmann 1979, p. 33).

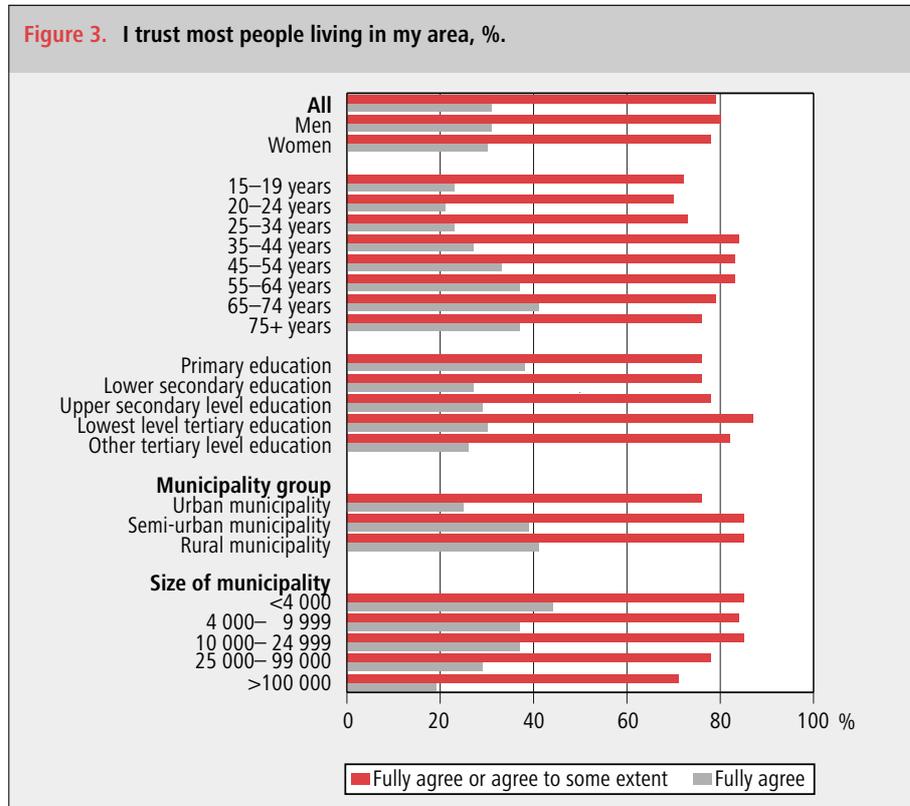
In the 2002 Leisure Survey, 82 per cent of the respondents agreed with the statement that “there are only a few people in whom I can trust completely”. Roughly the same proportion or 79 per cent said they trusted most people living in the same area. Compared to the figures reported above, it seems that proximity does indeed increase people’s sense of trust: people have more trust in others they know in one way or another than in government or people in general (although even the figures for the latter were quite high).

Responses to the statement that “there are only a few people in whom I can trust completely” do not show any consistent variation by different background factors. As is clear from Figure 2, the youngest and the oldest age groups and



Source: Leisure Survey 2002, Statistics Finland.

Figure 3. I trust most people living in my area, %.



Source: Leisure Survey 2002, Statistics Finland.

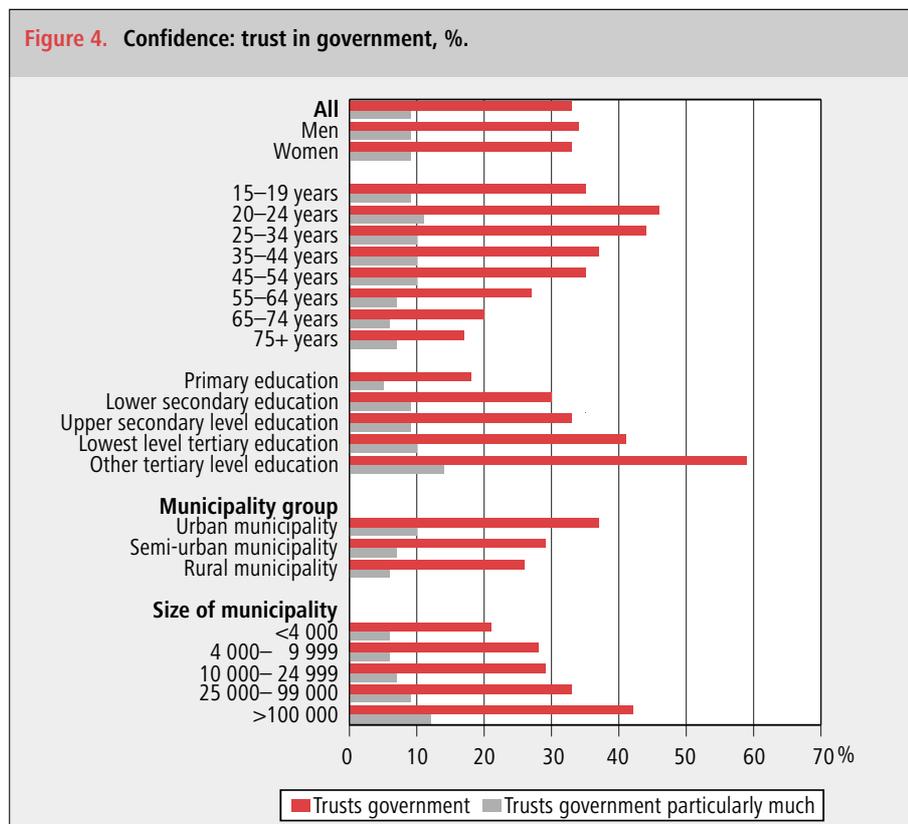
those with a tertiary education show less informal trust than others. However because of the wording of this item it is not entirely clear what this result means. It may indicate that these people fully trust more than just a few other people; this conclusion seems to be supported by other results. On the other hand it may also mean that these people do not trust others at all.

Trust in people who live in the same area is greatest in rural and densely populated areas as well as in municipalities with small population numbers (Figure 3). By age groups, people in the age band 35–75 show the greatest trust in people who live in the same area. These are probably the same age groups who spend more time with their neighbours than younger and older age groups, which would explain the result. There are more people who show particularly strong trust in others in the older age groups than in younger age groups. Gender differences are very small.

Institutional trust

The Leisure Survey included only one item on institutional trust or confidence, which was worded as follows: “A person like me does not have say in what the powers that be do.” One-third (33%) of the respondents agreed with this statement fully or to some extent, i.e. most people are sceptical about their influence over government.

Levels of institutional trust do not differ between men and women, but clear differences are seen between different age groups. Confidence declines with advancing age (Figure 4), most particularly from the age group 55–64 onwards. The trend is not linear, but the age group over 54 are the most critical group: these people have less confidence in government or at least their ability to influence government than younger age groups. Education significantly increases confidence: among respondents with primary education 18 per cent have confidence in government, among those with a tertiary education the figure is 59 per cent. The differences are not as clear if we look only at those people with particularly high levels of confidence, but even in this analysis people with the highest level of education have the greatest confidence (14%) and those with a primary education the least confidence (5%).



Source: Leisure Survey 2002, Statistics Finland.

Levels of confidence also vary clearly between different types of regions. People who live in urban municipalities show greater confidence in government (37%) than people living in densely populated municipalities (29%) and rural municipalities (26%). Confidence increases in line with the size of the municipality. In larger cities (with a population in excess of 100,000), 42 per cent said they had confidence in government, in the smallest municipalities with less 4,000 inhabitants the figure was 21 per cent.

Conclusions

Judging by the 2002 Leisure Survey, trust and confidence in Finland is relatively strong and widespread. In international WVS comparisons, Finland and the other Nordic countries have traditionally shown high levels of trust (and social capital). According to the Leisure Survey results, 81 per cent of people in Finland feel that other people can generally be trusted, while the WVS figures are much lower at 58 per cent (although this is still very high by international comparison). These results are in line with the findings of Zak and Knack (2001), who reported that the most fertile soil for the development of trust is provided by countries that are highly protective of private property, that have small income differentials and that are racially homogeneous. On the other hand, the differences observed between people in different education categories are indicative of some inequality in the distribution of social capital. People with a higher level of education have more social capital than those with a lower level of education when measured in terms of trust.

Trust was considered here in line with the ABS model by making a distinction between generalised, informal and institutional trust. The data at our disposal were well suited for the analysis of generalised trust. As was discussed earlier, the statement used to measure informal trust – “There are only a few people in whom I can trust completely” – proved somewhat problematic. It is difficult to know whether to interpret the statement in a positive or negative light, and the respondents have no doubt had the same difficulty when answering. Institutional trust or confidence had to be measured with just one question concerning confidence in government. Again, the statement – “A person like me does not have say in what the powers that be do” – is open to different interpretations.

Kaj Ilmonen (2005, p. 50) says that for purposes of studying trust it is necessary to consider both the intensity of trust and the size of the circle of trust. The Leisure Survey dataset allows us to measure the intensity of trust because the response options are spread over a four-point scale from fully agree to fully disagree. It was not possible in the confines of this paper to look in greater detail at the differences between trust and high trust, but a closer examination of those differences might well shed interesting new light on trust. The Leisure Survey items are worded in rather general terms, and they do not allow us to conduct an in-depth examination of the size and extent of circles of trust. Trust in different groups of people often yields results that complement the picture of generalised trust. Ilmonen maintains that our desire to generalise trust, for example, depends on the situation. We tend to show the

greatest trust in people who are most like ourselves. (Ilmonen 2002b, p. 32.) Indeed alongside variables describing generalised trust it would be interesting to explore trust in different groups of people, as Ilmonen has done in several studies.

The Leisure Survey does then provide an adequate framework for studying trust and confidence. It does not, however, give us any indication of the outcomes of trust. It has been reported that trust increases the probability of cooperation and improves it. The following article by Riitta Hanifi looks separately at different forms of participation and their associations with trust. However it is difficult to explore the outcomes of trust on the basis of a survey material.

4. *Social, cultural and political participation and trust*

Riitta Hanifi

- *Over half of the population are involved in some association, club, society or group.*
- *Participation in professional associations has sharply declined, as has involvement in political parties and party political organisations.*
- *The single most popular form of participation is involvement in a sports club.*
- *People involved in associations and in cultural activities trust more in other people than the population on average, and they are more active in informal civic activities, such as writing letters to the editor or in participating in demonstrations than the population on average.*

Statistical materials

Leisure Survey

The Leisure Survey is a Statistics Finland interview survey that is aimed to explore living conditions from different angles. It is part funded by the Ministry of Education and the Finnish Broadcasting Company YLE. The Leisure Survey has been conducted in 1977, 1981, 1991 and 2002. It sheds light on various out-of-work activities such as reading, radio listening and television viewing, involvement in sport and physical exercise, and civic participation. The focus is on activities outside of wage employment and formal education: on how people experience their everyday life and how their everyday life possibly has changed.

The data for the 2002 Leisure Survey were collected through personal-visit interviews in autumn 2002 and in early 2003. The survey covered the whole of Finland except Åland. A total of 3,355 acceptable interviews were received. The response rate was 73 per cent. The sample size was slightly smaller than 10 years ago. The interviews were conducted in the population aged 10 or over.

Election statistics

Statistics Finland's election statistics comprise figures on the results of general elections – i.e. Parliamentary elections, European Parliamentary elections, municipal elections and Presidential elections – the electorate, voting activity, candidates and elected officials. The statistics are updated at the interval that the respective elections are held.

Parliamentary and municipal elections are held in Finland every four years. Statistics on Parliamentary elections have been compiled since 1907 and on municipal elections since 1921. Presidential elections are based on direct popular vote and are held every six years. The statistics cover the first and second round of the Presidential elections. The first statistics were compiled in 1925. Elections to the European Parliament are held every five years in all Member States; in Finland the date for the elections is set for the second Sunday of June. The statistics go back to 1996.

Social, cultural and political participation and trust

Introduction

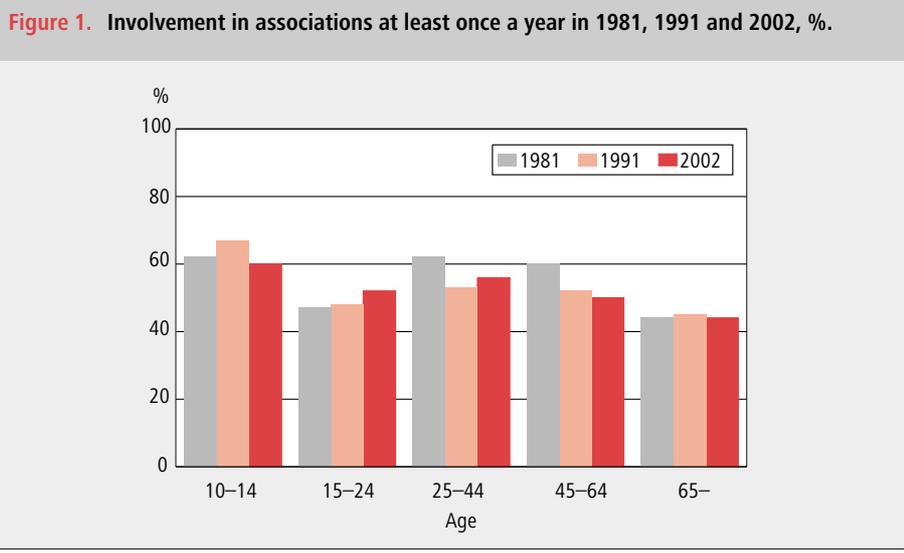
Social networks and various forms of participation are an integral part of social capital. Robert D. Putnam (1993), for example, defines social capital as consisting of the relatively stable resources that are available to actors within the social structure. They have three main components: social networks, interpersonal trust among different actors, and norms of reciprocity. Various forms of participation are also an important part of international statistical frameworks (see Article 2 by Iisakka).

This article explores people's involvement in associations and cultural events, changes in participation as well as how they are associated with experiences of trust in other people and in institutions. Involvement in organisations may be regarded as one part of social capital. This organisational capital (see Siisiäinen 2000, p. 144–145) is a consequence of the trust inherent in social capital. On the other hand, involvement in associations is also a way of accumulating social capital, and it serves to produce and reproduce trust in society.

Statistics Finland's 2002 Leisure Survey provides an opportunity for us to compare different types of participation and their associations with trust. The Leisure Survey is conducted roughly once every ten years. A representative interview survey that covers the whole country, it provides comparative data since the 1980s. The article also consults Statistics Finland's election statistics in order to shed light on voting and changes in voting.

Involvement in associations

The 2002 Leisure Survey included items designed to measure the involvement of the population in an association, club, organisation, society or other similar group. During the 12 months preceding the survey, 52 per cent of the population resident in Finland had taken part in some such activity. The figure is the same as 10 years ago, but somewhat lower than in the 1980s. The youngest respondents were the most active participants in associations, although involvement in the youngest age groups had decreased to some extent in 20 years (Figure 1). Participation in the population aged 75 or over has steadily increased since the 1980s. These people are most often involved in the work of pensioners' associations, civil defence associations and religious associations.



Source: Leisure Surveys 1981, 1991, 2002, Statistics Finland.

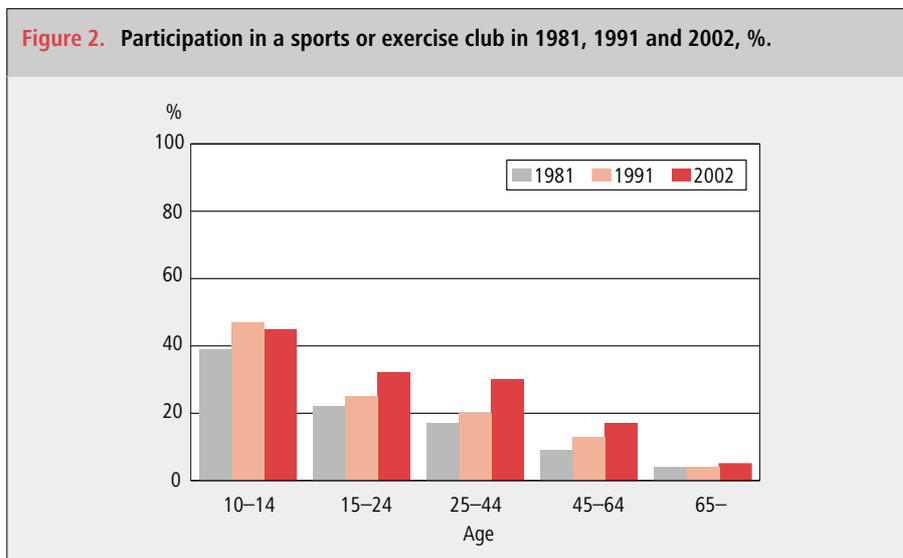
The level of involvement in organisations is more or less the same among men and women, as was the case in the 1990s (Table 1). In earlier years, men used to be more actively involved than women (Pääkkönen 1994, p. 109). Upper-level employees were involved in associations somewhat more frequently than other socio-economic groups, although the involvement of upper-level employees has steadily declined since the 1980s. Involvement in professional organisations has sharply declined, as has involvement in political parties or party political organisations.

Table 1. Involvement in associations at least once a year in 1981, 1991 and 2002, %.
(The same person may have taken part in the activity of more than one association.)

	Men			Women			Total		
	1981	1991	2002	1981	1991	2002	1981	1991	2002
At least one association, etc.	60	52	52	53	52	51	57	52	52
Professional organisation	23	13	9	20	10	8	21	12	8
Political party or political adult organisation	8	5	2	5	3	1	6	4	2
Sports or exercise club	20	22	25	14	16	20	17	19	23
Religious association or club	6	4	5	11	11	10	8	7	8
Cultural or art association or circle	3	2	3	4	3	3	3	2	3
Other association or circle	10	12	19	14	16	19	12	14	19
N, weighted	1 186	2 108	1 629	1 320	2 270	1 726	2 506	4 378	3 355

Source: Leisure Surveys 1981, 1991, 2002, Statistics Finland.

Figure 2. Participation in a sports or exercise club in 1981, 1991 and 2002, %.



Source: Leisure Surveys 1981, 1991, 2002, Statistics Finland.

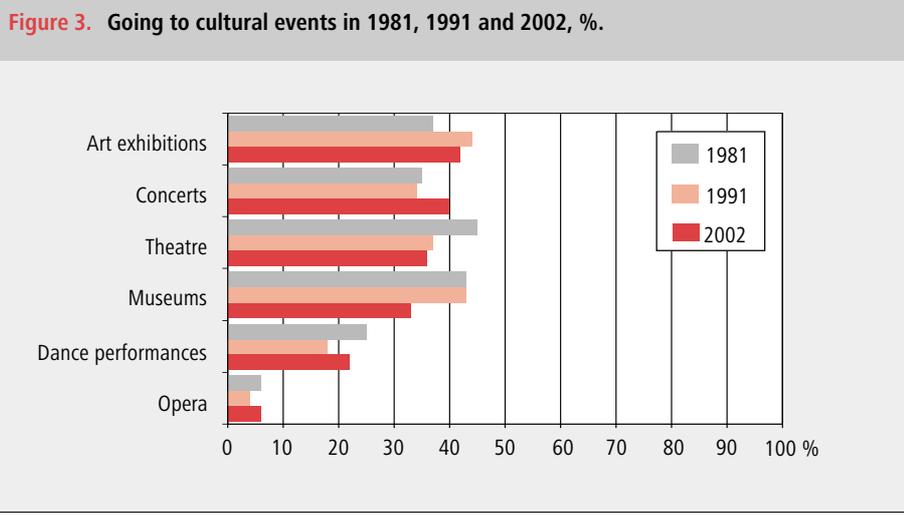
The single most popular form of social participation is involvement in a sports or exercise club. The level of involvement in sports clubs has steadily increased since 1981. Men are somewhat more actively involved than women. The involvement of young adults in particular has increased (Figure 2). However participation in sports and exercise clubs remains most characteristically a leisure activity for children and youths.

Just over ten per cent of the population were involved in three or more associations during the 12 months preceding the survey. Men and women were more or less equally represented among these active participants. The highest level of involvement was recorded for salaried employees. About one in five pensioners were active participants.

Involvement in cultural events

As well as discussing people's involvement in associations, Putnam (2000) is interested in the role and significance of various cultural and consumer-based communities and other associations, ultimately aiming to undo the distinction between different forms of community. There has been some earlier work in Finland to study the impacts of cultural pursuits on well-being (see e.g. Kinnunen & Pulkkinen 2003). However very little, if any, attention has been given to the connections between participation in cultural events and trust.

During the 12 months preceding the Leisure Survey, just over 80 per cent of the population aged 10 or over had been to at least one cultural event, defined as a concert, theatre show, opera, dance performance, art exhibition or museum. The most popular events were art exhibitions and concerts, while visits to the opera received the fewest mentions (Figure 3). Women go to cultural events somewhat more often than men. The lowest rates of participation



Source: Leisure Surveys 1981, 1991, 2002, Statistics Finland.

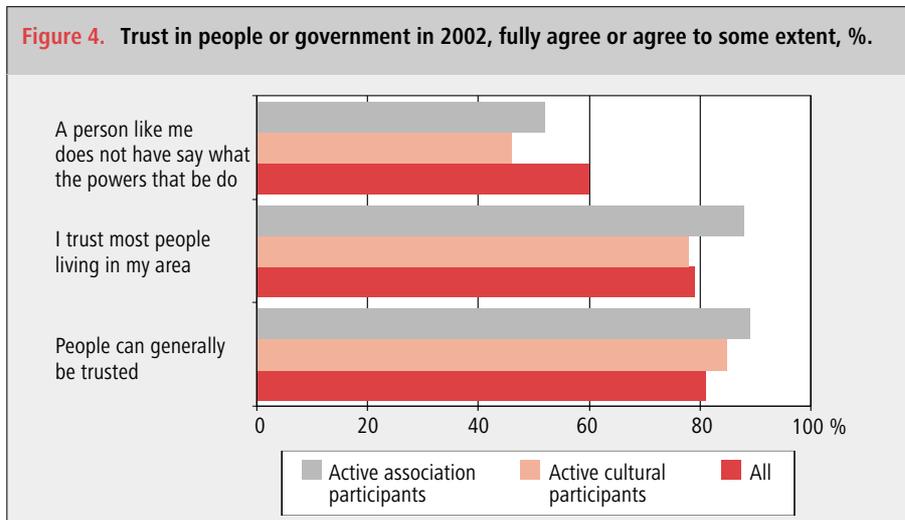
are recorded for pensioners, while salaried employees go to cultural events most often (see Liikkanen 2006, p. 71–72).

People who go to six or more cultural events in a year are defined as active cultural participants (see Liikkanen 1996). In 2002 just over 10 per cent of the population met this criterion, i.e. roughly the same figure as for people who were actively involved in associations. Even though a small proportion of the population are actively involved in cultural events and in associations, it seems that it is not the same people who are in both these categories. More than 60 per cent of active cultural participants are women. One-fifth of active cultural participants are aged 25–34 years. Participation in cultural events declines somewhat in the age bracket 35–44, and then increases again in the next age group. It has been suggested that this has to do with the setting up of families: parents of small children, and mothers in particular, do not necessarily have the time to take active part in cultural events, but they do return at a later age. Four in ten active cultural participants are aged 45–64. A large proportion of active cultural participants (and of people actively involved in associations) are salaried employees, but students and pensioners also go to cultural events quite often.

Active participation and trust

Kaj Ilmonen (2002a, p. 152–155) has conducted an interview study to find out how much trust people have in the ability of various organisations and associations to increase well-being in the local area. Sports clubs, parish associations and village councils were thought to have the greatest beneficial effects in terms of well-being, whereas political parties and trade unions were thought to contribute the least. People living in sparsely populated regions and farmers have the most confidence in village councils and farmers' associations,

Figure 4. Trust in people or government in 2002, fully agree or agree to some extent, %.



Source: Leisure Survey 2002, Statistics Finland.

older people in the local parish and young people in sports clubs. When these results are compared with the findings of the Leisure Survey on civic engagement, it is clear that people have the greatest confidence in the beneficial local effects of those associations in which they themselves are most actively involved. According to Ilmonen people’s trust in the ability of associations to promote local well-being is connected to generalised trust: people who generally trust other people and institutions also trust the ability of associations to increase local well-being.

Does active involvement in associations or cultural events correlate with the sense of trust in other people or institutions? According to the Leisure Survey people who are actively involved in associations and who take active part in cultural events also show greater trust in other people than the population on average. Having said that, people in Finland generally feel they can trust others quite well (Figure 4).

People’s trust in various social institutions may be reflected in their intention to vote, for example. In 2002, 93 per cent of active participants in associations and 86 per cent of active cultural participants aged 18 or over said they intended to vote in the next municipal or parliamentary elections. On the other hand voting intentions are relatively high in the whole population: 78 per cent of people aged 18 or over were intending to vote in the next elections. (Leisure Survey 2002.) Actual voter turnout is not, however, as high as the voting intention figures. In parliamentary elections the level of voter turnout in Finland has been declining for several decades, and the same trend is evident in municipal elections (Table 2). The decline in voter turnout is primarily explained by the turnover of generations: the baby boom generation and their children are less active voters than earlier generations, and as these age groups have continued to grow in the population structure, so the turnout rates have continued to fall. What is more, different social groups tend to exhibit different voting behaviours: people with a higher education, with higher

incomes and more assets are more active voters than less privileged groups. (Martikainen & Wass 2002, p. 88–89.)

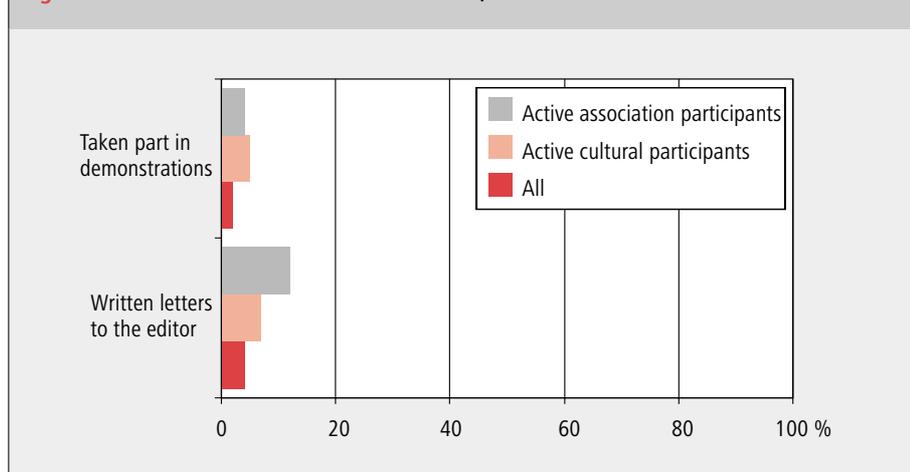
The results of the Leisure Survey indicate that both active cultural participants and active association participants are far more active than the population on average in terms of informal civic engagement, such as writing letters to the editor or participating in demonstrations, although there were some differences between different forms of activity (Figure 5). Both of these two groups were also well networked when compared to the total population: one-quarter of the active cultural participants and one-fifth of the active

Table 2. Voting in parliamentary and municipal elections, %.

Voting in parliamentary elections (%)				Voting in municipal elections (%)			
Year	Men	Women	Total	Year	Men	Women	Total
1948	81	76	78				
1951	78	71	75	1950	68	59	63
1954	83	77	80	1953	75	68	71
1958	78	72	75	1956	70	63	66
1962	86	84	85	1960	77	73	75
1966	86	84	85	1964	81	78	79
1970	83	81	82	1968	78	75	77
1972	82	81	81	1972	76	75	76
1975	80	79	80	1976	79	79	79
1979	82	81	81	1980	78	78	78
1983	81	81	81	1984	74	74	74
1987	76	77	76	1988	69	72	71
1991	71	73	72	1992	70	72	71
1995	71	73	72	1996	60	63	61
1999	67	70	68	2000	54	58	56
2003	68	72	70	2004	56	61	59

Source: Election statistics, Statistics Finland.

Figure 5. Involvement in civic activities in 2002, %.



Source: Leisure Survey 2002, Statistics Finland.

association participants had received information about various forms of civic participation through the Internet or via their mobile phone, in the total population the corresponding figure was just over one-tenth.

The Information Society Survey that was collected in conjunction with the Leisure Survey included items on making and maintaining contact with local public officials, other authorities, MPs, local or national newspapers and radio or TV programmes. The highest figures were recorded for contact with local public officials, other authorities and local and national newspapers (Nurmela & Ylitalo 2003, p. 76–77). Both active cultural participants and active association participants had been in touch with decision-makers more often than the population on average, but people who were actively involved in associations had made such contacts more often than active cultural participants. Active cultural participants had been in contact with radio and television programmes more often than the population on average.

Conclusions

The results of the Leisure Survey seem to suggest a connection between trust and civic engagement. Both active cultural participants and active association participants can be said to exhibit more generalised trust than the population on average, and both of these groups also take part in various informal civic activities more often. There were some differences in the preferred forms of involvement between the two groups.

The Leisure Survey results lend support to Robert Putnam's (2000) view that there is a very strong correlation between different forms of community. While the communitarian literature and to some extent the Finnish debate on civic engagement have tended to advocate a view of mutually antithetical forms of community, the boundary line actually runs between those groups who are actively involved in social and cultural activities and those who take part in no activities at all (see also Haatanen 2004, p. 155–156). There are no indications in Finland of a decline in engagement. Having said that, it does seem that involvement in associations is becoming increasingly differentiated, with political and cultural activity tending to drift apart from each other (Siisiäinen 2002, p. 109). Indeed there are some signs now that traditional political participation is dwindling, and that the focus of activity is shifting more in the direction of exercise and other areas of leisure.

5. *Volunteering, neighbourly help and socialising*

Hannu Pääkkönen

- *People spend almost one hour a day in social capital activities, such as socialising, neighbourly help and volunteering.*
- *Almost one-third of the population engage in volunteering each month.*
- *Each month 60 per cent of the population offer neighbourly help.*

Statistical materials

Statistics Finland's Time Use Survey is an extensive interview survey concerned with daily time use and people's living habits in Finland. Among the items covered are working hours, amount of time spent on household chores, studying and leisure activities. The Time Use Survey has been collected in 1979, 1987–1988 and 1999–2000.

The most recent Time Use Survey was collected during the period from 1 March 1999 to 12 March 2000. In line with Eurostat recommendations, the data were collected at household level; the previous surveys in 1979 and 1987–1988 used individual samples. Where possible all household members aged 10 or over were interviewed, and they were given diaries to complete. All household members were to keep a diary of their time use on two randomly assigned days, one of which was a weekday and the other a weekend day. In previous surveys the assigned days were always consecutive.

In their diaries, the respondents were asked to describe their main activities and any possible secondary activities to the closest 10 minutes. In addition, they were to enter comments on time they spent together with household members and other friends and acquaintances. The place of activity was deduced in connection with coding. The main and secondary activities were coded into one of 185 categories.

Interview responses were obtained from 5,884 people and 5,322 persons kept a diary for a total of 10,561 days. The diaries were returned by 56 per cent of the households and 52 per cent of the people. The interview response rate was 59 per cent. These figures are around the European average, but markedly lower than in previous Statistics Finland Time Use Surveys based on samples of individuals.

International comparisons are based on EU-harmonised time use data from fourteen countries in 1998–2004.

5. Volunteering, neighbourly help and socialising

Introduction

In the OECD statistical framework, social capital is divided into four main dimensions: social participation, networks, trust and civic participation (OECD 2003; also see Article 2 by Iisakka). Social participation includes involvement in organised groups as well as volunteering. Networks comprise informal networks and involvement in those networks, such as unpaid help for other households, receiving help from others and interaction with friends and acquaintances. This article focuses on these first two dimensions of social capital on the basis of the interview and diary data from Statistics Finland's Time Use Survey in 1999–2000. The article is thus concerned with volunteering and involvement in associations, informal help and socialising with family, friends and acquaintances. The article describes what kind of people take part in these social capital activities.

Social capital and time use

On average people spent just under one hour a day on social capital activities (Table 1). Most of this time was taken up by socialising (42 minutes), which is here defined as spending time with friends at home, in cafés, restaurants or elsewhere and visiting people. Socialising is usually also considered to include social interaction with family members and telephone conversations, but since they are not included in the OECD definition we have chosen to omit them from this discussion (cf. Ruston 2003). Socialising in the workplace and at schools is also excluded from the figure above.

Table 1. Time used by over 10-year-olds on neighbourly help, organisational activity and socialising by gender in 1999–2000, hours and minutes per day, participants, %.

	Time used h:min/day			Participants %		
	All	Men	Women	All	Men	Women
Neighbourly help	0:10	0:10	0:10	9.4	8.0	10.6
Organisational activity and volunteering	0:05	0:06	0:05	4.2	4.5	4.0
Socialising	0:42	0:42	0:41	41.7	37.9	45.1
Days studied	10 561	4 910	5 651			

Source: Time Use Survey 1999–2000, Statistics Finland.

In Table 1, socialising refers to the amount of time that people spent in social interaction, without reference to any other activity. In other words, having a meal or watching television in the company of friends is not included in these figures. If this kind of secondary or simultaneous socialising is also taken into account, the amount of time spent in socialising is doubled to 1 hour 23 minutes a day.

From the diary entries it emerges that if socialising in the workplace or place of study is taken into account, the amount of time spent with friends or acquaintances increases sharply to 4.5 hours a day, or 29 per cent of people's waking hours (Table 2). Young people spent the most time with friends; among adults the amount of time spent with friends and acquaintances decreased with advancing age. The workplace or school accounted for one-third of the total amount of time spent socialising with friends, the home for one-fifth and another household for one-sixth.

We know from the diary entries that people spent more than one hour (1 hour 16 minutes) a day in another household. Young people spent more time in other households than other age groups. This figure was twice as high during weekends: on Saturdays and Sundays, people spent two hours visiting other households. (Pääkkönen & Niemi 2002, p. 113.)

Volunteering and neighbourly help are not everyday activities, and therefore they accounted for no more than a total of 15 minutes of people's daily time use. On a random day of the year 4 per cent of the population were involved in organisational activity and almost 10 per cent provided neighbourly help. Various social capital activities took up a couple of hours a day among people who spent time on them (see Pääkkönen & Niemi 2002, p. 87).

The amount of time spent in organisational activity and neighbourly help showed little variation between different days of the week (Figure 1). Socialising with friends, on the other hand, was clearly more common during weekends than on other days of the week. Friends and acquaintances were mostly seen on Saturdays.

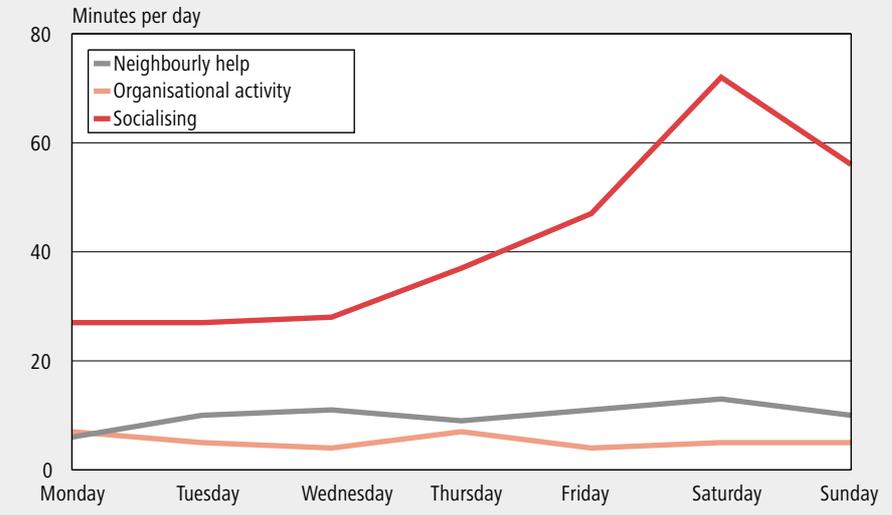
The amount of time spent in volunteering and neighbourly help increased in the 1990s. Time spent socialising with friends and acquaintances, on the other hand, seems to have decreased to some extent; this applies to the figure for socialising without any secondary activity. However the overall amount of time spent in another household did not decrease.

Table 2. Time used by over 10-year-olds in the company of their friends in 1999–2000, hours and minutes per day, % of waking hours.

Age	h:min/day	% of waking hours	Days studied
All	4:28	29	5 585
10–14	5:59	42	419
15–24	6:39	44	1 025
25–44	4:50	31	1 649
45–64	3:54	25	1 859
65+	2:09	14	633

Source: Time Use Survey 1999–2000, Statistics Finland.

Figure 1. Time used by over 10-year-olds on neighbourly help, organisational activity and socialising by day of the week, minutes per day.



Source: Time Use Survey 1999–2000, Statistics Finland.

Volunteering and involvement in associations¹

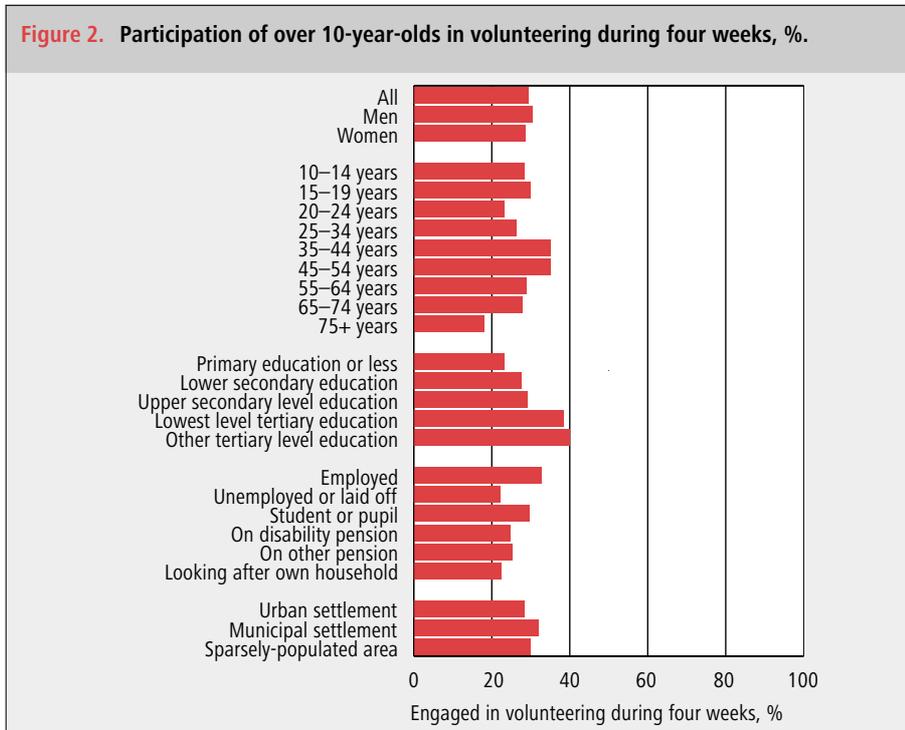
As volunteering and neighbourly help are not everyday activities, we shall look more closely at them in the light of the interview data from the Time Use Survey. The reference period for the interviews was four weeks. Volunteering refers to unpaid work that is done for a group or an organisation. This may involve secretarial work, fund raising, PE instruction, friendship services or some other organised activity.

Almost one-third or 29 per cent of the population aged 10 or over had participated in voluntary work (Figure 2). Men engaged in voluntary work more often than women. Volunteering was most common in the age group 35–54, among people with a high level of education, employed people and students.

Among men, the most common form of volunteering was working for a sports or exercise club or organisation; one in ten men reported this type of volunteering. The next most popular forms of volunteering were local

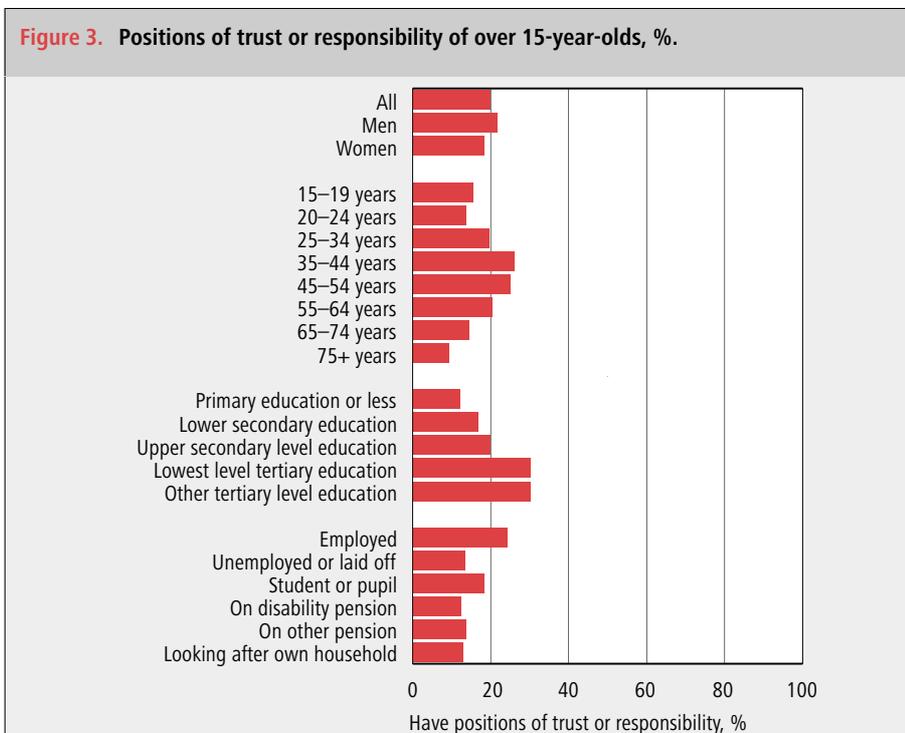
¹ In this publication several figures are presented for involvement in associations. The methods and reference times on which these figures are based differ from one another. The Leisure Survey reveals how many people have taken part in meetings or other active organisational activities at least once during the year. In 2002 this figure was 52 per cent of the population aged over 10 (see Article 4, Hanifi). The diary data for the Time Use Survey 1999–2000 indicate that four per cent of over 10-year-olds took part in association activities on a random day. In the Time Use Survey interviews voluntary work through associations was studied separately. This activity is thus defined more narrowly than association activities in general. Twenty-nine per cent had been engaged in voluntary work during the past four weeks, but on a random day only one per cent of those aged over 10.

Figure 2. Participation of over 10-year-olds in volunteering during four weeks, %.



Source: Time Use Survey 1999–2000, Statistics Finland.

Figure 3. Positions of trust or responsibility of over 15-year-olds, %.



Source: Time Use Survey 1999–2000, Statistics Finland.

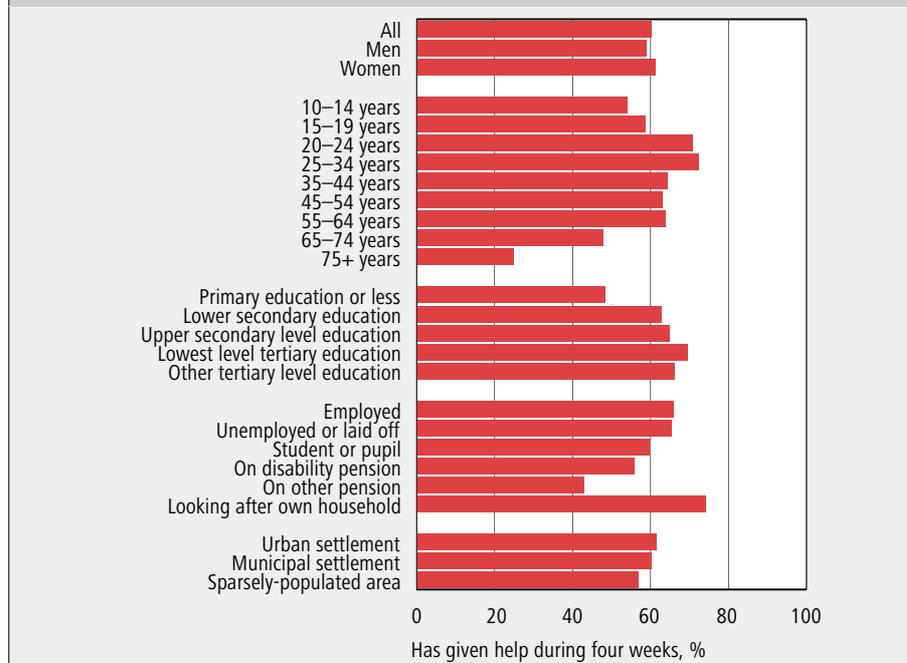
residents' associations, village councils or housing corporations as well as leisure organisations and groups. Among women, the most popular forms of volunteering were sports and exercise clubs, local residents' associations, village councils or housing corporations, religious associations and parish associations as well as social and health organisations, for which some 5 per cent of women had done unpaid work. No major differences were seen by place of residence, although people living in densely populated rural areas participated in the work of organisations and associations somewhat more often than others.

The Time Use Survey also included an item in which the respondents were asked whether they held any positions of trust or responsibility in an organisation. One-fifth of the respondents aged 15 or over reported having such a position (Figure 3). The numbers holding such positions were highest in the age group 35–54, among people with a tertiary level education and among those in gainful employment. As was discussed earlier, these same groups were also the most active participants in voluntary work.

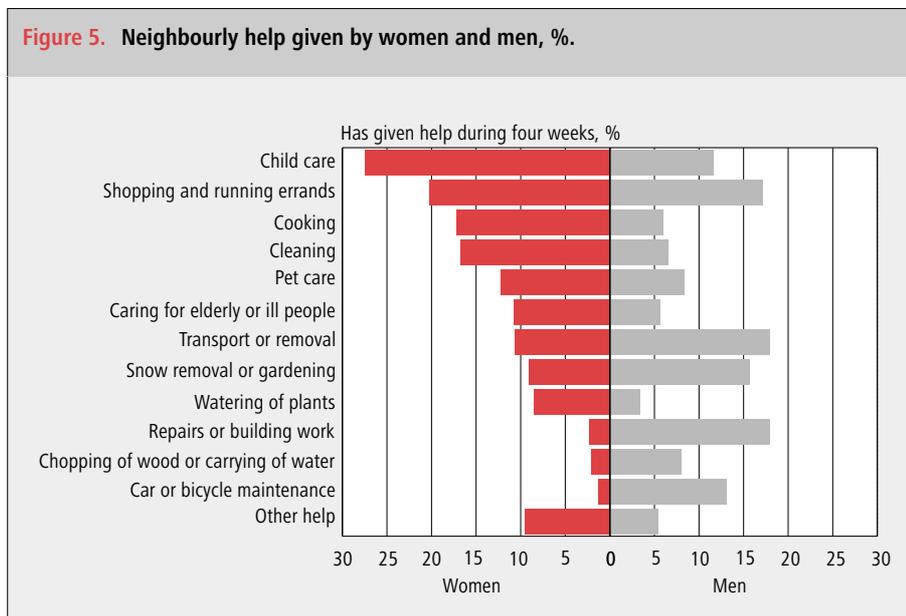
Informal help

During the past four weeks 60 per cent of the respondents had helped another household without pay or for nominal pay. Women had offered neighbourly help slightly more often than men. People in the age band 20–34 were the

Figure 4. Participation in neighbourly help by over 10-year-olds during four weeks, %.



Source: Time Use Survey 1999–2000, Statistics Finland.



Source: Time Use Survey 1999–2000, Statistics Finland.

most active in providing informal help. The oldest and youngest respondents had provided neighbourly help least often. The influence of age is also seen in the result that people with the least education participated in neighbourly help to a lesser extent than others. Otherwise there were no major differences in the provision of informal help by education.

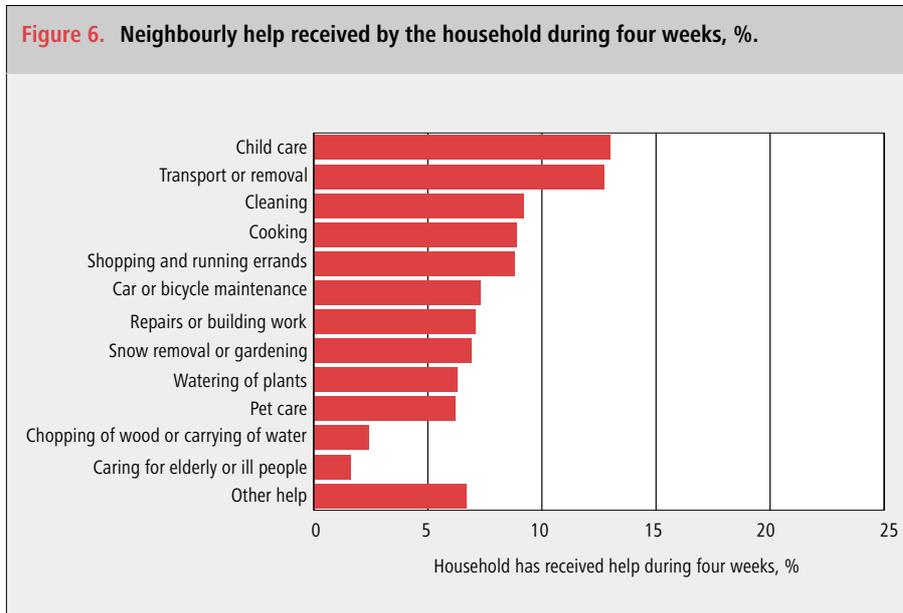
In contrast to the situation with volunteering, people who worked in their own household offered neighbourly help most often (74 per cent). There was no difference between the employed and unemployed: in both groups less than two-thirds had helped another household. This is a slightly higher proportion than the figure for students who had offered neighbourly help. Many of those who were on disability pension had taken part particularly in child care, and indeed they offered neighbourly help more often than other pensioners.

There were no major differences in the provision of neighbourly help by place of residence. However people who lived in densely populated areas did help other households somewhat more often than those living in sparsely populated areas.

The neighbourly help offered by men and women differs in much the same way as their participation in household chores in general (Figure 5). Women provided help most often with child care, shopping and running errands, cooking and cleaning. Men usually offered help with repairs and building work, transport and removals, shopping and running errands and with gardening and snow removal.

The recipient of informal help is dependent on the age and stage of life of the person giving the help. Most often, however, help was provided to

Figure 6. Neighbourly help received by the household during four weeks, %.



Source: Time Use Survey 1999–2000, Statistics Finland.

neighbours, friends and work colleagues (42 per cent of those offering informal help). Helping one's own or one's spouse's parents was most common in the age bracket 20–44 (45 per cent of help providers). More than one-quarter of those aged 55 or over who had given neighbourly help said they had helped their grandchildren. In the age group under 20 years, the most common targets of help were other relatives, neighbours, friends or work colleagues.

Apart from the provision of informal help, the Time Use Survey included an item to measure the receipt of help from an acquaintance, relative or neighbour during the past four weeks (Figure 6). Almost half (49 per cent) of the respondents had received help with their household chores, most typically with child care and transport and removals.

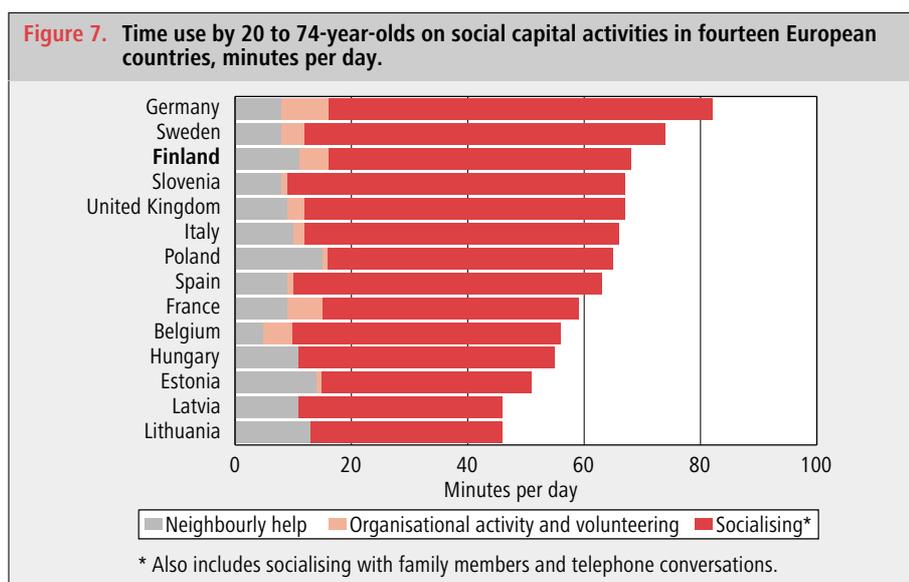
People who worked in their own household not only gave but also received help most often. There were no differences between the employed and unemployed in the provision of help, but unemployed households received help to a lesser extent than others.

One-fifth of the respondents were active helpers who had both taken part in voluntary work and in neighbourly help. No differences were seen here between men and women. The most active helpers were found in the age group 35–54 years, those with a tertiary level education and those in gainful employment.

People who undertook voluntary work often contributed to neighbourly help as well: two-thirds of them had also helped another household. One in three of those who had given neighbourly help had also done voluntary work.

International comparisons

Harmonised data on the amount of time spent on social capital activities are available from fourteen European countries (Figure 7). Social capital activities took up the most amount of time in Germany, followed by Sweden and Finland, Slovenia, the UK, Italy and Poland. The single activity for which the highest figures were recorded was socialising, which here also includes social interaction with the family and telephone conversations. People in Germany, Finland and Poland as well as in France and Estonia spent the most amount of time on organisational activities and neighbourly help. As in Finland, people in most other countries devoted more time to neighbourly help than to work in associations and organisations. This comparison is based on the amount of time spent on social capital activities. If different definitions and methods of measurement were applied, comparisons of involvement in organisations, for example, might produce a different picture of country differences (see also footnote 1).



Source: Eurostat 2005; Eurostat 2006.

Conclusions

In this chapter we have reviewed socialising, volunteering and neighbourly help as different aspects of social capital. This was done on the basis of the diary and interview data from the Time Use Survey. Previously these same datasets have been used for the classification of social capital into bonding, bridging and linking (see Alanen et al. 2003; Alanen 2003; Urwin et al. 2002). However the discussion here was based on the established classifications of the Time Use Survey.

According to the results socialising and spending time with friends is most common during youth. In adulthood contacts with friends and acquaintances tend to diminish, and old age is often a lonely period of life. People who had a higher level of education and who were in active employment engaged in voluntary work most often. Help with child care was the most typical form of neighbourly help, and people who worked in their own household were the most active providers of neighbourly help. However most people who helped other households were in active employment outside the home. Active behaviour tended to accumulate in the same people. This is reflected in the finding that people who offered voluntary help through organisations often provided informal help as well. The amount of time spent in social capital activities in Finland was among the highest.

Among the various social capital activities, the diary material is best suited for the measurement of socialising, which is usually a daily activity. However even then the only way to get a broad and comprehensive picture is to make use of all the various dimensions of the material: data on simultaneous activities, spending time together and location. Voluntary work and neighbourly help are usually activities in which people engage less often than daily, and therefore they can only be reliably measured with items concerning participation during the past month or year, for example.

6. *Social capital and health in Finland*

Tarja Nieminen

- *Better perceived health through higher social capital.*
- *Socially active people have good perceived health more often than those who do not engage in social activities.*
- *Trust and good perceived health are associated with each other.*
- *People who receive social support rate their own health as good more often than people who do not get support.*

Statistical materials

Coordinated by the National Public Health Institute, the Health 2000 Survey was collected between autumn 2000 and spring 2001. The sample comprised 8,028 persons aged 30 or over. There was no upper age limit, and people living in institutions were also interviewed. In addition to the interview, the survey included self-administered questionnaires and a clinical health examination. Most of the people in the sample took part in all survey components, and 93 per cent responded at least to the most important questions.

This study used the data of the interview and two self-administered questionnaires. The response rates for these survey components were 87 per cent (interview), 80 per cent (basic questionnaire) and 77 per cent (complementary questionnaire). The total material comprised data for 6,986 persons.

The interview and questionnaires included items on living conditions, health status and illnesses, use of health services, living habits, functional capacity, employment and working capacity, rehabilitation, income and sickness costs, the social environment, time use and leisure activities. Items relating to social capital included questions on leisure activities, social interaction, trust, insecurity in the area where people live and the receipt of help.

Tarja Nieminen

Social capital and health in Finland

Social capital and health as an object of research

Although research into the social determinants of health goes back a long way, health as an outcome of social capital is still a rather novel area of study. Some promising results on the association between health and social capital have already been reported. For instance, it has been shown that social capital, as measured in terms of trust, reciprocity, and participation, is associated with better perceived health (Kawachi et al. 1999); involvement in cultural activities seems to be positively associated with length of life (Bygren et al. 1996); and a low level of social participation, scarcity of social support and an external locus of control are associated with increased mortality (Dalgard & Håheim 1998). The results seem to indicate that social capital promotes health and reduces mortality.

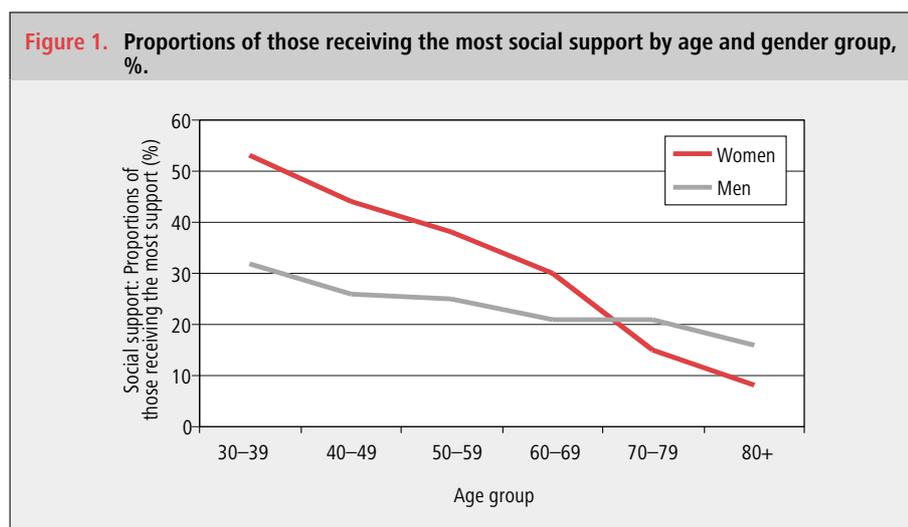
In Finland most of the earlier work on the associations between social capital and health has been done by Markku T. Hyypä and colleagues, who have compared the Finnish and Swedish-speaking populations living in coastal Ostrobothnia, on the western coast of Finland. They have found that Swedish-speakers live longer, are healthier and have better functional capacity than the Finnish-speaking population living in the same area. The results show that social capital is associated with good health when some of the most common health-related factors (age, gender, weight, smoking, family incomes, alcohol use, chronic illnesses) are controlled for. Social capital was measured by the number of friends who provided help, trust and social participation. (Hyypä & Mäki 2000; 2001a; 2001b.) A few other studies have also been published in this field (e.g. Liukkonen et al. 2004) and some are currently on the drawing board, but most of the research so far has concentrated on specific region or population groups. Statistics on this subject area are also unavailable for the time being.

This article uses the data collected for Health 2000, a major population survey on the adult Finnish population, to explore the associations between social capital and health. The data consulted were the interview conducted for the survey and two self-administered questionnaires. In all, 6,986 persons aged 30 or over were interviewed. (Aromaa & Koskinen 2002; Laiho & Nieminen 2004.)

Social capital and perceived health in Finland

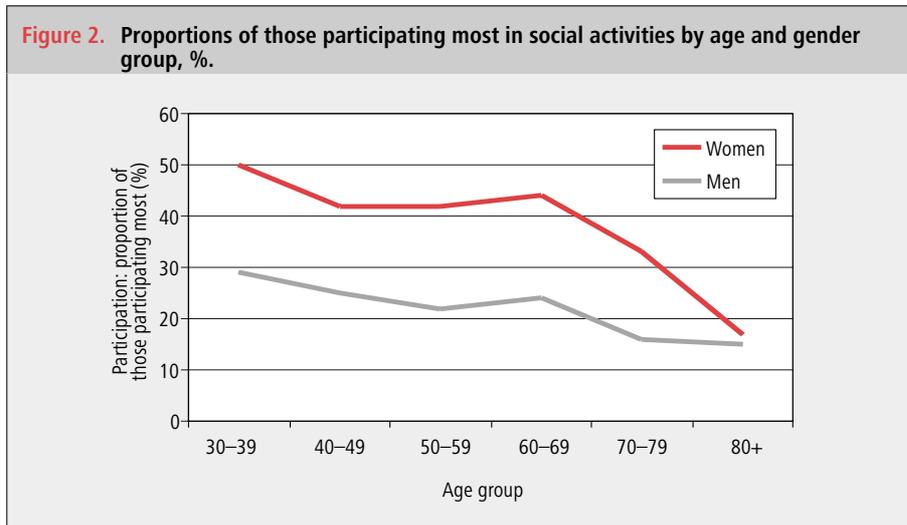
Perceived health is a widely used health indicator that is highly predictive of objective diseases and mortality (Manderbacka 1998). In this material perceived health was measured using the conventional five-point format: “Would you describe your current health status as good, rather good, average, rather poor or poor?” For the purposes of the analysis the first two response options were considered to indicate good health.

A total of 36 variables were selected from the survey material to describe social capital: these were chosen on the basis of their or other similar indicators having been used in previously published studies of social capital. These variables were designed to measure leisure activities, social interaction, trust towards other people, sense of insecurity in the area where one lived and access to help in various situations. In factor analysis these variables were found to constitute three different dimensions: participation, social support and trust. Factor scores were calculated on each of these dimensions for all respondents, who were divided into three groups according to their scores: those with the highest scores had the highest level of social capital and those with the lowest scores the lowest level of social capital on the dimension concerned. Figures 1–3 illustrate the proportions of respondents receiving the most social support, participating the most and showing the most trust by age and gender.



Source: Health 2000, National Public Health Institute.

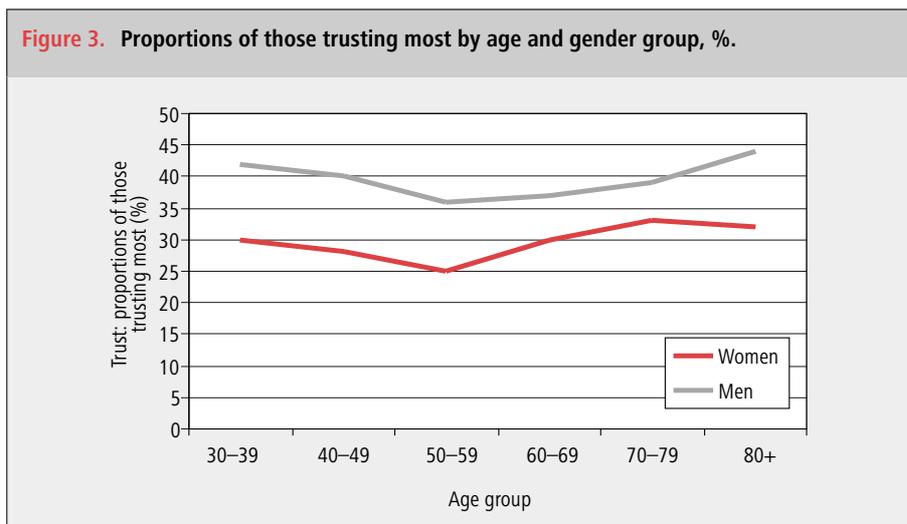
Figure 2. Proportions of those participating most in social activities by age and gender group, %.



Source: Health 2000, National Public Health Institute.

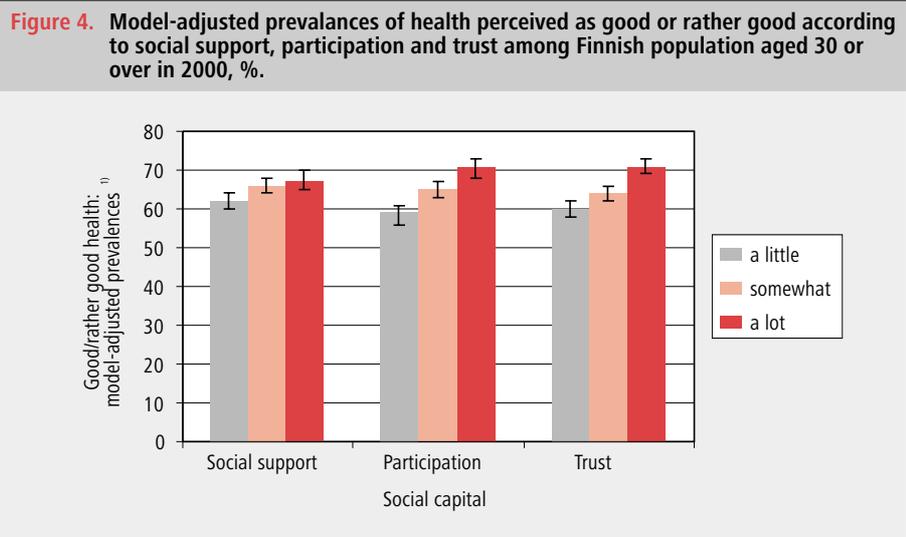
Before age 70, the proportion of those receiving the most social support was higher among women than men; after age 70, the opposite was true. Active social participation was more common among women than men of the same age. Although the frequency of women's involvement declined sharply from age 60 onwards, women still took part in various social events more often than men. High levels of trust were more common among men than women. The proportion of those showing high levels of trust was greatest in the oldest age group.

Figure 3. Proportions of those trusting most by age and gender group, %.



Source: Health 2000, National Public Health Institute.

Each dimension of social capital was studied separately in relation to perceived health. According to the results all these dimensions were clearly associated with perceived health when age, gender, chronic illness and two other dimensions of social capital were controlled for (see Figure 4). Those people who were actively involved in various social activities, those who had the most trust in other people, and those who had a good social network also reported good perceived health more often than people with scarce social capital. More than 70 per cent of those people who had an abundance of social capital as measured in terms of participation or trust, felt they were in good health; among those with scarce social capital, the figure was more than ten percentage points lower. The association observed between social support and good perceived health was not as strong as the associations between participation or trust and health, but the difference was nonetheless significant. The differences were systematic in that even some social capital had more beneficial health effects than rather limited social capital resources.



1) Model-adjusted prevalences were obtained by means of logistic regression model. They describe the association between social capital dimensions on perceived health in the population, when the effect of different distributions of confounding factors (age, gender and long-term illness) and two other social capital dimensions has been controlled for.

Source: Health 2000, National Public Health Institute.

Conclusions

The results seem to suggest that social capital and health are associated with each other. For the purposes of this study we had access to an unusually large number of social capital indicators at the same time. All the dimensions of social capital constructed on the basis of those indicators worked systematically in the same direction. The results are also consistent with the earlier findings of several international and Finnish studies (e.g. Kawachi et al. 1999; Hyypä & Mäki 2003).

The two most commonly used indicators of health in studies of social capital are perceived health and mortality. Social capital, on the other hand, has been measured in many different ways, placing the emphasis on various dimensions. Despite the consistency of earlier results, one may well ask whether the use of just one or two variables really warrants talk about social capital. The associations between social support and health, for example, have previously received quite extensive research attention. Social support is one aspect of social capital, but it is by no means the sole indicator. Social capital is a broad and complex concept, and that should be reflected in empirically measuring the phenomenon and in designing statistics.

Work to prepare for the compilation of statistics on social capital is still in its early stages. It may eventually be possible to produce reliable statistics on social capital and health, provided that agreement is reached on a universal definition, that suitable tools are developed for purposes of measurement and that the necessary datasets are collected on a regular basis. However the development of suitable and harmonised tools and measures is a slow process, even though national statistical offices in some countries (see e.g. ONS 2001; Harper & Kelly 2003), Health Canada (van Kemenade 2003a; 2003b) and the OECD Harmonisation Working Group have been making some effort in this direction. With the exception of mortality studies, analyses based on follow-up designs have so far been virtually non-existent in social capital research concerned with health issues. In addition to cross-sectional analyses, it is also necessary to conduct follow-up studies in order to gain a clearer picture of any causal relationships between social capital and health.

7. Does the use of communication media add to social capital?

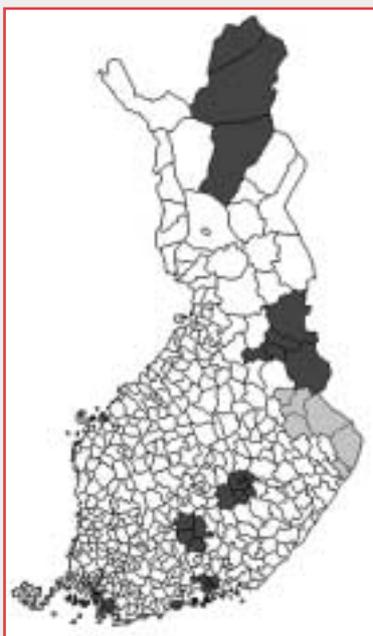
Juha Nurmela

- It seems that the main variable describing social capital is involvement in collective action, which also correlates with the active use of information and communication technology.*
- The progress of the information society seems to be strengthening social capital.*
- Social capital does not seem to accumulate with advancing age among people aged 25–60.*
- This study lends support to earlier findings that people living in Finland's Swedish-speaking areas have more social capital than those living in the country's Finnish-speaking areas.*

Statistical materials

Launched in 2001 by the Finnish National Fund for Research and Development (Sitra), the Learning Regions project (which became known by its Finnish-language acronym OSKU) followed close on the heels of the national information society strategy that was published in 1998. OSKU was an important move in the direction of a new type of regional policy: the aim of the project has been to develop the regional information society by strengthening regional cooperation and interaction and in this way by improving local services and strengthening local democracy. Among the concrete measures introduced under the project, local residents received access to an Internet connection, e-mail, and an opportunity to produce and publish their own website and to use all related online services.

Statistics Finland has monitored the results of the project through postal questionnaires in 2001 and 2004. The primary aim of these questionnaires was to examine and explore residents' experiences, opinions and views about the use of information and communication technologies and the need for ICTs. The empirical part of the article is based on the results of postal questionnaires in autumn 2004 from eight regions that took part in the Learning Regions programme. The sample in each of these regions comprised some 500 persons, most of whom were also involved in the corresponding survey in 2001. A total of 2,500 responses were obtained. The response rates in the different regions ranged between 61 and 86 per cent (see <http://www.sitra.fi/Julkaisut/osku/osku52.pdf>, in Finnish.)



Regions involved in the **LEARNING REGIONS** project:

Northern Lapland: Sodankylä, Inari, Utsjoki

Kainuu: Hyrynsalmi, Kuhmo, Paltamo, Ristijärvi, Suomussalmi

North Karelia: Nurmes, Lieksa, Valtio, Ilomantsi, Tuupovaara, Juuka

"Silicon Savo": Haukivuori, Kangasniemi, Pieksänmaa (Jäppilä, Pieksämäen mlk, Virtasalmi), Pieksämäki

ePäijänne: Padasjoki, Asikkala, Sysmä, Kuhmoinen

"Orbital5" Lapinjärvi, Liljendal, Myrskylä, Pernaja, Pukkila

Helsinki: Maunula

Archipelago: Dragsfjärd, Houtskari, Iniö, Kemiö, Korppoo, Nauvo, Parainen, Västanfjärd

7. *Does the use of communication media add to social capital?*

For the sociologist, the theme of communication technologies and social capital presents a host of intriguing questions. First of all, is it possible to study the relationship between social capital and ICT use at the individual level? Is it meaningful to approach and study social capital as an individual attribute, or should it be addressed instead as a collective attribute? From the vantage-point of sociological theory, this is fundamentally an issue of social interaction and social networks. It is very difficult to assess the emergence of social capital, and this applies even more so to the real connections between the tools of interaction and the growth of social capital.

Researchers differ in their views on the impacts of information and communications technologies on social capital. Overall, however, the optimistic views are in the ascendancy. Internet access may increase opportunities for interaction with other people, either virtually or through face-to-face contact. Some people take the view that the Internet isolates users from the outside world, if they become more alienated and withdrawn. Putnam (2000) maintains that home electronics and television in particular is one reason for the decline of social capital, for it gives people a good excuse to remain at home and in this way is conducive to a privatisation of leisure. According to Fukuyama (1995), the abundant social capital that is created in non-electronic networks is a key success factor in the establishment of electronic-based networks. The proliferation of information technology creates a network infrastructure that promotes the development of social capital.

This article is concerned with the relationships between different components of social capital, the associations of ICT use with social capital and regional variations in social capital. Relationships and associations are measured using correlations, which are the simplest way to represent dependencies between variables – even though they do not allow us to say anything firm and conclusive about causality. In a sense, correlations serve as weak signals of connections that might warrant closer research attention.

The material for this analysis is provided by the postal questionnaire of the Learning Regions project that was conducted in eight regions in different parts of Finland in 2004. This article is confined to the *age group 25–60 in order to avoid the distortive effect of regional differences in age structures* (N= 1,615).

Aims

The article has the following aims:

First, the questions concerning social capital in the Learning Regions questionnaire material are used to construct indicators for different component areas of social capital. These indicators describe individuals' perceived social capital and social networks, i.e. not the social capital of groups or regions. Using the breakdowns and means for different population groups obtained from these individual data, we can then obtain assessments of social capital in different regions of groups.

Secondly, the aim is to find out whether the different components of social capital correlate with one another and with variables measuring ICT use or civic engagement.

Thirdly, we shall be looking at whether the breakdowns of the components of social capital possessed by residents living in different types of areas differ from one another. In this article social capital is not examined against the economic success of the study regions.

Operationalising social capital

The questions for the empirical material examined in this article are formulated on the basis of the idea of strong and weak ties (Granovetter 1973) and the concept of trust. The questionnaire also included items designed to measure participation. Strong ties describe the networks of like-minded people who know one another. Weak ties, on the other hand, characterise people from different backgrounds, linking individuals to a broader social and operational network. Furthermore, the questionnaire included items that were used to assess the economic and non-economic benefits produced by those networks.

The variables

The number of strong ties describes the size of the social reference group, i.e. the number of relatives or acquaintances with whom one is in contact. In other words, this is the structural component of strong ties. The baseline assumption in drafting these questions was that in this regard there is no major difference any longer between friends and family – at least in Finland.

Frequency of strong ties measures the frequency of personal contacts.

Community involvement describes participation in voluntary or leisure activities.

Weak ties are measured by a) receiving help with everyday non-economic problems through the social networks; and b) opportunity to gain economic benefit through the social network.

Trust is assessed on the basis of responses to the following statements: "Where I live, public offices and institutions provide a reliable and equal service"; and "I can trust most of the residents who live in the same area".

ICT use and skills are described with the following variables:

- frequency of PC, Internet and e-mail use and the number of purposes of Internet use,
- number of phonecalls and SMS messages, e-mail use via mobile phone,
- broadband access at home

Support from significant others in learning IT describes the intertwining of social capital and information technology.

Involvement in municipal affairs measures how often the respondent has been in touch with the local authorities in matters concerning a number of local residents or the whole municipality.

Following local news describes the number of media from which local news are followed.

Attitudes to the future of the area where one lives are measured with two items: “How do you expect the conditions for living and working in the area where you live to change by 2009?” and “How likely is it that you will live the rest of your life in the region and the municipality where you are currently living?”

Components of social capital

We start out by looking at whether the different components of social capital correlate with one another. Judging by the correlations shown in Table 1, it can be said that the number of strong ties and the related face-to-face meetings, community involvement and weak ties with no benefits are strongly correlated with one another. By contrast the size of the social network based on beneficial weak ties shows a weaker correlation with these other dimensions of social capital. Trust in the public sector is presumably so strong and widespread that minor variations are not reflected in the correlations. It seems that trust in people living in the same area shows a weak correlation with involvement and a strong correlation with trust in the public sector. On the basis of Table 1, we may draw the conclusion then that the component areas of social capital, as measured from a Granovetterian point of view, are correlated with one another, but not with the dimension of trust.

Table 1. Correlations* between various social capital components in the Osku material.

Variables	a	b	c	d	e	f	g
a) Number of strong ties	1						
b) Frequency of strong ties	.46	1					
c) Community involvement	.27	.17	1				
d) Weak ties, no benefits	.31	.28	.25	1			
e) Weak ties, benefits	.17	.17	.22	.34	1		
f) Trust in public sector	.	.	.	.	.	1	
g) Trust in people living in the same area	.	.	.07	.	.	.32	1

* the table includes only correlations significant on the level of at least 99 per cent

Social capital and ICT use

Interaction and the dissemination of information are crucial to social capital and its accumulation. Indeed we need to consider whether the components of social capital are associated with ICT use. The picture that emerges is very interesting. The number of phonecalls shows the strongest correlations with all components of social capital except the variables of trust. The number of SMS messages also correlates with several dimensions of social capital. The third variable that correlates with several components of social capital is the number of Internet uses. Both community involvement and weak ties correlate with virtually all variables describing ICT use.

Judging by these correlations, the one dimension of social capital that is supported most by ICT use is community involvement. The dimension of strong ties that measures the frequency of personal meetings correlates with ICT variables less often than community involvement. Frequent meetings probably serve to lessen the need for other, more indirect means of contact. The frequency of ICT use shows weaker correlations with weak ties, and there are only minor differences between the correlations for benefit and non-benefit variables. Trust in people living in the same municipality seems to be associated with the frequency of ICT use. Table 2 supports the conclusion that the frequency of ICT use is associated with social capital and seems to strengthen social capital.

According to the results the one component of social capital that is most closely associated with the frequency of ICT use is community involvement, i.e. engagement in voluntary and leisure activities. This might be described as the leading variable that captures key aspects of the nature of social capital in today's information society. Having said that, weak ties with no benefits are also a strong indicator of social capital.

Table 2. Correlations* of social capital components with ICT use and skills in the Osku material.

Variables	a	b	c	d	e	f	g
Frequency of PC use	.15	.	.19	.16	.07	.	.
Frequency of Internet use	.	.	.16	.	.09	.	.08
Number of purposes of Internet use	.14	.09	.21	.16	.10	-.07	.
Frequency of e-mail use	.14	.	.21	.15	.09	.	.09
Home Internet access rate	.	.	.16	.09	.10	.	.09
Number of phonecalls	.26	.20	.24	.18	.19	.	.
Number of SMS messages	.18	.15	.09	.17	.	-.13	.
E-mail use via mobile phone	.	.	.	.	.10	.	.
ITC skills	.	.	.12	.08	.10	.	.
Support from significant others in learning IT	.	.	.08	.11	.09	.	.

* the table includes only correlations significant on the level of at least 99 per cent

a) Number of strong ties, b) Frequency of strong ties, c) Community involvement, d) Weak ties, no benefits, e) Weak ties, benefits, f) Trust in public sector, g) Trust in people living in the same area.

Social capital and locality

Social capital is often thought to be a regional characteristic. Table 3 analyses the associations of social capital with variables illustrating commitment to the region. Maintaining contact with the local authorities is associated with many components of social capital. Expectations of a positive future for the local area show a weaker correlation with social capital, but nonetheless somewhat stronger than following local media. Expectations of living in the same area in the future show no connections with social capital. It is impossible then either to corroborate or refute the assumption that an abundance of social capital reduces regional mobility, or that regional immobility adds to social capital.

Table 3. Connection of social capital to locality measured with correlation* in the Osku material.

	a	b	c	d	e	f	g
Contacts with local authorities	.09	.	.32	.14	.20	.	.08
Following local media	.	.	.09	.	.08	.	.
Expectations of living in the same area	.	.	.	.	.	.10	.08
Expectations of the future of the area	.	.	.09	.09	.09	.	.12

* the table includes only correlations significant on the level of at least 99 per cent

a) Number of strong ties, b) Frequency of strong ties, c) Community involvement, d) Weak ties, no benefits, e) Weak ties, benefits, f) Trust in public sector, g) Trust in people living in the same area.

Sociological background variables and social capital

Table 4 examines social capital against a few ordinary background variables. The higher the individual's level of education, the more social capital they have. This is in line with earlier findings (Smith et al. 1995). The type of place of residence does not correlate with social capital variables. The correlations

Table 4. Connection of social capital to background variables measured with correlation* in the Osku material.

	a	b	c	d	e	f	g
Level of education	.14	.	.21	.15	.	.	.07
Type of place of residence	.	.	.	.	.	-.07	-.08
Age	-.10	-.09	.	-.10	-.09	.18	.
Knowledge-intensive work	.13	.	.18	.09	.	.	.

* the table includes only correlations significant on the level of at least 99 per cent

a) Number of strong ties, b) Frequency of strong ties, c) Community involvement, d) Weak ties, no benefits, e) Weak ties, benefits, f) Trust in public sector, g) Trust in people living in the same area.

with indicators of trust are weakly negative. Perhaps living among a larger number of people increases the sense of suspicion towards other people and public officials. In the age band 25–60 it seems that younger people have somewhat more social capital than older people. Trust in public administration increases with advancing age¹. Knowledge-intensive work shows only weak correlations with certain components of social capital.

According to the cross-tabulations in the OSKU report, women have more strong ties than men. No difference was seen in levels of community involvement. Women have more weak ties with no benefits than men, whereas the opposite is true for ties that do have benefits. Men also maintain contact with the municipal authorities more often. (Nurmela & Sirkiä 2004, see <http://www.sitra.fi/Julkaisut/osku/osku52.pdf>.)

Regional analysis of social capital

We conclude by briefly studying how the different component areas of social capital vary between the different regions involved in the Learning Regions development programme; these were introduced at the beginning of the article.

In this regional analysis the Swedish-speaking regions – Orbital5 and the archipelago – clearly stood apart from the rest of the field in terms of the number of strong ties and community involvement. In Kainuu, almost all variables indicate a low level of social capital. In North Karelia, too, there is comparatively little social capital when compared to other regions.

One particularly interesting result is the finding that respondents from Maunula in Helsinki reported having more weak ties than others. It seems then that weak ties are a characteristically urban form of social capital. As far as civic engagement is concerned, the respondents from Maunula reported much lower levels of social or political involvement than people from other regions, and they also had the lowest assessments of trust. People living in the archipelago thought their social network did not involve weak (benefit) ties as often as people living in other regions. This might reflect a cultural difference in the interpretation of what economic and non-economic benefits actually mean. People living in the archipelago trust the public sector somewhat more often than those who live in Helsinki.

1 The respondents were presented with the statement: "Where I live, public offices and institutions provide a reliable and equal service". The cross-tabulations also indicate that trust grows linearly with age. In all, 58 per cent of 25 to 35-year-olds, 67 per cent of 35 to 49-year-olds and 76 per cent of 50 to 60-year-olds agreed with the statement. The results are opposite to those of Article 3, where trust in government fell as age grew. The content of the questions was very different, for which reason they measure different things.

Table 5. Distributions of social capital components in the Osku regions, %.

Region	a	b	c	d	e	f	g	h
Northern Lapland	31	25	9	86	67	64	63	24
Kainuu	33	24	8	82	62	65	73	18
North Karelia	27	23	8	84	62	73	76	26
"Silicon Savo"	35	28	7	86	68	74	78	21
ePäijänne	32	21	10	84	69	71	74	19
"Orbital5"	38	29	13	84	68	72	68	25
Archipelago	39	28	18	79	56	67	59	25
Maunula	33	27	8	92	72	59	59	5
Total	33	25	10	84	65	69	71	22

The two highest percentages are in bold and the two lowest percentages in italics.

- a) Number of strong ties: Percentage of those with at least ten relatives or friends with whom they are in contact
- b) Frequency of strong ties: Percentage of those with at least ten relatives or friends with whom they have been in contact and met at least three times in the last two weeks
- c) Community involvement: Percentage of those who have taken part in at least ten events either as organisers or spectators
- d) Weak ties, no benefits: Percentage of those who can get help both for everyday problems and from some expert
- e) Weak ties, benefits: Percentage of those who can gain financial benefits either through relatives and friends or acquaintances
- f) Trust in public sector: Percentage of those who fully agree or to some extent agree with the statement
- g) Trust in people living in the same area. Percentage of those who fully agree or to some extent agree with the statement
- h) Involvement in municipal affairs: Percentage of those who have contacted at least two of the following local authorities:
a) a municipal official, b) a municipal councillor or board, c) a committee member

Maunula was the only area in the Learning Regions project that represented a major city, and its profile was quite interesting. Community involvement in Maunula was among the lowest, municipal participation was very low, but weak ties were the strongest. It is tempting to conclude that the availability and ready access to services in Helsinki determine the emergence of different components of social capital. However it is good to remember that Maunula may be an exception in that local activity in the area was already well-established through a local residents' association, which may provide an avenue to municipal decision-making. On the other hand, in 2001 the first OSKU project reported similar results for social capital from eastern Turku, another major city area (Nurmela et al. 2002).

Conclusions

The correlations reported here lend support to the assumption that survey questions can provide at least a rough approximation of social capital. It is composed of various dimensions. Community involvement is the one component area of social capital that is most closely associated with ICT use and skills. The analysis of background variables helped to shed light on the nature of social capital in two respects. First of all it does not seem to accumulate with advancing age, but it is positively associated with education and knowledge-intensive work.

Secondly, it seems that the ongoing development of the information society has the effect of strengthening social capital, although it is important to bear in mind that no definite conclusions can be drawn from this study about the direction of the effects involved. Reports from the OSKU project have shown that the introduction of ICT probably serves to strengthen social capital in those areas that have it in the greatest abundance to start with (Nurmela et al. 2002; Nurmela & Sirkiä 2004). This conclusion was supported by the findings of our analysis. In areas that do not have much social capital to start with, it seems that the introduction of ICT does not add to those resources.

Among the different types of social capital (bonding, bridging and linking), the frequency of ICT use is most clearly associated with bridging. In line with many other studies (e.g. Hyyppä 2002), the present findings suggest the people living in Swedish-speaking areas have more social capital than people elsewhere in the country, although this does not necessarily apply to weak ties. Overall, the conclusion may be drawn that ICT facilitates the growth of social capital – even across national boundaries, as has been demonstrated by numerous international social movements.

8. *Social capital and workplace communities*

Anna Pärnänen

- *Social capital ties in more closely with the well-being of workplace communities than with economic efficiency.*
- *Social capital in workplace communities improves the organisation of work, increases the proportion of those who are very pleased with their work and reduces fatigue in the workplace.*
- *It is difficult to establish causal relationships; “good produces good”.*
- *Questions of trust in the workplace need to be specified in closer detail.*

Statistical materials

Statistics Finland's Quality of Work Life Survey is interested in wage earner's working conditions and how those conditions are changing. Based on personal-visit interviews, the survey has been conducted on five occasions, i.e. in 1977, 1984, 1990, 1997 and 2003. On each occasion a total of 3,000–5,700 wage and salary earners have been interviewed. Apart from questions concerning the physical, psychological and social working environment, data are collected on the content of work, labour market positions, terms of employment, work-related values, and factors at the level of work organisation. New areas of focus in the 2003 survey included the reconciling of work and family responsibilities, experiences of equality and discrimination, flexible working hours and questions of coping and staying on at work.

A total of 4,104 wage earners were interviewed for the 2003 Quality of Work Life Survey. Most of the interviews were conducted in October–December 2003, and a few in January 2004. The response rate was 78 per cent. The target population for the survey consisted of wage earners aged 15–64 who normally worked at least five hours a week. The survey covered the whole country. The sample for the Quality of Work Life Survey was drawn from the Labour Force Survey.

Social capital and workplace communities

Social capital and economic activity have been studied at various different levels from the vantage-point of different interests and from different theoretical perspectives. On the one hand, social capital has been described at the macro level as a factor explaining the success of national economies (Fukuyama 1995); on the other hand at the meso level it has been used to explain the competitive advantage produced by inter-enterprise networks (see Article 10 by Alanen & Godenhjelm). Increasingly, however, social capital has been examined at the micro level in workplace communities, as an intra-community resource (Oinas et al. 2005; Antila 2005; Julkunen et al. 2005). In this article social capital is approached at the micro level, in the context of workplace communities.

This article has two objectives. The first objective is *methodological*. The question I have is this: How well are survey materials suited to studying social capital at the level of workplace communities. What kinds of tools does the material available offer for the measurement of the different dimensions of social capital: trust, networks and communication? The second aim of the article is to use the survey material to study the *associations between social capital and its outcomes* at the level of workplace communities.

The article draws on James Coleman's (1988) definition of social capital, which implies a focus on *the density of social relations and the ability to maintain trust and the flow of information*. For Coleman, social capital is "a *productive resource that facilitates meaningful individual action*" (Ruuskanen 2002, p. 10). As other forms of capital, social capital is productive and facilitates the attainment of objectives that could not be attained in its absence.

Indeed social capital is always thought to have some outcome. In studies of workplace communities, the outcome of social capital might be job satisfaction, efficiency, a low level of absenteeism, a high level of innovativeness or commitment to the organisation. It is reasonable to assume that high social capital workplaces are more effective and efficient than low social capital workplaces (cf. Gilson 2003): social capital thus produces economic success for the workplace, or a wider range of services (in the public sector). The question I will be addressing here against my material is whether these factors are associated with one another: I want to see whether workplaces with a high level of social capital have organised their work more effectively, and whether social capital and economic stability are connected with each other.

The material for this study is drawn from Statistics Finland's Quality of Work Life Survey 2003. This is a major interview survey that had been conducted regularly since 1977 to monitor working conditions and their changes.

Measures of social capital

The theoretical debate on social capital, its various definitions and the scales used in the measurement of social capital were not incorporated in the design of the Quality of Work Life Survey 2003. Nonetheless the survey includes no less than 47 variables that could be used to measure social capital in the workplace, or that could be used as measures of social capital outcomes. Below, I briefly describe the variables I have chosen as measures of the various components of social capital. I will investigate social capital at three levels within the workplace community: the level of work colleagues (horizontal social capital), the level of immediate supervisors and the level of organisational management (vertical social capital).

Trust. The Quality of Work Life Survey 2003 does not include any general question about trust, but the 1990 and 1997 surveys do include the statement, “people can really be trusted at our workplace”. In 1997, 29 per cent of Finnish wage and salary earners felt they could fully trust people in their workplace, and 45 per cent said they more or less agreed with the statement. 13 per cent disagreed. There have been hardly any changes in levels of trust since 1990 (Table 1).

The 1997 material reveals hardly any differences between different sectors. Men and women, on the other hand, did differ from each other: A larger proportion of men than women trusted their work colleagues, and clearly a smaller proportion of men disagreed with the statement (Table 1). This raises the question as to whether women and men understand the question differently; what kind of trust did they have in mind? Does trust in the workplace mean trusting the professionalism of one’s colleagues, or being able to confide in them? Indeed after 1997 the trust issue was removed from the Quality of Work Life Survey because the expert panel considered it too vague and ambiguous: it was difficult to know exactly what question the wage and salary earners were responding to.

The 2003 survey included the following statement that serves as a useful indicator of trust: “Management only tries to save money or make money

Table 1. Proportions of those agreeing and disagreeing with the statement “people can really be trusted at our workplace”, %.

	1990 Fully agree or agree to some extent	Fully disagree or disagree to some extent	1997 Fully agree or agree to some extent	Fully disagree or disagree to some extent
All	71	13	74	13
Women	69	16	70	16
Men	74	10	78	9
State	74	12	70	14
Municipality	72	12	75	12
Private	71	14	73	13

Source: Quality of Work Life Survey 1990 and 1997, Statistics Finland

without caring about employees.” This statement, to me, measures the sense of trust between management and workers, and as such serves as the only indicator of trust in my analysis (see Figure 1).

Social relations. Since the 2003 Quality of Work Life Survey includes a large number of variables measuring social relations, part of the analysis is based on a summary variable. I have made a distinction between social relations at the work colleague level and at the superior/subordinate level. Supervisory and management work is considered separately, as earlier studies have shown it is a key factor with respect to working conditions (e.g. Järnefelt & Lehto 2002).

Social relations in the workplace are measured by a question where the respondents are asked whether they always or usually get support and encouragement from their work colleagues when they are experiencing difficulties at work. The second indicator of social relations in the workplace describes supervisory and management work. Factor analysis was used to select nine statements from the item battery concerning supervisory and management work in the Quality of Work Life Survey (statements C15 a–f, i, k–l, see Lehto & Sutela 2005, appendix 2) and these were combined into a summary variable. Two groups were then formed on the basis of this summary variable: employees who were very pleased with their superior and others.

Open communication. In addition to the variables mentioned above, I will be looking at the social capital component of open communication on the basis of the statement which says that “communications are open at my workplace”.

The outcomes of social capital in the workplace

Social capital in the workplace community can be said to produce both welfare and well-being in work and overall economic efficiency (cf. Hjerpe 2005).

Well-being at work. Well-being at work is measured with three items. The first question inquires whether “there is fatigue at your workplace?” The second inquires whether the respondents feel uninterested and mentally exhausted when they leave for work (weekly). The third measure of well-being is the proportion of respondents who have been *very pleased* with their work; otherwise this kind of general item of satisfaction is unable to discern differences between respondents. One-third or 32 per cent of the respondents indicated they were very satisfied and 60 per cent rather satisfied with their job, with the proportion of non-satisfied wage and salary earners standing at just seven per cent. Several studies have found that general job satisfaction items actually are rather inaccurate measures (e.g. Lehto 1996, Fagan 2003). For this reason I have chosen to describe the outcome of social capital in terms of the proportion of those indicating they are *very satisfied* with their job.

Work absenteeism is excluded as an outcome measure of social capital because it is influenced by such a large number of intervening working conditions and personal factors, including the employee’s age, health and the physical demands of the job.

Economic efficiency. Economic efficiency as an outcome measure of social capital is assessed by reference to the respondents' views of how well and how effectively the workplace community operates: "Do you see your own work as productive and useful" and "work is well organised at my workplace". These variables may be regarded as indirect indicators of economic success. If work is well organised in the workplace and if the employee feels the work they are doing is productive and useful, that may be considered to reflect the economic success of the workplace.

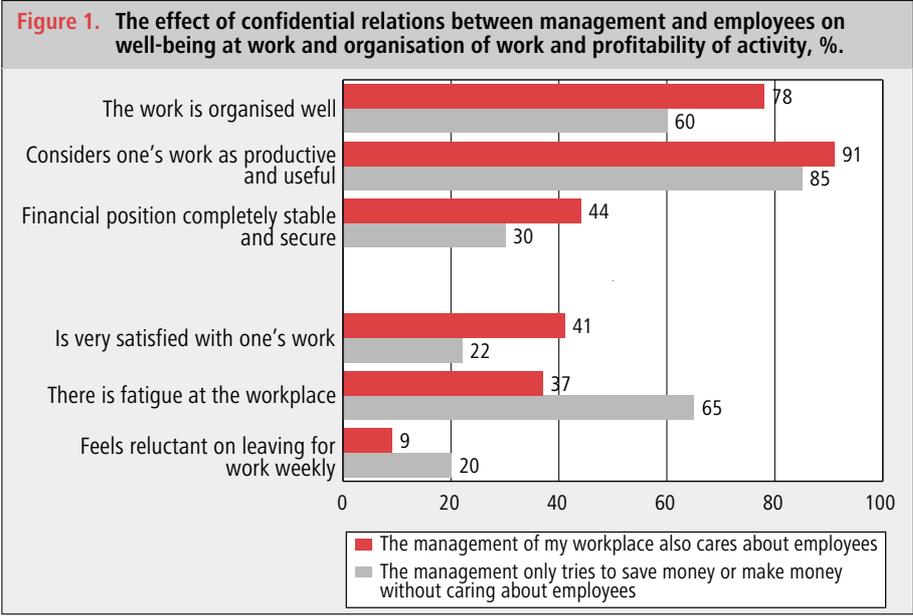
The financial situation of the workplace is measured with the question: "Is the financial position of your workplace completely stable and secure, fairly stable and secure, slightly insecure or very insecure?"

In addition to the indicators described above, the Working Conditions questionnaire includes items on working hours, opportunities to influence one's own work in the workplace, discrimination, equality and the race to early retirement, which could also be used as indirect indicators in studying social capital. However these variables would lend themselves more appropriately to studying certain groups (e.g. employees in a certain age band, working in a certain sector) because there are so many intervening variables. For example, flexible working hours and low levels of control over working hours are indicative of trust and would therefore provide useful indicators of trust. However flexible working hours are not suited or even possible for all groups of employees; and in the case of shiftwork or customer service work, the strict control of working hours is not necessarily indicative of lack of trust, but simply reflects the nature of the work.

Trust between management and employees

Designed to measure the level of trust between management and employees, the statement which says that "management only tries to save money or make money without caring about employees" is interpreted so that agreement is considered indicative of a lack of reciprocity and trust. The proportion of wage earners who agreed fully with the statement was 14 per cent, the proportion agreeing to some extent was 30 per cent. There were marked differences here between different sectors. While almost half of the employees in the municipal and private sector (49% and 44%, respectively) took the view that management is interested in nothing else than cutting costs and making a profit, the corresponding proportion among state sector employees was no more than 29 per cent.

As is shown in Figure 1, fatigue occurs more often in workplaces where employees feel that management is uninterested in its employees (38% vs. 67%), and the proportion of employees who feel reluctant to go to work at least once a week is higher (9% vs. 20%). The difference between the proportions indicating they are very satisfied with their job is also almost twice as large. Furthermore, the results suggest that lack of trust is associated with the financial situation of the workplace and with whether it is felt that work is well organised in the workplace.

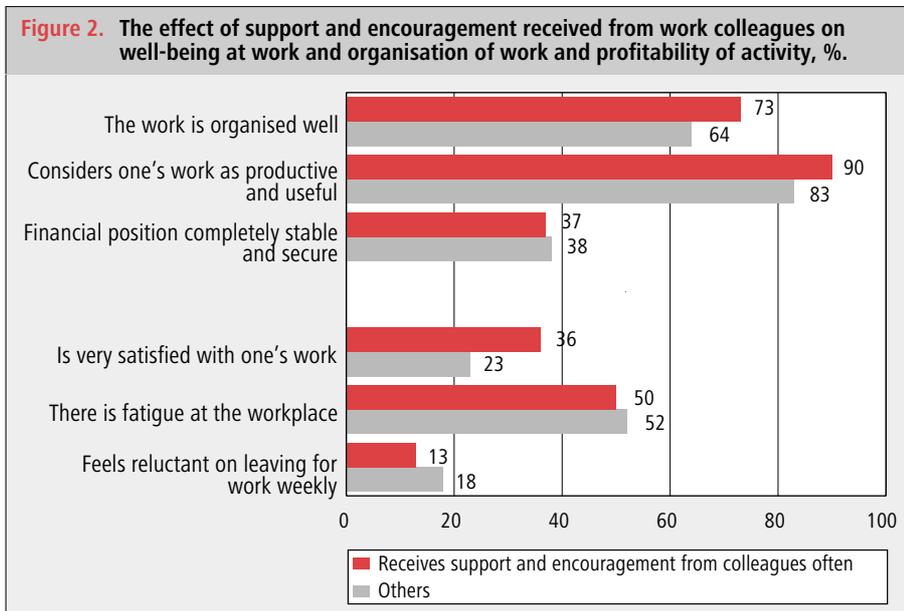


Source: Quality of Work Life Survey 2003, Statistics Finland

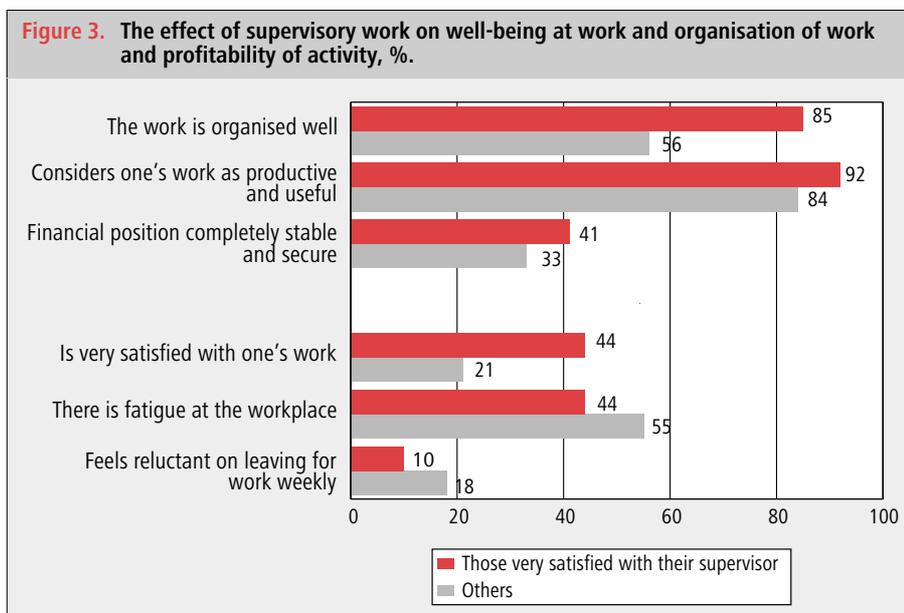
Social relations and the outcome of social capital

Figure 2 shows the associations between encouragement and support among employees with the presumed outcomes of social capital. With the exception of the proportion of employees who are very satisfied with their job, perceptions of whether or not colleagues are supportive in the workplace do not seem to have any significant impact on the outcomes of social capital. The proportion of very satisfied employees is somewhat higher among respondents who say they are supported than among those who are not supported (36% vs. 23%).

The impacts of supervisory and management work have been studied using the above described summary variable 'those who are very pleased with their supervisor'. Employees who rate their superior very highly feel more often than others that work is well organised and they are also more often very satisfied with their work. All in all, supervisory and management work has a greater impact on well-being in the workplace than mutual encouragement and support among employees (Figure 3).



Source: Quality of Work Life Survey 2003, Statistics Finland



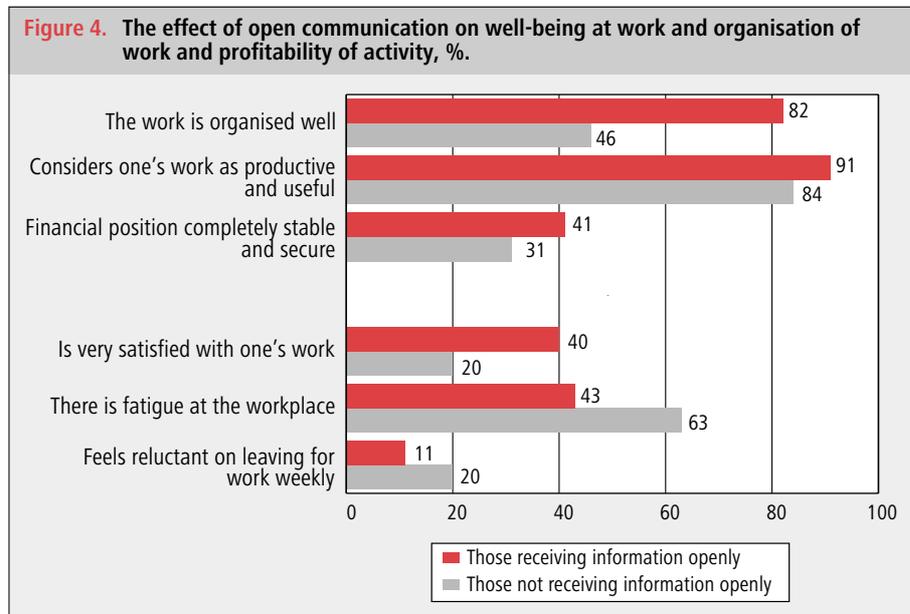
Source: Quality of Work Life Survey 2003, Statistics Finland

Open communication

Among the various indicators of social capital it seems that open communication in the workplace correlates most closely with work organisation (Figure 4): 82 per cent of those who say that there is open communication in their workplace take the view that work is well organised. The corresponding proportion among respondents who feel that communication is not open, is only 46 per cent. Open communication is also associated with job satisfaction, fatigue and reluctance to go to work.

Social capital and finances in the workplace

Figures 1–4 also illustrate the associations between social capital and the financial situation of the workplace measured with these indicators. There are indeed some indications of a connection between the different components of social capital and financial stability in the workplace. In workplaces that have a lot of social capital, employees feel more often that the financial situation there is stable and secure. The one exception is the association between support and encouragement received from work colleagues and the financial situation (Figure 2). The clearest difference with respect to the financial situation in the workplace is seen in the indicator of trust between management and employees: Among wage earners who feel that management care about the employees, 44 per cent thought that the financial situation in



Source: Quality of Work Life Survey 2003, Statistics Finland

the workplace was entirely stable. The corresponding proportion for those who thought that management do not care about employees was 30 per cent (Figure 1).

The problems involved in studying social capital on the basis of a survey material are most clearly evident in an analysis of the connections between social capital and the workplace's financial situation. A survey material does not allow us to explore and determine causal relationships. We can see some indications of a positive correlation between financial situation and social capital, but it is impossible to establish whether good social relations produce financial stability or vice versa. As for the relations of trust between management and employees, we are faced with the same uncertainty with regard to the direction of the mechanisms at play: are we looking at a situation where when things begin to go wrong in the workplace, management will move towards cutting costs and making profits, or is it the erosion of trust that causes economic instability? Communication also suffers as a result of financial instability. But does open communication decrease as a consequence of economic difficulties, or is the lack of open communication an indication of a poorly managed organisation?

Conclusions

The results of this study suggest that social capital in the workplace improves the organisation of work, increases the proportion of employees who are very satisfied with their job, reduces fatigue and reduces the proportion of those who are reluctant to go to work. These findings are largely in line with those reported earlier in corresponding studies (see Sinervo et al. 2005). Social capital is also associated with a stable and secure financial situation, although it does seem that the situation in this regard differs between different sectors. In the municipal sector in particular, social capital has less of an impact on the financial situation in the workplace. This is understandable in view of the fact that the financial situation in local authorities is largely dependent on other than internal workplace factors. Survey materials are well suited for purposes of studying social capital in the workplace community, but again they can say nothing about the direction of the effects. We therefore need to be cautious when interpreting the results. What they do show quite unequivocally, however, is that "good produces good".

Looking at social capital as a whole, it shows the weakest correlation with whether respondents feel the work they do is useful and beneficial (see Figures 1–4). This may suggest, first of all, that people may carve out a small protective pocket for themselves even if there are many conflicts in the workplace and even if they are not happy with their superior. Secondly, there are many jobs and occupations especially in the municipal sector where people feel the work they are doing, because of the very nature of the job, is useful and necessary, regardless of other factors. Examples are provided by teaching and caring jobs. All in all the various components of social capital in the workplace would seem to have a greater impact on well-being at work than on economic efficiency.

The 2003 Quality of Work Life Survey provides a large number of useful indicators for the measurement of social capital and its various components and outcomes, although in this article we have only been able to make rather limited use of these different indicators. There are only few questions or statements in the material that directly measure trust. Trust is explicitly mentioned in just one statement, i.e. “my superior trusts his/her employees”. However a more powerful tool for purposes of studying social capital at the workplace level would be provided by questionnaire data collected in individual business enterprises and by comparisons of those enterprises, as Oinas and colleagues (2005) have done in their study. In this case the respondents represent the same work organisation. Furthermore, items of trust should be developed by using qualitative methods (Lehto 1996; Ahola et al. 2002); this would give us a clearer picture of what exactly the respondents understand by ‘trust’.

9. *Social capital and collective labour agreements*

Antti Katainen

- *People with the right friends and acquaintances find employment more easily.*
- *Unionisation rates among wage and salary earners increased in the early 1990s as a result of the economic slowdown and uncertainty in the labour market.*
- *Unionisation rates are higher among women than men.*
- *In 2003 around 74 per cent of wage and salary earners covered by wage and salary statistics worked in organised companies.*
- *Earning differentials are smaller in industries with collective labour agreements than they are in non-organised industries.*

Statistical materials

The estimation frameworks used for compiling wage statistics are produced annually on the basis of Statistics Finland's Business Register. Once sampling has been completed, data on unionisation at the company level are entered into the frameworks from employer associations' membership registers. The framework covers all private sector companies with a staff of five or more outside the agriculture, forestry and fisheries sectors and organisations. Businesses operating in Åland are also excluded. Estimation frameworks have been produced since 1995.

Structure of earnings statistics are based on data drawn from industry-specific statistics. Furthermore, these statistics are complemented with data from other Statistics Finland internal and external registers. Structure of earnings statistics are compiled annually to describe the wage and salary structure for the most recent quarter. Earnings are measured in terms of total earnings. The statistics have been compiled regularly since 1995.

Statistics on labour disputes describe industrial action taken by employees or employers in Finland. The extent of those disputes is described by reference to the number of people involved and the number of days lost. The main sources consist of data collected by employer associations among their members. Furthermore, data are collected from different media. Data on labour disputes have been compiled since the late nineteenth century, comprehensive statistical data have been produced since 1971.

The background of the Quality of Work Life Survey is described in more detail in Article 8.

Social capital and collective labour agreements

Introduction

The current model of a contract society is widely regarded as key to the success of our national economy. On the other hand, the thinking that lies behind this model is also thought to present a serious threat to future economic development and welfare. Traditionally, contract society is taken to refer to the incomes policy agreements made between labour market organisations and the mutual understanding that the parties involved will commit themselves to upholding those agreements (Järventaus 2005). Incomes policy agreements are intended to promote the stability of social development by ensuring that pay rises are not disproportionate to the development of business productivity and that there are no disputes between management and employees. Broad agreements may also involve problems, however. With the current trends of globalisation and the development of a domestic labour market structure that is increasingly oriented to services, the contract society concepts that used to work so well before are not necessarily applicable in today's society any more. The changes that are now happening in the labour market present a challenge for processes of collective bargaining as well. In today's fast-changing operating environment, it is generally more difficult to reach agreement, and there is increasing debate on how the bargaining positions would change if agreements on terms of employment were negotiated in smaller circles, say at the company level.

The purpose of this article is to investigate the possibilities of measuring social capital on the basis of contract society concepts and to study existing statistical datasets in order to try and find the most suitable materials for these purposes. The subject is approached from the vantage-point of labour market networking by studying changes in unionisation among wage and salary earners and organisation among business companies in Finland between 1984 and 2003. In this case we may assume that unionisation is a form of social capital that promotes labour market activity and economic development. Analyses at the company level apply the estimation frameworks that are used in compiling Statistics Finland wage and salary statistics. For the present purposes we also incorporate data on unionisation drawn from membership registers. The data on employee unionisation are obtained from the Quality of Work Life Survey, while the data on the number of labour disputes come from labour dispute statistics. The aim of the article is not so much to identify the benefits or drawbacks of unionisation as to see whether and how well the extent of social capital can be studied by using existing statistical materials and to inspire further debate on studying social capital from the contract society's point of view.

From the emergence of contract society to collective labour agreements

Collective labour market negotiations were already conducted on a small scale in Finland in the immediate aftermath of the war in the 1940s. However it was not until the late 1960s that incomes policy began to gather momentum with the growth of labour market and economic policy agreements (Alho & Pekkarinen 2004). Previously, the high level of bargaining activity in the labour market was due to the high levels of wage earner unionisation and organisation and to the fact that the agreements negotiated were all-inclusive or generally binding by law.

Today, the situation in the labour market has changed quite dramatically, and the bargaining system under which wages and other terms of employment are negotiated is thought to be in need of a complete rethinking. Economic integration means that business is increasingly globalised, and the increasing dependence of the economy on information technology has put the labour market under mounting pressures of change. As a result of these changes, it may well become increasingly difficult to control the whole labour market through harmonised wage settlements (Alho & Pekkarinen 2004). The reduction of unemployment will continue to present a huge challenge to labour market bargaining systems in the future.

The labour market differs from other markets in the economy in the sense that here, agreements are negotiated on the exchange of a performance, i.e. the outcome of an individual's labour input. Under conditions of uncertainty in the labour market, unionisation among workers tends to increase. Since employers too are well organised in Finland, labour market policy has been largely based on tripartite cooperation between the social partners. There is both an individual and a collective dimension to the labour market. Labour agreements are signed between the employee and employer, but the terms of employment are negotiated between trade unions and employer associations. In an effective bargaining system, there is a mutually supportive division of labour between the parties involved.

Collective labour agreements are negotiated on the basis of the Employment Contracts Act, which includes provisions on the general duties of employees and employers, on the commencement of employment contracts, on lay-offs and the payment of wages and salaries. A generally applicable collective agreement refers to an agreement that employers within the sectors and industries specified are required to observe in all employment contracts they make. Employers that are not members of an employer association are also required to observe generally applicable collective agreements. A collective agreement that is not generally applicable is only binding upon companies that are organised.

Generally applicable collective agreements have great weight and significance in that they provide the foundation for all terms and conditions of employment contracts. If the terms and conditions of an employment contract do not meet the minimum requirements of the collective agreement, the contract will be void. The criteria for general applicability were revised somewhat

in connection with the amendment of the Working Hours Act in 2001. Today, the general applicability of a collective labour agreement is determined by its representativity: it must cover a sufficient number of wage and salary earners and collective bargaining must be well established in the sector concerned.

The labour market and social capital

Measuring social capital on the basis of the mechanisms for negotiating terms of employment is a challenging area of research. This is especially true where the aim is to identify the benefits or drawbacks of social capital within the phenomenon concerned. It is, however, possible to assess the presence of social capital by studying the rates of unionisation among wage and salary earners as well as employer organisation. For this purpose we may apply the statistical framework developed by the Australian Bureau of Statistics. Here, social capital is considered as a resource that has both positive and negative impacts on the well-being of individuals and communities (ABS 2004; Article 2 by Lisakka).

In the labour market context, examples of the positive outcomes of social capital include employment or wage increases. Long-term studies have shown that people who are out of work but who have the right friends and acquaintances find employment more easily (Halpern 2005, p. 45). Social networks have also been found to have positive impacts in studies of the development of earnings or company strategies in various bargaining processes. In addition, collective labour agreements lay down the rules for both employers and employees regarding productive activities. Broadly-based collective bargaining might also be expected to reduce the number of labour disputes (Figure 1). In-depth interpretation of the various components related



Source: Statistics on labour disputes, Statistics Finland

to industrial peace, however, is rather problematic from a social capital point of view. On the negative side, collective bargaining probably has the effect of discouraging competition; there is no wage competition as the joint regulatory mechanisms may hamper negotiation.

In the Australian statistical framework social capital is built around the core of networks, the actors of which may be taken to be the companies and employees covered by the collective labour agreement. Networks may be further classified by their type, structure, composition and transactions. The networks in our example may be considered to represent the bonding type (see Article 1 by Iisakka & Alanen). As for their structure, the networks are usually comprehensive (depending on the sector) and in some cases rigid in terms of their decision-making. They usually consist of employers and employees within the same sector. In some cases it is also necessary to study the quality and purpose of the networks. The impacts of the network might be considered from the vantage-point of social development; its purpose has been discussed earlier in this article.

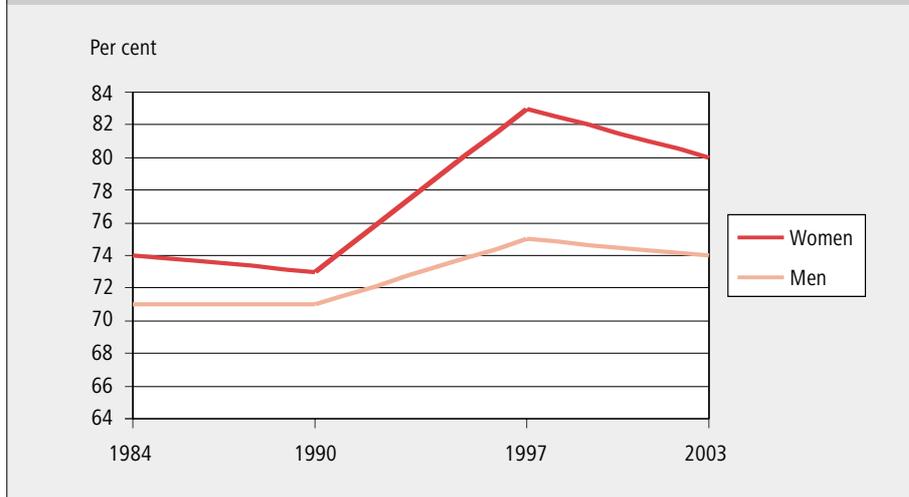
Contract society and social capital can also be approached and examined from the point of view of trust, which is a crucial factor in the labour market as well. Decisions on the terms and conditions of employment are often made in relatively small circles, leaving wage and salary earners and individual companies with only limited control and influence. In this situation it is important to consider whether the negotiators are trustworthy in their approach to bargaining. Sanctions of appropriate size might perhaps induce them to act collectively while still retaining others' confidence in them.

Changes in unionisation and employer organisation in 1984–2003

Figures 2 and 3 describe the changes in the extent of wage and salary earner unionisation and employer organisation. For wage and salary earners, comparisons can be made for the period from 1984 to 2003; for business companies, figures are available for the period from 1997 to 2003. As we can see in Figure 2, the rate of unionisation increased sharply in the early 1990s as a result of economic recession and uncertainty in the job market. By the early 2000s, however, the proportion of workers who were members of the trade union had started to decline. No gender differences are seen in these trends, although unionisation among women has all the time been at a higher level than among men. Apart from instability and insecurity in the job market, another factor that has a direct bearing on unionisation among wage and salary earners is the prevailing employment situation during the year concerned.

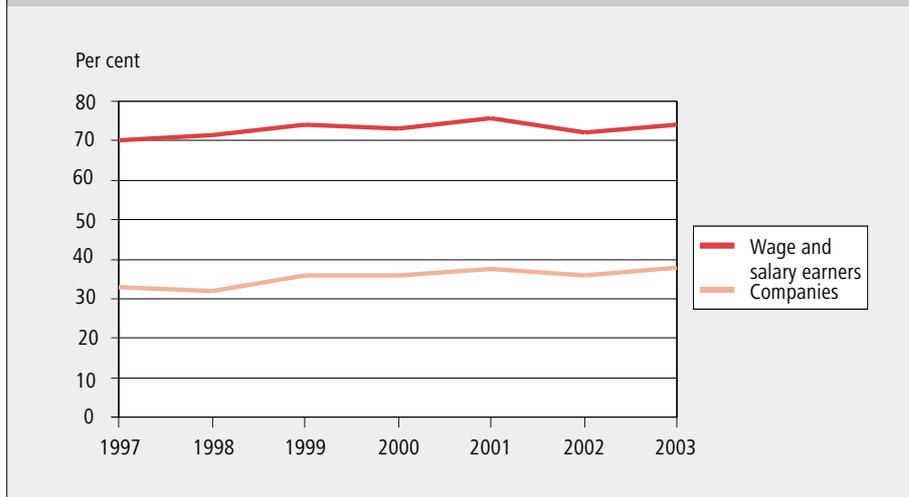
Membership of employer associations was studied by means of frameworks used in the estimation of wage statistics. These frameworks were created on the basis of Statistics Finland's Business Register and employer associations' membership registers. Only those companies were included in the analyses that are covered by the wage and salary statistics.

Figure 2. Unionisation of wage and salary earners by gender in 1984, 1990, 1997 and 2003, %.



Source: Quality of Work Life Survey 1984, 1990, 1997 and 2003, Statistics Finland.

Figure 3. Association membership of enterprises and proportion of wage and salary earners in organised enterprises among all wage and salary earners between 1997 and 2003, %.



Source: Wage and salary statistics, Statistics Finland.

Association membership has increased during the period under review (Figure 3). In 1997 around 33 per cent of all business companies were members of an employer association, by 2003 the figure had climbed to around 38 per cent. This trend might be explained by the natural growth of small companies and their decision to join employer associations later on. The true figure for organised companies is probably lower, as the material excludes small companies with a staff of less than five. Since organised companies often have larger staff numbers than non-organised companies, they accounted for around 74 per cent of all wage and salary earners covered by wage and salary statistics in 2003. In 1997 the proportion was around 70 per cent.

Table 1 shows the average monthly earnings of full-time wage or salary earners in Finland and the coefficient of variation for generally applicable and non-applicable collective labour agreements. Earnings can be calculated for 1995 and 2002. The distinction between generally applicable and non-applicable agreements is based on the relevant data for the year concerned. As a result, the number of wage and salary earners covered by generally applicable collective labour agreements in 2002 is higher than in 1995. The results show that earnings have increased more rapidly in non-unionised sectors than in those covered by generally applicable agreements. The main factors contributing to the differences in earnings trends are the structural differences between the periods and sectors under analysis. No doubt the rigidity of the bargaining system has come into play as well.

One of the roles of generally applicable collective labour agreements is to set the minimum level for working conditions in the contracts signed between employers and employees. In Table 1, this role is clearly reflected in the coefficients of variation. In sectors where generally applicable collective labour agreements are in force, there is much less variation in earnings levels than in non-unionised sectors. Since the labour agreements also include provisions on minimum wage levels, pay differentials are smaller in sectors with generally applicable contracts in place, particularly at the lower end of the wage scale. In unorganised industries, the differences are further increased by remuneration schemes based on personal qualifications and performance. The earnings of wage and salary earners paid under this system may differ quite considerably.

Table 1. Average monthly earnings and coefficient of variation (CV %) for generally applicable and non-applicable collective labour agreements in 1995 and 2002.

	Year 1995 Average earnings, FIM	CV %	2002 Average earnings, EUR	CV %	Earnings development %
Generally applicable collective labour agreement					
Yes	10 812	46	2 322	49	127,7
No	12 649	84	2 742	81	128,9

Source: Structure of earnings statistics, Statistics Finland.

Conclusions

The measurement of social capital from a contract society and collective bargaining point of view is rather difficult. The difficulties are further compounded by the limitations of the datasets available. It is difficult to identify unequivocal outcomes of social capital or causes and consequences related to social capital. However when employer and employee organisation are used as indicators of social capital, the datasets used here provide quite a useful rough measure of the extent of social capital.

Rates of unionisation and employer organisation showed some changes during the period under review. People still tend to think that organisation is worthwhile. For wage and salary earners, the main motive for joining the union lies in the financial benefits, i.e. the unemployment benefit and earnings-related unemployment daily allowance provided by the union. Furthermore, the broadly-based agreements negotiated by unions guarantee a minimum level of earnings in employment contracts and specify a clear set of ground rules for business. Wage and salary earners covered by the agreements have a set minimum income, and they must not be unfairly treated in the wage negotiations. Employers, for their part, benefit from the adherence by wage and salary earners to the terms and conditions of employment, such as those concerning the working hours.

The collective bargaining system continues to play a major role in today's labour market. The underlying contract society thinking can only be upheld when all the parties concerned feel they benefit from the mutual cooperation. An effective bargaining system makes for more fluent negotiations and in this way reduces the costs of interaction. In this case social capital supports the attainment of both individual and collective goals as well as the prospects of a financially satisfactory end-result.

Although the overriding aim in the labour market is often to achieve economic success, not all forms of social capital are necessarily suited to the pursuit of profits. If we consider the differences between horizontal and vertical networks, for instance, we find that vertical networks are not as good in maintaining trust as horizontal networks. It is less often that sanctions are imposed from below upwards, and negotiations are often conducted among people who occupy similar positions (Dasgupta 2001). This is not what one would describe as efficient or rational activity. The angle is of course relevant as well: from whose point of view are we looking at the economy, are we interested in profits in the longer term or from the vantage-point of quarterly capitalism. It is important to bear in mind that social capital is common property and that the needs and interests of all parties involved need to be taken into account. An improvement in the welfare or well-being of a single individual or smaller group does not necessarily translate into an overall improvement in well-being. For example, an improvement in the working conditions for one particular group may have adverse consequences for the economy as a whole. Social capital, in this instance, serves as a positive resource only for a very small portion of the labour market.

10. *Business relations as social capital of an enterprise*

Aku Alanen and Petri Godenhjelm

- *Four enterprises in five have goal-oriented and established business relations.*
- *The most common type of cooperation in core business activities is a partnership contract.*
- *Networking is associated with increasing staff numbers and turnover.*

Statistical materials

The Finnish data for the Eurostat project on Inter-enterprise relations were collected at the end of 2003 (in this article the concept used is business relations for simplicity reasons). Data from the building and construction and manufacturing industries were collected by the Confederation of Finnish Industries EK (formerly the Confederation of Finnish Industry and Employers TT), data from the service sectors were collected by Statistics Finland.

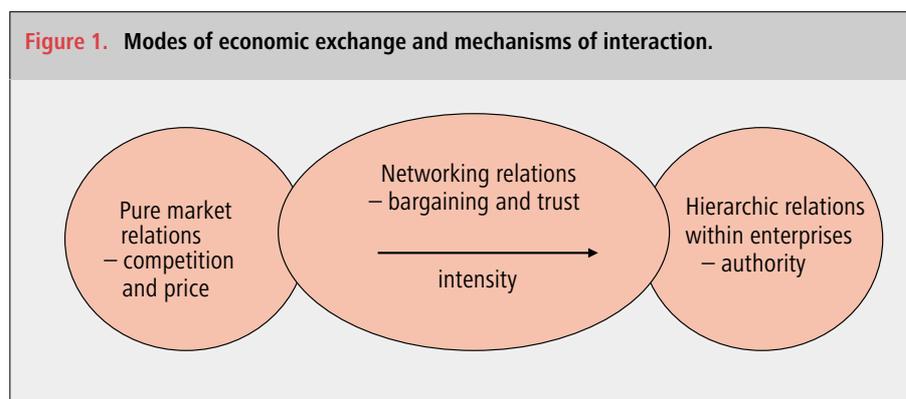
The sampling frame was provided by Statistics Finland's Business Register. The sample collected comprised around 20 per cent of the firms with a staff of ten or more in the base population. Half or 49 per cent of the 934 enterprises that responded to the questionnaire represented service industries, 43 per cent manufacturing and 8 per cent building and construction. The response rate was 35 per cent. Financial statements data for 1994–2002 were combined with the questionnaire data to facilitate analysis of associations of growth and profitability with networking.

Business relations as social capital of an enterprise

Business relations and networking among enterprises are studied within various theoretical frameworks and using various different concepts; these include the theory of strategic networks, transaction cost theory, game theory, the theory of social exchange and the learning organisation theory. All of these involve partly the same elements as in the discussion and debate on social capital (Vesalainen 2002). Research and measurements of networking can also be used in studies of social capital, regardless of the underlying theoretical premises.

In the measurement of enterprises' social capital, we can focus our attention either on intra-enterprise relations, relations between two companies, or on relations between more than two enterprises. The latter is the most demanding of all, and with the exception of some case studies there have been no attempts to undertake this kind of research at least in Finland. Recent Finnish articles on enterprise social capital have tended to concentrate on bilateral business relations and networking as well as innovations (Ruuskanen 2005; Miettinen et al. 2005).

Networking refers to a kind of production and economic exchange that differs qualitatively from traditional market relations between enterprises and from hierarchic relations within enterprises. In the marketplace the mechanisms of interaction are provided by competition and price, whereas in hierarchies the mechanism is authority. In networks, the corresponding mechanisms of interaction are bargaining and trust, and there may be different degrees of networking (see Figure 1). The purpose and aim of networks is to



transcend the boundaries imposed on economic collaboration by hierarchic, socially more restricted forms. (Miettinen et al. 2005.) In situations where all try to manage on their own, the division of labour and application of resources will remain ineffective. However if people trust one another, it is thought that the use of collective resources will be more effective and that the business costs arising from the management of distrust will be reduced (Ruuskanen 2005).

Networks are seen not only as a way of cutting costs, but the learning and innovation that are facilitated by networks are also thought to offer a strategic advantage in economic competition, allowing as they do for the effective integration of actors' resources and competencies. The markets and hierarchy are seen as typical forms of coordinating mass production, whereas networks are seen as flexible ways of coordinating production. The markets, hierarchy and networks are interwoven with one another and appear side by side. From a business point of view, networks present business management with the daily question of whether to make or buy, whether to integrate a certain operation under the company's hierarchic control, or whether to outsource it. The third, increasingly common option is to both manufacture and develop together, i.e. to network. (Miettinen et al. 2005; Tsupari al. 2004.)

Knowing what to expect of the social system and the opposite party may be described as trust. In business relations, positive outcomes of trust include the reduced need for control, lowered business costs and investment in expected future profits. Social capital seems to work via the trust that facilitates interaction. As social networks speed up the dissemination of information and increase the efficiency with which information is used, the mechanisms of social capital may be reduced to two main dimensions: trust and communication. Information is sought on a market basis, but information is also disseminated on a non-market basis. This is known as "information overflow", which refers to the process where information or knowledge produced by an enterprise is transferred to other actors free of charge, or at below the value of the information. (Ruuskanen 2005.)

It is also noteworthy that network relations are not always necessarily beneficial to businesses, but a position within a network may also become a burden. The network's relationship with the environment and intra-network relations may give rise to risks and problems. It is important for the network to strike a balance between excessive dependencies with other enterprises (rigidity) and too loose connections (flexibility). According to Grabher (1993), a network that loses its dynamism may become a functional lock-in.

Social capital embedded in business relations may also have adverse effects from the point of view of society as a whole, even though the individual network member may benefit substantially. In multilateral relations it is common for some to benefit and others to lose out. In the relations between network members, whoever controls information over all other members (if those members only have relations with one or no more than a few others) will achieve excess benefit in relation to others. It depends on the key network member whether they will take advantage of the situation for their own personal benefit or in the best interests of the whole network.

A typical subcontractor chain around a major producer-engine is an example of how the enterprise looks after the interests of all its subcontractors in the longer term as well. It makes sense for the engine to make sure that its subcontractors are thriving and developing. If it fails to do so and puts too much pressure on others, that may have adverse consequences for the whole community or society.

Researchers have recently devoted much attention to technological R&D cooperation between businesses. It has been found that an increase in the number of partners in cooperation increases the number of innovations and patent applications (Becker & Dietz 2004). Less research has been done in other fields of innovation cooperation, such as design. Indeed design, which is one of the most critical areas of business, offers some interesting directions of research within the framework of social capital. Design mainly involves two types of networks: the subcontracting relationship between the manufacturer and the design office, and on the other hand the entry of the end-user, i.e. the consumer in the product design network.

Motives of networking and contracts

In a networking study (2001) conducted by the predecessor of the Confederation of Finnish Industries EK, the Confederation of Finnish Industry and Employers TT, the key motives that emerged for networking were to increase the internal efficiency of the enterprise and network and to boost business growth. Studies based on economic and organisation theory have also reported that the reasons for networking lie in the goals of improving cost efficiency and strengthening business growth: networks are seen as ways of increasing business profits. Networks allow businesses to avoid unnecessary investments and to shed overlapping operations, because by focusing on their core competencies they can increase their cost effectiveness and improve the quality of their products and services. Seen from the point of view of strategic networks, the locus of competition is thought to shift from between enterprises to between networks. (Tsupari et al. 2004.)

Seen from the point of view of transaction cost theory, contracts assume a prominent role here: contracts are the instrument through which enterprises seek to control the relations between hierarchy and the markets. According to transaction theory, enterprises are seen not as a unit that invests inputs and produces goods and services, but as a system for managing contracts. The contract is regarded as a form of exchange with which the benefits of hierarchy and markets can be combined and their weaknesses managed. (Tsupari et al. 2004; see also Figure 1 in this article.)

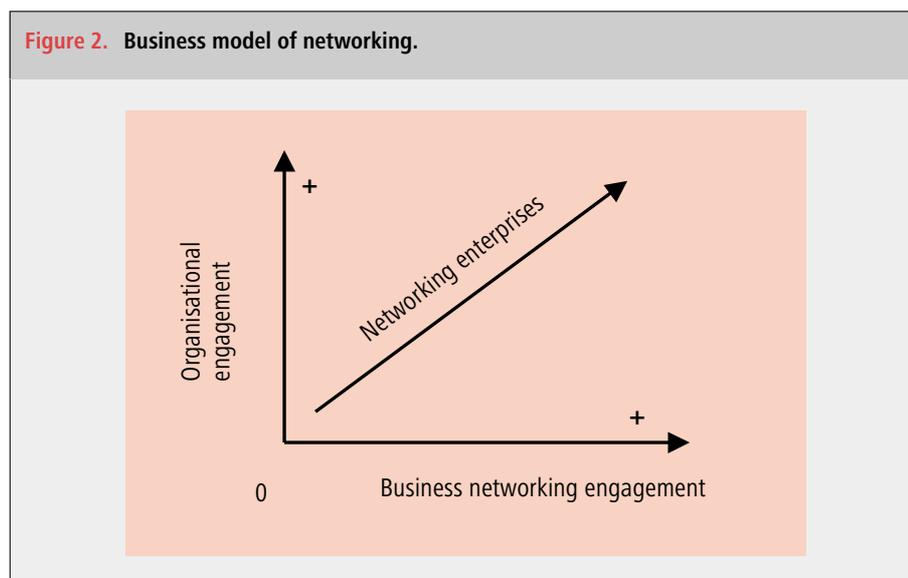
The degree and intensity of networking vary from one enterprise to another, and this presumably also impacts business operations and business success. In this article we are interested in how the intensity of business relations is associated with business growth and profitability. The discussion is based on a survey concerning business relations (Tsupari et al. 2004, see also http://www.stat.fi/tup/julkaisut/isbn_952-467-326-6.html).

Associations of networked business relations with growth and profitability

The dataset compiled by Statistics Finland and the Confederation of Finnish Industry and Employers TT on business relations and networking allows us to measure various phenomena related to social capital. The integration of this questionnaire material collected for a Eurostat project with statistics Finland's final accounts data offered useful insights into how networked business relations are associated with business growth and profitability.

For the purposes of the questionnaire, business relations were defined as referring to established relations of cooperation between enterprises in the production of goods and services and in ancillary activities, such as research and development, sales and marketing and information and communication technology. Examples of this kind cooperation include relations established through outsourcing or subcontracting as well as various forms of collaboration, which may be described as networks, strategic alliances, bidding partnerships or joint projects. Excluded from the definition of business relations were one-off joint purchases of goods and services and business relations created through rearrangements of ownership.

We used the questionnaire data to develop a networking index that was based on business networking and organisational networking (see Figure 2). Business networking was examined in terms of the extent of cooperation, i.e. the number of business relations meeting the definition above and the duration of the agreements between enterprises. Organisational networking was measured in terms of how collaboration between networked enterprises is



Source: Tsupari et al. 2004.

organised by studying the types of contracts and agreements they have. On the basis of these two dimensions we were able to determine the enterprise's networking intensity, i.e. the extent to which the business is engaged in collaboration, and on the other hand its organisational intensity, i.e. how networked its operation is. The index allowed us to compare not only networked and non-networked enterprises, but also enterprises with different levels of networking intensity.

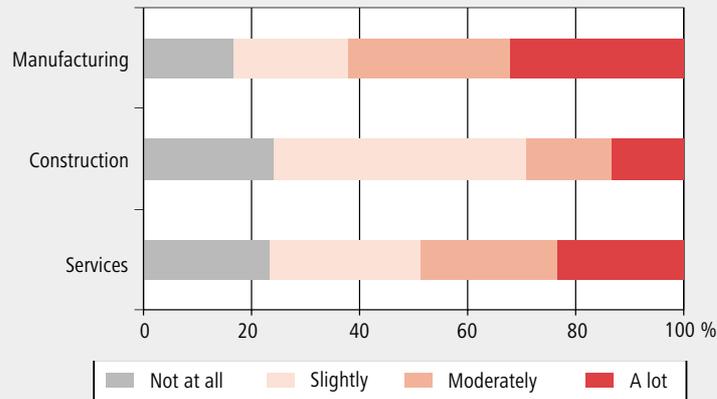
Based on the responses from the enterprises themselves, they were further divided into three categories: prime contractors, system suppliers and subcontractors. The networks were analysed in the light of this distinction so that the benefits and drawbacks of networking could be assessed within each network. Earlier research has shown that different parties to a network have had different assessments of the benefits and drawbacks of networking. The prime contractor sells the end-product, is responsible for design and manufacturing, and places orders with system suppliers and subcontractors. The system supplier has overall responsibility for manufacturing and assembly and supplies related services to the prime contractor. The subcontractor's products are incorporated in full or in part in the prime contractor's products. (Tsupari et al. 2004.)

Key results

Most of the enterprises that took part in the questionnaire had established and goal-oriented business relations. The figure was highest in manufacturing at 86 per cent, followed by services at 79 per cent and building and construction at 75 per cent. The major motives for establishing business relations in core areas of business were cost-cutting, economies of scale, lack of in-house resources and increased flexibility. The main obstacles to establishing business relations were the lack of suitable partners and concerns about leakage of core competencies or loss of independence. The motives for and obstacles to the creation of business relations were also studied separately for sales and marketing, information and communications technology and research and development.

The most common type of collaboration in core business activities was through partnership agreements, which accounted for 40 per cent of all agreements in manufacturing and services and for close to 20 per cent of agreements in building and construction. The next most common type of contract in both manufacturing and services was the annual agreement, followed by project agreements and one-off agreements. The one exception here was building and construction, where projects contracts were the most common type of agreement. This analysis of different types of agreements sheds interesting light on the nature of networking in different industry sectors. Long-term agreements are more common in manufacturing and services than in building and construction, where operations are typically based on performance contracts. The average duration of business relations agreements was from one to two years.

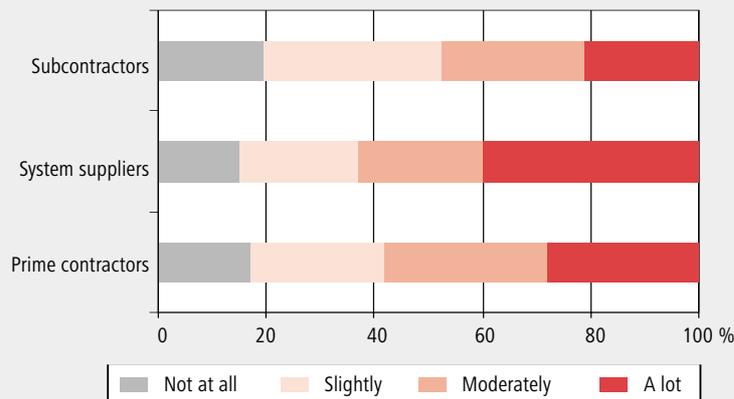
Figure 3. Rate of networking by sector, %.



Source: Tsupari et al. 2004.

Business relations were thought to have a positive impact on competitiveness. Around 70 per cent of the enterprises assessed that business relations in their core business area have had a positive impact on competitiveness during the past three years. In research and development, it was believed that the positive impacts on competitiveness would increase most clearly in relation to the enterprise's performance over the past three years.

Figure 4. Rate of networking by actor, %.



Source: Tsupari et al. 2004.

Figure 3 shows the breakdown of enterprises in different sectors by their networking index. The proportion of highly networked enterprises was highest in the manufacturing sector, while there were only few or no networked enterprises at all in building and construction. Figure 4 illustrates the same results for the categories of prime contractors, system suppliers and subcontractors. Subcontractors were the least networked enterprises, system suppliers in turn were the most networked enterprises.

Business growth was measured in terms of the increase in personnel and turnover during 1995–2002. Networking was found to be associated with business growth, and networked enterprises showed faster growth than non-networked enterprises. Furthermore, the higher the enterprise's networking intensity, the faster the rate of growth. Prime contractors and system suppliers showed faster growth than subcontractors. Networking did not have the same kind of impact on profitability as on business growth, nor were these impacts statistically significant. Profitability was measured in terms of the development of operating margins and net profit ratios. Possible reasons for the absence of any significant impacts on profitability were thought to lie in the fact that growth partly happens at the expense of profitability and that difficulties in organising networks prevent the benefits from materialising in full.

In an international comparison, business relations of the kind specified in the questionnaire definitions occur in core business activities most often in Finland and Sweden. Depending on the industry and the size of the company, the figure in Finland is around 80 per cent and in Sweden about 70 per cent. In Denmark the corresponding figure is around 50 per cent, in Germany and France around 30 per cent. (OECD 2004.)

Summary

Business network relations, related norms and procedures as well as trust have attracted some research attention in research both in a case studies and in smaller sample studies focused on specific sectors of industry. Social capital, we suggest, provides a useful framework for dealing with these issues. No doubt research into this phenomenon will continue to probe ever deeper. This, in turn, will support efforts to study the extent of the phenomenon. So far there has been only very limited research to explore the extent of social capital in the business world, and there are no established measurement tools. The research described in this article was one of the first studies to cover virtually all industries with a harmonised set of scales in several different countries. The materials used also allowed us to study the positive impacts of business networking. In this context the outcomes of social capital may be considered to consist of the associations of business relations with business competitiveness and business growth. The production of comparative data on this kind of new area is a major challenge. Indeed much more experience and evidence will be needed on the reliability of the questions and instruments used before we can expect to see actual statistics compiled on a regular basis.

*11. What can statistics tell us
about social capital:
epilogue*

Laura Iisakka

What can statistics tell us about social capital: epilogue

Measuring social capital through production of statistics

In this volume on Social Capital in Finland, we set out to explore the possibilities of compiling statistics on social capital from a cross-statistical vantage-point. The articles in the volume made use of Statistics Finland's existing statistical sources. Table 1 provides a full list of these sources, the dates of data collection and the frequency at which they have been updated so far.

These statistical datasets provide a useful tool for studying social capital, even though they have not been collected for the express purpose of measuring social capital. A broad and comprehensive analysis is not possible on the basis of just one dataset, however, even though some of the materials (such as Health 2000 and the OSKU surveys) have covered quite a diverse range of issues. Nor do they provide a sound enough basis for compiling statistics on social capital on a regular basis: some of the materials used are collected regularly, but others are collected at more sporadic intervals, even on a one-off basis. Especially in English-speaking countries, statistical agencies have in recent years collected separate datasets on social capital, giving researchers the opportunity to ask a more complete range of questions about key characteristics and indicators of social capital in the context of one survey. At Statistics Finland, however, this does not seem realistic at least for the time being. Nor

Table 1. Statistical sources used in the publication Social Capital in Finland.

Name of material	Data collection years	Survey/register data	Updating frequency
Time use Survey	1979, 1987–88, 1999–2000	survey	around 10 years
Leisure Survey	1977, 1981, 1991, 2002	survey	around 10 years
Quality of Work Life Survey	1977, 1984, 1990, 1997, 2003	survey	around 6-7 years
Health 2000	2000–2001	survey	not known
Learning regions (OSKU)	2001, 2004	survey	not known
Business relations	2003	survey	not known
Election statistics	In election years	register	election years
Estimation frameworks for statistics on wages and salaries	From 1995	register	one year
Structure of earning statistics	From 1995	register	one year
Statistics on labour disputes	From 1971	register	twice a year

does the collection of such a dataset guarantee the continuity of statistics, for the collection of major datasets is very expensive.

Key aspects of social capital – such as, social networks, civic involvement and trust – can be measured using existing datasets. Table 2 lists the various measures of social capital that have been examined in the different articles in this volume. The one key aspect of social capital that is difficult reliably to assess on the basis of existing materials is that of norms, which in most datasets are covered by no more than a few items. In this report norms are not included as a separate indicator at all, even though reciprocity in the shape of neighbourly help does come very close to the subject. Since the data used in the articles have not been specifically collected for purposes of measuring social capital, the contents of the scales used for measuring the same dimension of social capital may vary from one dataset to the next. Based on an overview of the articles in this volume, however, it is fair to conclude that Statistics Finland materials allow for a more detailed and in-depth analysis of social capital than the traditional civil society perspective (e.g. Putnam 2000). In this volume we have also looked at social capital in business companies and organisations.

In addition to the materials used in the article here, Statistics Finland has a wide range of other datasets that could be used in the measurement of social capital. These sources will need to be consulted especially for purposes of studying the impacts and outcomes of social capital in different sectors of society. The Office for National Statistics in the UK, for example, has conducted a survey on the impacts of social capital in five different policy sectors: economic success, public health, crime, education and civic participation (ONS 2001, p. 19–22). Researchers in Canada have also looked into uses of social capital as a policy tool for crime prevention and poverty reduction (PRI 2005c). Social capital is often associated with education, which suggests that various education statistics might be useful in the measurement of social capital. Among the Statistics Finland sources that were not consulted here were cause-of-death statistics, research into adult education, the Continuing Vocational Training Survey CVTS, and statistics on crime reported to the police. Furthermore, many of the sources used in this connection include a great deal of information relating to social capital and could be used more fully than has been done in this review.

Table 2. Measures of social capital in the publication *Social Capital in Finland*.

Generalised trust	Participation in social activity
Informal trust	Volunteering
Institutional trust	Going to cultural events
Socialising / social relations	Voting activity
Communication / open flow of information	Civic activity
Neighbourly help / informal help	Involvement in local affairs
Social support	Unionisation among wage and salary earners and entrepreneurs
Participation in associations / community involvement	Networking of enterprises

There are two key principles of statistics production that are not yet satisfied in the measurement of social capital in Finland. The first of these principles is the application of internationally approved and established concepts. The first article in this volume provided an overview of some of the most important definitions of social capital because there is still no consensus on how the concept should be defined. The second principle of compiling statistics is that the relevant data should be produced on a regular and continuous basis. Again, this condition is not met in the case of social capital, as some of the datasets have been compiled on a one-off basis, some are compiled more or less irregularly.

Towards international comparisons

The main focus of the articles in this volume was on social capital in the early 2000s. As was pointed out above, the use of existing statistical datasets provides an opportunity to make comparisons over time. However systematic comparisons are not possible because different datasets are updated at different intervals. The content of the statistical datasets may also vary in different years. For example, the 2002 Leisure Survey included a bank of items describing trust that had not been used in previous surveys.

International comparisons of social capital and an internationally harmonised questionnaire have attracted growing attention since the early 2000s particularly in response to an OECD initiative. The measurement of social capital based on existing statistical materials does certainly not make for easy international comparisons, because the analyses that integrate different materials combine different indicators and questions that are worded differently.

On the other hand international comparisons may also be rather artificial if it is thought that social capital is affected by cultural differences, i.e. that it varies in content from one country to another (see e.g. Halpern 2005, p. 37). On the other hand researchers are still to reach agreement on the statistical framework that should be used in international comparisons of social capital (see Article 2 by Iisakka). Some of the materials have been collected in several countries and therefore lend themselves excellently for international comparisons. For instance, the most recent Time Use Survey was collected in 20 European countries. The dataset measuring business relations was also collected simultaneously in several European countries.

Key results and discussion

One of the peculiarities about the measurement of social capital is that this community-level concept is measured primarily by means of individual-level data collected in interviews and questionnaires. Indeed social capital often has to be measured indirectly by using various statistical materials that have not originally been designed for the measurement of social capital. The use of existing statistical materials is quite common, in spite of the difficulties that

follow from the use of different questions in different surveys. For example, the results on institutional trust in Articles 3 and 7 in this volume were not in line with each other. Great accuracy is needed in the wording of the questions so that it is clear what exactly is being compared. In these materials institutional trust was not inquired directly, but in a somewhat roundabout fashion by two statements: "Where I live, public offices and institutions provide a reliable and equal service" and "A person like me does not have say in what the powers that be do." On the basis of the first item, institutional trust increased with advancing age (Article 7 by Nurmela); in Article 3 institutional trust (trust in government) declined with increasing age.

The use of different instruments and different definitions in the measurement of social capital may produce different results in country comparisons. In this context it is therefore necessary to give special attention to the choice of instruments. For instance, comparisons based on the results of the Time Use Survey show (see Article 5 by Pääkkönen) that people in Finland spend more time than in other countries on social capital functions. On the other hand, comparisons based on the European Social Survey (2002) in 15 EU countries suggested that Finland lags well behind the other Nordic countries and the Netherlands in terms of the average number of memberships. Similarly, the results of the World Values Survey showed that active participation in various organisations in Finland was at a lower level than elsewhere in the Nordic countries.

Research into trends of social capital in different countries has clearly highlighted the complex nature of social capital as well as the differences that exist between different countries. The various aspects and mechanisms of social capital do not work in the same way and in the same direction in different countries. Nor is the decline of social capital that Putnam is concerned about in the United States a universal phenomenon. Similar tendencies have been reported in Australia and the UK, whereas the situation in Sweden, the Netherlands and Japan is quite stable or even rising. (Halpern 2005.) Based on his studies of social capital in Sweden, Bo Rothstein has observed that the trend there is from collective mass movements towards organised individualism (Rothstein 2001). The situation in Finland is probably rather similar.

Putnam (2000) says that education is an important determinant of various different forms of civic engagement. The results here also suggest that education is a significant explanatory factor of social capital. Although the main purpose of this volume was not to describe the breakdown of social capital, many of these articles here clearly reveal the unequal distribution of social capital in society. For example, education increases confidence in government (Article 3 by Iisakka). People with a higher level of education also engage in volunteering more often, and they occupy more positions of trust and responsibility than lower education groups (Article 5 by Pääkkönen). They also vote more actively than people in other education groups (Article 4 by Hanifi).

It remains to be seen whether statistics on social capital will be compiled in the future on the basis of existing statistical materials. Before that, however, it is likely that some progress will have been made in terms of using internationally approved and established concepts for purposes of producing statistical descriptions.

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