

Does Government Matter in Social Capital Formation? Exploring Variation in Social Capital across Counties

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Research Question

- What causes variation in social capital by place?
- Do counties differ in the amount of government capacity and other community-level determinants?
- Can different levels of social capital be attributed to the differing productive value of these community-level determinants?

Theory & Literature

Government Capacity and Importance of Place

“Organized civil society has never flourished apart from active government and inclusive democratic politics.”

- Skocpol (1996, 25)



Role of Government

- Government is able to foster collective action (Brondizio, Ostrom, & Young, 2009) and aid in the formation of civic networks (Wallis & Dollery, 2002).
- Strong government institutions – as measured by their capacity to act autonomously and carry out policy – are important prerequisites for social capital (Warner, 1999).
- Existing quantitative analyses tend to explore comparative (Ahlerup, Olsson & Yangizawa, 2009) or US state/federal level variables (Putnam, 2000; Rose, 2018).



Place-Based Variation

- Lack of consensus on how place might change social capital across metropolitan status (Wilkinson & Pickett, 2009) and region (Portes & Vickstorm, 2011).
- As a first step we look at variation through two lenses of place:
 - Metropolitan vs. Non-Metropolitan Counties.
 - South vs. Non-South Counties.



Variable Operationalizations

Construct	Measured By	Source Data
Dependent Variable		
Social Capital	Association density and trust index.	Rupasingha & Goetz
Independent Variables		
Government	Government revenue per capita.	Government Census
Education	Population with bachelor's degree.	Census
Household Income	Household median income in \$10k.	Census
Racial Diversity	Diversity index (ranges from 0-1).	Gini & Simpson Index
Income Inequality	Inequality index (ranges from 0-1).	Gini Index
Control Variables		
Rural Population	Percent rural population.	Census
Black Population	Percent black population	Census

Key Findings

OLS Regression and Blinder-Oaxaca Decomposition



Social Capital Differences: OLS Regression

- Differences in beta coefficients across region/metropolitan status are significant for all variables (Chow test, $p < 0.01$).
 - Exception is government and education, which is not significant for region.
- Government has the highest coefficient value among variables that have a positive relationship with social capital and which retains significance in all models.
- This suggests role of place in social capital is important. The coefficients of each variable change, sometimes quite notably, across geography.



Social Capital Differences: OLS Regression

Determinant	Metropolitan Status		Geographic Region	
	Metro	Non-Metro	South	Non-South
Independent Variables				
Government	0.255***	0.247***	0.191***	0.150***
Education	0.086***	0.092***	0.066***	0.070***
Household Income	0.103	-0.406***	-0.149**	-0.456***
Racial Diversity	-6.640***	-3.106***	-0.793***	-4.119***
Income Inequality	-1.357	-11.370***	-2.039*	-5.165***
Control Variables				
Rural Population	0.007***	0.010***	0.007***	0.010***
Black Population	-0.049	0.695***	0.027	1.966***
Model Summary				
Observations	871	2,011	1,421	1,683
Adjusted R2	0.263	0.420	0.176	0.367

*** p < 0.01, ** p < 0.05, * p < 0.10



Social Capital Differences: Due to Characteristics

- Counties are endowed with different levels of characteristics that help promote or suppress social capital.
- About 15% of social capital differences across metropolitan status, and 33% of differences across region, can be explained by these varying levels of characteristics.
- Overall, metropolitan and non-South counties tend to have favorable levels of characteristics which are most important in promoting social capital.



Differences Due to Government Characteristics

- Government capacity levels are the second most important characteristic in regional social capital differences.
- The government coefficient 2nd out of 6 statistically significant variables in the South vs. Non-South model.
- Having higher levels of government capacity gives a slight advantage to metropolitan counties. But the effects are not large compared to other determinants.



Social Capital Differences: Due to Characteristics

Differing levels of county-level community characteristics can explain some of the observed variation in social capital index scores.

Determinant	Metro vs. Non-Metro		South vs. Non-South	
	Rank*	Value	Rank*	Value
Independent Variables				
Government	6	0.005	2	0.131
Education	1	-0.351	1	0.208
Household Income	3	0.150	4 (Tie)	-0.070
Racial Diversity	2	0.215	3	0.127
Income Inequality	4	-0.060	4 (Tie)	0.070
Control Variables				
Rural Population	NS	NS	6	-0.019
Black Population	5	-0.044	NS	NS

*Based on absolute value of each variables difference due to endowments in the decomposition model. NS is not significant.



Social Capital Differences: Due to Characteristics

Metropolitan and non-South counties are endowed with higher levels of key characteristics (e.g. government in the Non-South, education in metropolitan areas) which disproportionately promote social capital.

Determinant	Metro Status Advantage	Regional Advantage
Independent Variables		
Government	Non-Metropolitan	Non-South
Education	Metropolitan	Non-South
Household Income	Non-Metropolitan	South
Racial Diversity	Non-Metropolitan	Non-South
Income Inequality	Metropolitan	Non-South
Control Variables		
Rural Population	Not Statistically Significant	South
Black Population	Metropolitan	Not Statistically Significant



Social Capital Differences: Due to Productive Value

- 52% of regional variation and 72% of metropolitan status variation is explained by differences in productive values.
 - Productive values explain more than differing levels of characteristics.
- The decomposition suggests that the relative productive value of social capital determinants is a key policy consideration.
- For example, efforts to harness social capital through government capacity may be less productive in metropolitan counties compared to non-metropolitan counties.



Differences Due to Productive Value of Government

- Government has higher productive value in non-metropolitan counties compared to metropolitan counties.
- The government coefficient ranks 4th out of 8th statistically significant variables in the metropolitan status model.
- The productive value of government does not appear to change across our measures of region (coefficient is not statistically significant).



Social Capital Differences: Due to Productive Value

The relative productive value of community determinants can explain a large amount of place-based differences in social capital index scores.

Determinant	Metro vs. Non-Metro		South vs. Non-South	
	Rank*	Value	Rank*	Value
Independent Variables				
Government	4	0.547	NS	NS
Education	3	0.719	NS	NS
Household Income	2	-1.066	3	-1.036
Racial Diversity	NS	NS	2	-1.107
Income Inequality	1	-2.924	1	-1.415
Control Variables				
Rural Population	5	0.404	5	0.198
Black Population	6	-0.100	4	0.325

*Based on absolute value of each variables difference due to productive value in the decomposition model. NS is not significant.



Social Capital Differences: Due to Productive Value

The strongest productive values tend to advantage metropolitan and South counties (even though non-South counties have the advantage in social capital characteristics).

Determinant	Metro Status Advantage	Regional Advantage
Independent Variables		
Government	Non-Metropolitan	Not Statistically Significant
Education	Non-Metropolitan	Not Statistically Significant
Household Income	Metropolitan	South
Racial Diversity	Not Statistically Significant	South
Income Inequality	Metropolitan	South
Control Variables		
Rural Population	Non-Metropolitan	Non-South
Black Population	Metropolitan	Non-South



Counterintuitive Findings on Income

- Contrary to previous research, household income lowers social capital values.
- Perplexingly, higher incomes tend to be particularly effective (have higher productive values) in lowering social capital in non-metropolitan and South counties.
- These findings may suggest income only aids in social capital development to a certain level. Past that, high incomes might theoretically dampen network effects (Galaskiewicz, Mayorova, & Duckles, 2013).



Diversity and Social Capital Have Complex Relationship

- Higher diversity levels are associated with lower social capital. But the presence of large proportion of single minority groups (Blacks) may raise social capital, especially in metropolitan counties.
- Concurrently, the negative effects of diversity are less severe in Southern counties, which have a more diverse population.
- This may support scholars who argue the benefits of social capital have accrued disproportionately to whites (Hero 2003; 2007).

Conclusions

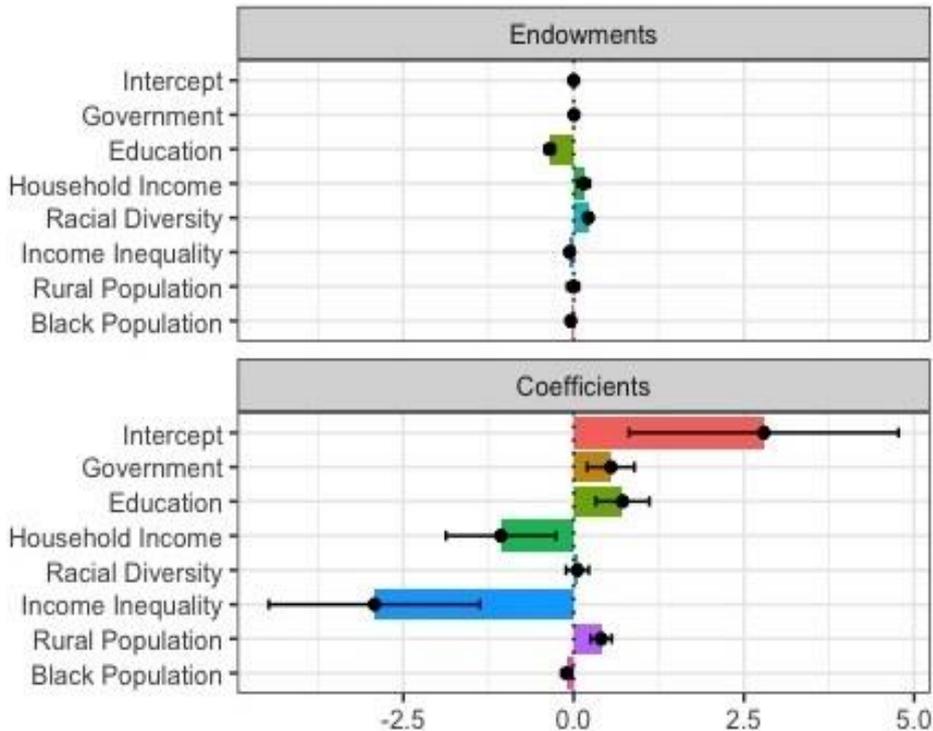
Place Matters



Productive Value Explains More Place Variation

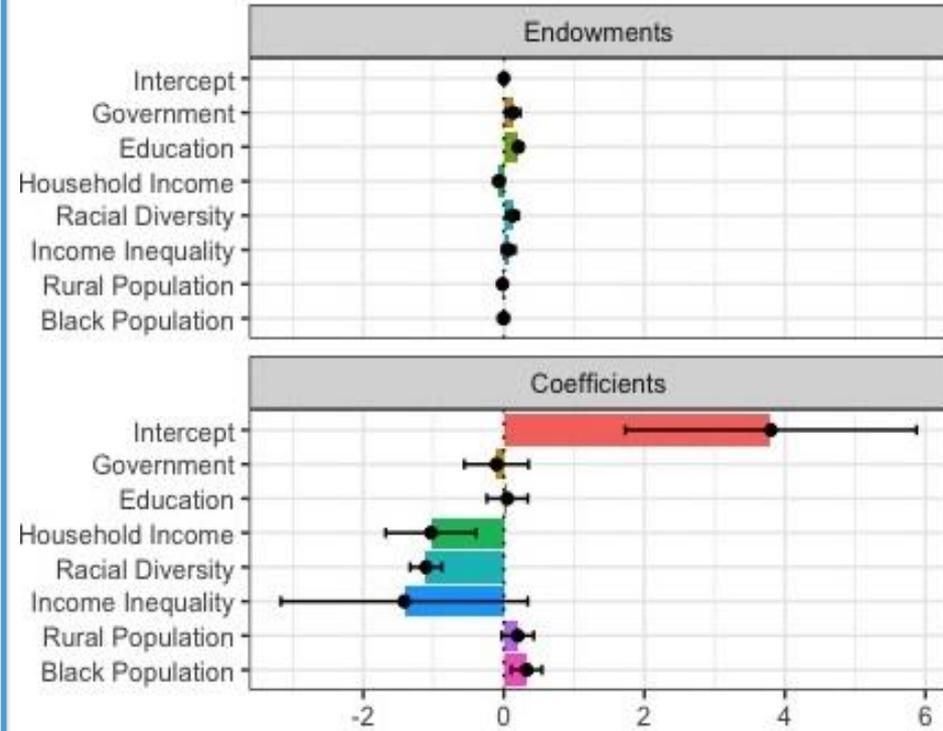
Metropolitan Status

Metro vs. Non-Metro



Region Classification

South vs. Non-South





Role of Government Capacity in Social Capital

- Government institutions are positive actors for raising social capital levels, but their effectiveness varies greatly by metropolitan status and (to a much lesser extent) region.
- Harnessing social capital through government resources is both a costly and long-term development approach. Governments that leverage policy to raise social capital are likely to be more effective in non-metropolitan counties.
- Our results support those who argue the use of policy to promote social capital may be more effective in smaller jurisdictions (Engbers & Rubin, 2018).



Social Capital is Partially Place-Bound

- All tested determinants change in productive value across a county's metropolitan status. This is also true for region, with the exception of government and education.
- The findings reinforce theories of place luck and path dependency in community development.
- Such findings shouldn't discourage the promotion of social context in "unfavorable" geographic contexts. They simply indicate a need for policy actors to be aware of the context of place.

Questions?

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