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# Learning and building social capital in a community of family farm businesses

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This paper analyses the processes that occur in a 'learning community' of Australian family agricultural businesses for evidence of use or generation of stores of social capital. The purpose of analysing processes that use or build social capital is to derive a framework or checklist of stages and characteristics that can be used to analyse the extent of social capital use and generation in other communities. The qualitative design is suitable for a study such as this, which investigates possible relationships and influencing factors concerning learning and changes to farm management practices. Data collection involved observing a learning activity session and interviewing 12 members in a focus group during the session and subsequently 14 individually at their farms. Data were analysed for themes and coded with the assistance of NUD\*IST qualitative data analysis software. An understanding of how what is identified as social capital can be built in a formalized learning programme can be used to facilitate social capital building; in other formal learning settings, as well as more widely. The findings of the study reported here and findings from studies of informal learning in geographic communities have contributed to the development of the Centre for Research and Learning in Regional Australia's model of the simultaneous building and use of social capital. The model, presented in this paper, conceptualizes the way in which social capital is used and built in interactions between individuals.

## Introduction

Recent work suggests that human capital works more effectively when used in conjunction with social capital, where human capital is knowledge and skills (Norris 1993), and social capital is networks, norms or values and trust or commitment present in a group or community (Coleman 1988, Putnam 1993). Social capital is a set of resources that assist people to work collectively (Woolcock 1998, Woolcock and Narayan 2000). Fafchamps and Minten (1999) investigate the determinants of economic success of agricultural traders in Madagascar and conclude that those with more social capital, as measured by the extent of relationships with others, are more successful. The Malagasy traders deliberately invest scarce time in developing and maintaining relationships. Like the Malagasy traders, the agricultural community that is the subject of this paper does not label what it is doing as 'building social capital'. This community of small agricultural business owners comes together to learn to better manage their businesses. Over time they come to recognize that as well as developing their

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human capital (business management skills), they have formed a support network that builds and draws on what can be recognized as social capital. Social capital in this paper is taken to be mechanisms and structures that assist people to use their knowledge and skills along with the knowledge and skills of others (human capital) for the benefit of the community or its members.

This paper starts with a discussion of the role of interactions between individuals in building social capital and the relationship between learning and social capital for family farm businesses. After a description of Executive Link<sup>TM</sup> (EL), the community that is the subject of the case study reported here, the way in which the EL community builds a network for mutual support through interactions is outlined. The paper moves on to discuss whether what the EL community has developed can be called social capital before forwarding a model of the process by which social capital is simultaneously used and built through individual interactions. A discussion of the determinants of the quality of social capital and a suggested model for the links between individual (micro), community (meso) and societal (macro) social capital precedes the conclusion.

### **Individual interactions: the engine of social capital**

There is a rapidly expanding body of research into social capital, much of which examines outcomes for families, communities, regions or whole nations. This research commonly attempts to establish a link between the quality of the outcomes and the networks, values, attitudes and levels of trust that can be observed within the family, community, region or nation being studied. Examples include Putnam's (1993) study of regions in Italy, Krishna and Uphoff's (1999) study of an Indian community and Narayan and Pritchett's (1997) study of families in rural Africa. These studies have informed attempts at a theoretical synthesis of how social capital works at family, community, regional and national levels and efforts to define just what it is, such as Woolcock (1998). It is clear from this work that networks and trust are significant indicators of social capital. Networks, values, attitudes and trust are operationalized in interactions between people or, as Coleman (1988: S100–101) says, social capital 'exists in the *relations* among persons'. Put another way, social capital is embedded in relationships between people.

Communities are places of social interaction. Definitions of community emphasize interpersonal bonds, such as collective action and mutual identity. Detailed examination of definitions of community shows that community is not necessarily restricted by territory (Wilkinson 1991).

The mechanisms and structures that assist people to use their knowledge and skills along with the knowledge and skills of others can be informal, such as social networks or formalized, for example, a community newspaper. Some of the mechanisms are to do with how people get along with each other—concepts such as trust, commitment to others and having shared values. Social capital is assumed to be a set of resources that can exist in geographic communities and communities of common purpose, such as the EL group of farmers.

Kreuter *et al.* (1997) note attempts to measure social capital have generally been at two levels: community and individual. However, there has been little work to date that analyses the micro level of interactions between individuals within a

community to uncover the processes that build or use social capital. The Centre for Research and Learning in Regional Australia has been working to fill this gap with studies such as those reported in Falk and Kilpatrick (2000) and Kilpatrick *et al.* (1999). These studies have examined the building and use of social capital within communities of common purpose as well as geographic communities.

This paper analyses the processes that occur in a 'learning community' of Australian family agricultural businesses (EL) for evidence of use or generation of stores of social capital. The purpose of analysing processes that use or build social capital is to derive a framework or checklist of stages and characteristics that can be used to analyse the extent of social capital use and generation in other communities. An understanding of how what is identified as social capital can be built in a formalized learning programme, such as EL, can be used to facilitate social capital building in other formal learning settings, as well as more widely. The findings of the EL study and findings from studies of informal learning in geographic communities have contributed to the development of the Centre for Research and Learning in Regional Australia's model of the simultaneous building and use of social capital. The model, presented in this paper, conceptualizes the way in which social capital is used and built in interactions between individuals.

### **How are social capital and learning related for small business?**

The literature on social capital argues that high levels of social capital lead to strong economic performance (for example, Putnam 1993). Development and maintenance of a strong economy requires an ability and willingness to adapt in the light of external pressures and opportunities. This, in turn, requires businesses to make appropriate and successful changes to their practices. Putnam's (1993) study of Italy found that regions with a large number of small firms that engaged in a mix of competition and co-operation—i.e. where there was a high level of horizontal integration—were economically successful. The flexibility that came from high horizontal and low vertical integration in the economy allowed the firms and their regions to succeed in a fast-moving economic world.

Paldam and Svendsen (1999) examined studies of and writings on social capital and concluded that social capital determines how easily people can work together. Studies of small businesses that draw on social capital show that social capital assists people to share knowledge and skills; the Fafchamps and Minten (1999) study of traders in Madagascar is an example. Better outcomes result when people use their knowledge and skills along with the knowledge and skills of others. Learning is a social process (Jarvis 1987) that has a transformative aspect, which has to do with understanding values, ideas and pressure from peers that constrain the way we think and act (Newman 1999). Social capital facilitates learning and change in communities because sharing at least some values and willingness to share ideas are features of social capital. It 'oils' the processes of learning through accessing, sharing and creating knowledge, skills and values. The members of EL combine their knowledge and skills through interactions that use networks, shared values and the commitment of members to the community.

## Executive Link™

EL comprises groups of Australian farm businesses whose management teams come together for regular structured training. Each group consists of a number of boards of around six member farm businesses and their owner/managers. The boards provide management advice to their members, who are free to accept or reject that advice. EL is a community of common purpose, whose shared purpose is to improve the economic outcomes of the member businesses.

Members must complete a prerequisite farm management training course. Meetings are held three times per year as residential workshops of three days duration. Each meeting has an experiential component based on members' business situations, and a training component, usually featuring an external trainer or facilitator. In the first component, farm businesses in each board share information about the physical and financial performance of their businesses with the intention of learning how to better manage their businesses. Training topics in the second component range widely from self-development topics such as positive thinking to management topics such as getting the most out of financial statements. Farm management consultants manage EL with the assistance of representatives of the members. Board membership is generally static, and new members are placed together in new boards.

Most members of EL, like the majority of Australian farm businesses, are husband and wife partnerships. Typically, all members of the business management teams attend EL meetings. Being a member of EL demands being open to change, and requires a demonstrated commitment to training (the prerequisite course). From earlier work on change and training in farm businesses (Kilpatrick 1996), it is safe to say that the members of EL are not typical of Australian farm businesses. EL has been operating for six years. The group we observed is two years old.

The farm business owners attribute the changes they have made to the physical and financial management of their businesses to their participation in EL. The changes, which can be summarized as better use of inputs, have contributed to an average 60% increase in business profitability for all continuing member businesses. A few business owners have moved out of the industry into alternative careers after assessing their situations and their likelihood of medium to long-term viability with the help of fellow members.

We observed an EL meeting, and conducted a focus group with 15 volunteers. Following the meeting, we developed a semi-structured interview questionnaire that we administered to nine volunteer members at their businesses. Three facilitators were also interviewed. The EL project and its methodology are reported in more detail in Kilpatrick *et al.* (1999).

## Building a network for mutual support

EL members form a network that they use to learn together and support each other as they make changes in their businesses. From the study of EL, it is possible to identify a more generally applicable process of developing the identity and knowledge resource of social capital resources through interactions. The sequential stages of the process are: (1) acquisition of a high level of personal self-

confidence by individual members and a high level of interpersonal skills, including leadership skills, (2) getting to 'know' each other as individuals (history and future aspirations), developing shared values and trust, (3) coming to regard each other as credible sources of support and advice, and (4) commitment to fellow members, or being prepared to 'put in'. Quotes from EL members illustrate these stages.

*Personal development: self-confidence, interpersonal and leadership skills*

Before they are able and willing to give effective support to fellow board members, people must get to know themselves and their own strengths and weaknesses. This member has come to realize that she can contribute useful ideas stemming from her non-farming background. After being in EL for about 18 months, she now feels confident to contribute:

[EL] gives you a lot more confidence in the decisions that you make ... It really does make you feel as if you're part of something ... and that you do have a contribution to make, even if it is just ... ideas which are totally non-farming orientated. (EL member)

Improving interpersonal skills of listening, empathy and being able to take on various roles in the group, such as leadership roles and keeping the group on task, assists the group's development as well as the personal development of members:

You've got a lot of different roles and they all work on each other and help each to benefit as a whole ... When the people in the group become more familiar with each other, then they really start doing a role reversal, so they give everybody else a go to develop their skills in areas in which they wouldn't have been so certain. (EL focus group)

The initial development of self-confidence and skills such as leadership through a variety of interactions assists in people 'getting to know each other'.

*Knowing each other*

'Getting to know' others occurs as members share their personal histories and future aspirations while they share experiences during EL meetings. This sharing establishes a climate of openness in which members feel free to challenge others and are open to constructive criticism. The boards learn effectively because the members all value the climate of openness. These people from a member business talk about what makes their board effective:

A preparedness to speak up ... Everyone's pretty comfortable with each other and prepared to say if they don't agree with something ... if someone's got a problem, there's no holding back ... Everyone respects everyone's opinion, and that's important. (EL member)

The EL members said that getting to know each other and building trust were necessary before members would introduce or discuss sensitive issues. Changes in these sensitive areas were the changes that permitted the businesses to make major improvements in performance. Once they got to know each other better, members started to refer fundamental problems or issues which required decisions to the board:

At the first couple of meetings ... everybody was so nice to each other. No-one's got any problems ... whereas now, it's going [the board is working]. The people who didn't have any problems have got the biggest problems. (EL member)

Knowing others share your outlook (or norms and values) helps because it provides support and gives confidence as you go about the overall management and operation of the businesses. Trust, along with rapport, develops as the group members get to know each other as people:

Suddenly I was with a group of people who understood our problems because they all had the same. That was a good feeling ... now there is enough trust, trust and care. (EL member)

'Getting to know each other' emerges through interactions, just as personal development occurred through interactions. Interactional opportunities in the formal meeting sessions and during breaks before and after sessions allowed members to move onto the next stage, coming to regard each other as credible sources of advice and support.

#### *Credibility of group/members as sources of support*

Board members had to get to know each other before they could regard each other as credible sources of advice and support, and be prepared to use each others' knowledge and skills. Support from boards as changes were made only came after the members understood each other, and after they developed some shared values and trust.

As people got to know each other, they developed a sense of belonging, and a sense that all group members could make valued contributions. Only at this stage are they able to decide whether fellow members and the group as a whole are credible as sources of support. That is, whether reassurance, advice or practical help from the board would be worth accepting. A member attending his second meeting commented that he was unsure how much notice he should take of advice from his board, whereas this member of 18 months clearly regards his board as a credible source of information and advice:

Everyone's got a strength, and why not pool your resources and say 'Well, he's good at that, I'll ask him how to do it!' It's a quicker way of finding out than bumbling around trying to do it yourself! (EL member)

This EL member sums up the advantages of having others available for interactive learning who are regarded as credible sources of advice and support:

You can employ a consultant anytime you like . . . but . . . he only has one point of view. One-on-one consultancy is never going to be as powerful as the group consultancy because everybody in our board or in the group has got an area of expertise . . . So it's got a lot more bang for your buck. (EL member)

The members recognize that they can learn more efficiently and produce better outcomes if they combine their knowledge and skills. This stage is reached only after there had been a number of interactions of a sufficient quality: (1) to produce personal development, and (2) allow the members to get to know each other well enough to (3) come to regard each other as credible sources of advice and support. There is a final stage before the members can actually combine their knowledge and skills for a particular purpose. It is having a commitment to the community.

*Commitment (being prepared to 'put in')*

Commitment featured repeatedly in the interviews and focus group that were held, and in conversations at the meeting. Commitment confirms the presence of the norm of reciprocity. The existence of commitment to the board is demonstrated by spontaneous actions that benefit others. One board helped one of its members to establish a computerized accounting system. Others speak more generally of actions that have helped them as they make changes to their businesses. There is acknowledgement that reciprocity is an integral part of the community:

We went to an auction the other day, and we bought this computer for [a fellow member] . . . [He's] got a lot to offer. These things work both ways . . . it's a complex web, and I'm sure if you help other people then you might get someone [to help you]. (EL member)

Not all the boards are equally effective relative to others that have been established for the same length of time. The less effective boards offer less support to their members. This member business is in a board that does not contact each other between meetings:

There's an inclination for the board members to say 'you go away and do that'. We don't really get in touch with each other and say 'how are you getting on, can I help in any way' . . . We could be a lot better. (EL member)

'Commitment' seems to represent the point at which personal development and 'getting to know each other' sufficiently to see each other as credible sources of support combine with sufficient reserves of trust between members to result in a commitment to future action.

### **Is the EL support network social capital?**

Several members talked of an unspoken feeling of commitment, which represents part of a store of social capital that can be drawn upon when needed for dealing



with difficult times. Knowledge of each others' expertise, other strengths and weakness, along with recognition that fellow members are credible as sources of support and advice are also elements of social capital that 'oils' the change process for EL members. The social capital can be operationalized because there is a commitment to act for the benefit of fellow members; there is a norm of reciprocity that leads to spontaneous actions for the benefit of others.

The structure of EL facilitates the development of a support network, which is an example of social capital. It does this first, by systematically providing opportunities for developing self confidence and interpersonal skills, including leadership, in training sessions and as the board members work together; and second, by providing shared experiences in training sessions and board sessions.

In itself, the EL process recognizes: (a) the crucial role played by opportunity for interactions (for example, in personal development), (b) the role of historicity/futurity (both in the need to build a shared history and to find out and share each others' history and future visions), and (c) the manner in which growing trust indicates the building of social capital, with 'acts of commitment' as some kind of clear evidence of the existence of group level trust.

There is evidence that EL follows the stages of group development described in the group development literature. The stages can be summarized as 'forming', 'storming', 'performing' and 'mourning' (see, for example, Corey and Corey 1997). However, analysis of the process followed by EL and its outcomes suggest that more than group development is occurring. The examination of EL reveals that social capital is built by the group.

As they learn together, the members generate horizontal social capital, as observed by Putnam (1993) in his study of Italy. The social capital is used as members make changes to their businesses. Consistent with the literature of social capital (for example, Coleman 1988, Narayan and Pritchett 1997, Putnam 1993), better outcomes result for EL members when they use their knowledge and skills along with the knowledge and skills of other members. Members use tools, such as benchmarking, and other knowledge gained from EL when making what are often major changes to the way they run their businesses. However, it is the social capital of the community that 'oils' the process of learning and implementing new practices, and which is vital in ensuring that major changes are made. This member sums up the advantage of the access to the pool of knowledge and support of the group:

There are so many farmers out there doing lots of work and putting in lots of effort, and just getting nowhere. And with a small amount of training and focussing, and a bit of back up, and a bit of support ... it just works so beautifully. (EL member)

There are two sorts of outcomes possible from interactions that use social capital. One outcome is some action or co-operation for the benefit of the community or its members, the other is the building or strengthening of social capital. This is illustrated by the next quote from one of a group who helped a fellow member make decisions about a major change in direction for the business.

There was tremendous commitment to ... go to [that board member's] place ... We went on a Saturday and most of us were in the middle of shearing ... I

had to get people to do my work for me and the other members of the board were in the same boat . . . We just had to do it, and it worked really well and we all gained from it. (EL member)

The experience is described as positive for the member who was helped—a direct outcome of the action that drew upon social capital. The set of interactions was also a positive experience for the group as a whole. They built more social capital as they shared an experience, developed their decision-making and facilitation skills, and got to know each other better ('we all gained from it').

*Social capital as knowledge and identity resources*

The foregoing analysis of the process whereby the EL community builds social capital provides insights into the make-up, or elements, of social capital. It is possible to identify two components of social capital, both of which must be present and used in interactions if social capital is to be operationalized. These components can be described as knowledge resources and identity resources. *Knowledge resources* are knowledge of who, when and where to go for advice or resources (including a knowledge of the human capital of the community and accessible external human capital), and knowledge of how to get things done. *Identity resources* are cognitive and affective attributes that allow community members to be able and willing (committed) to act for the benefit of the community and its members.

Knowledge and identity resources together enable community members to combine their skills and knowledge (human capital) with the knowledge and skills of others. They are micro level social capital resources, that is they reside in the individuals in a community. Knowledge and identity resources can be more formally explained as follows.

*Knowledge resources.* This is where the interactions draw on the resource of common understandings related to knowledge of people, places, ideas and relationships. This knowledge is drawn from sources internal and external to the community. It includes knowledge of:

- the skills, knowledge and affective attributes including values of others in the community: note an historical as well as present dimension to this;
- the common physical resources of the community including aspects of place, formal and informal networks, procedures, rules and precedents, internal and external resources and sources of information.

*Identity resources.* This is where the interactions draw on internal and external resources of common understandings related to personal, individual and collective identities. Identity resources build a sense of 'belonging' and encourage participation, as well as providing the framework for people to re-orient their views of self and others in order to be 'willing to act' in new ways. This includes the role of interactions in:

- producing and reproducing identities of self, others and place as a product of various knowledges, skills, values and collective resources;
- shaping and shifting identity-formation in such a way that facilitates people's agency, willingness or capacity to act for the benefit of the community, and in new and different roles, including leadership roles, than their previous perceptions of self allowed.

Building the two components of micro social capital, knowledge and identity resources, occurs concurrently. This is illustrated in the description of EL members building social capital as they learn. Our study of EL found that getting to know each other and building trust were necessary before sensitive issues were introduced or discussed by group members. Members had to get to know each other before they could regard each other as credible sources of advice and support for sensitive issues; that is before they would actually use each others' skills and knowledge. Getting to know each other is building knowledge resources.

EL members spoke of increasing self-confidence and personal development. Personal self-confidence, high-level interpersonal communication and leadership skills are a part of identity resources, the willingness and ability to act for the group. As they got to know each other, they developed shared values and trust, a sense of belonging and commitment, and a sense that all group members could make valued contributions, that is, they built identity resources. Coming to regard each other as credible sources of support and advice is a further stage in the building of knowledge resources. Commitment to the board and fellow members, or being prepared to 'put in' is at the core of identity resources.

An understanding of the composition of social capital as knowledge and identity resources assists identification of its presence in communities and identification of possible interventions or strategies that will build social capital. Such an understanding makes it possible to operationalize social capital.

### **A model of simultaneous building and use of social capital**

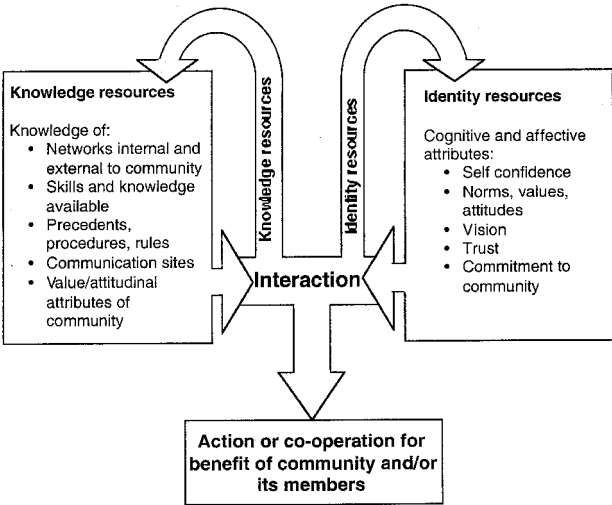
Participation in activities in a community provides opportunities for interaction, these being opportunities for building social capital and for using social capital to enhance economic or social outcomes, as has been described in the EL community. It should be noted at this point that not all interactions have positive or beneficial outcomes for individuals or communities, neither do all interactions build social capital. The quality of the outcome of the action and the quality of the social capital resources that are built depend on the social capital available and drawn on in interactions. It is suggested that the quality of the knowledge and identity resources (micro level social capital) accessed in the interaction, and the quality of the community and societal level social capital determine the quality of the outcomes. Before discussing further aspects of social capital resources, a model of the simultaneous building and use of social capital is forwarded (figure 1). This model has been developed by the Centre for Research and Learning in Regional Australia from analysis of EL and several whole community case studies (Falk and Harrison 1998).

As social capital is used, knowledge and identity resources change. For example, community members learn more about the skills, values and attitudes of others or

they come to share values and visions. Social capital is dynamic and its quality is constantly changing. Importantly, the quality of social capital resources brought to an interaction can only be judged in relation to the purpose of the interaction. The EL members who went to visit a fellow member to help with major decisions, even though they were in the middle of shearing (see earlier quote), brought highly relevant knowledge resources. The identity resources used in the interaction included shared visions and values that were directly applicable to the decisions to be made, as well as the high levels of trust and commitment discussed in previous sections. Had the same people come together, say, to build a house or construct a sculpture for a town square, it is most unlikely that the social capital resources brought to the interaction would be as relevant for the purpose of the interaction. They would not be of the same quality. The EL members could not be expected to have knowledge of relevant networks within or outside the community, nor relevant knowledge and skills. They may have conflicting values and visions about the house or sculpture—should the house be energy efficient or constructed as cheaply as possible? Should the sculpture be contemporary or traditional style?

*Quality of social capital used and built in interactions*

The quality of an interaction and the quality of its outcomes (both the action and social capital built) depend on the quality of available knowledge and identity resources, judged according to their relevance for the purpose of the interaction. Quality also depends on the degree to which knowledge resources are shared. The degree of sharing of knowledge resources depends in turn on the quality of identity resources available. Interactions of high quality will foster learning



**Figure 1. Simultaneous building and using of social capital in interactions between individuals (Centre for Research and Learning in Regional Australia Model).**

through sharing knowledge resources and encouraging positive identity shifts. Ability to achieve quality outcomes in the form of appropriate changes, and hence resilience to 'shocks', varies according to the quality of social capital available for varied purposes.

It is suggested that aspects of quality include:

- the extent and relevance of knowledge of skills, knowledge and values of those within the community (quality of internal networks);
- the extent and relevance of knowledge of skills, knowledge and values of people external to the community (quality of links between internal and external networks);
- the degree of shared experience and understanding of aspects of history—personal, community, precedents (historicity);
- the extent to which shared visions (futurity) reconcile historical experience;
- ease of communication (physical sites, rules, procedures and degree of shared language);
- the extent to which norms, values and attitudes are shared;
- degree to which participants build each others' self confidence or encourage positive identity shifts;
- levels of trust and commitment.

The distinction between knowledge resources relating to those within the community and knowledge resources relating to people external to the community has some similarity to the concept of strong and weak ties (Granovetter 1973). There is also similarity to Putnam's bonding and bridging forms of social capital. Bonding refers to links with like-minded people (those 'within' the community) while bridging refers to links between heterogeneous groups (somewhat analogous to links with external networks). The main difference here is that intra-community and external networks are regarded as complementary, rather than in conflict with each other. Links between internal and external networks reduce the likelihood of conflict and social exclusion.

### **Social capital of the community and society**

Interactions between community members contribute to the stock of the social capital of the community. They also inevitably draw on the social capital of the community and wider society to which the interacting parties belong. Knowledge resources available in interactions consist largely of knowledge of community networks, procedures, rules and precedents, other interactional infrastructure available in the community and beyond, and knowledge of the value/attitudinal attributes of the community which will influence actions or their outcomes. Identity resources (trust, norms, values, attitudes and vision) are shaped by the community and the wider society. The degree to which values, norms and visions are shared with the community will influence the outcomes of interpersonal interactions, by affecting the ease with which community members interact and the degree of sharing of knowledge resources which occurs.

Individuals' knowledge and identity resources and community and societal social capital resources are interdependent. This quote illustrates how sharing values,

norms, attitudes and visions changes identity as the member comes to regard himself as like others, instead of alone:

[It's] getting the big picture, how other people do it. You get the feeling that you are not just rowing your own canoe, there are others there doing the same thing ... it makes it much easier to be positive. (EL member)

It is suggested that community and societal level social capital that is drawn on and added to in interactions is of two types: interactional infrastructure and value/attitudinal infrastructure. Interactional infrastructure provides networks that help identify people with whom to interact, sites and opportunities to come together to interact, and guides for the interactions in the form of procedures and leadership. Value/attitudinal infrastructure underlies all interactions; the degree of trust and sharing of norms, values, attitudes and visions determines the ease with which community members interact. Interactional infrastructure is akin to micro level knowledge resources, while value/attitudinal infrastructure is similar to identity resources.

Events and meetings and networks are part of the community's interactional infrastructure. The quality of leadership and its distribution in a community can facilitate and co-ordinate access to social capital resources within and outside a community. Leadership is part of a community's interactional infrastructure. Trust, values, norms, attitudes and visions that are shared, and the degree to which community members are prepared to act on behalf of others without an immediate return (reciprocity), are part of the community's value/attitudinal infrastructure.

### **External links that cross the boundary of the community**

Social capital is created by members of a community through interactions and is available for the benefit of members of the community. It is mutually built and owned. However, social capital is not restricted to the knowledge and identity resources available within a community. External interactions are essential if communities are to successfully adapt and change. A community that has access to knowledge and identity resources from the broader society has a wider pool of social capital upon which to draw for various purposes, and so is more resilient to 'shocks' and can achieve better outcomes. Drawing on external resources delineates this view of social capital from the view of social capital as simply another term for 'social cohesion' or 'social solidarity'. Without the dimension of external links, (closed) communities are more likely to perpetuate local prejudices and other anti-social values.

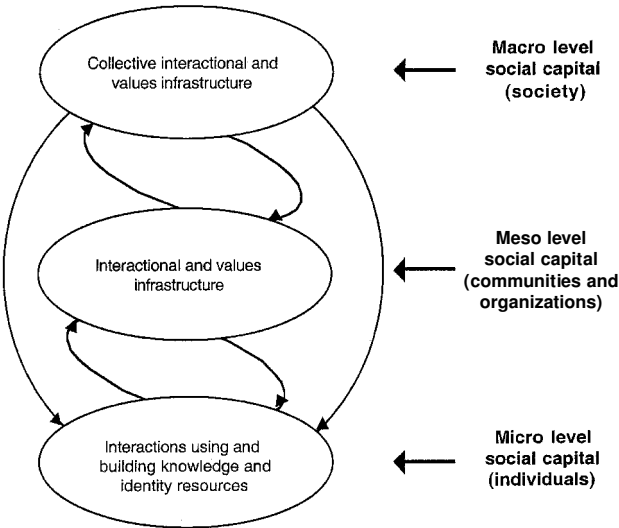
A lot of effort is made to include all members of EL in the community. Outside of EL, some members said that they found they had less in common with their geographic neighbours now they were part of the EL community. However, 18 months after the data reported here were collected, several members have joined leadership training programmes with the intention of playing a leadership role in the wider agricultural or rural community, suggesting that they are attempting to extend their external networks and continue to build social capital.

Figure 2 suggests how the individual, micro level social capital, made up of knowledge and identity resources, interacts with community level (meso) and societal level (macro) social capital. Macro level social capital can be thought of as collective interactional and values infrastructure.

The model built in figures 1 and 2 applies for a ‘meso’ level of both geographic communities and communities of common purpose, such as the EL community and professional associations. The quality of the social capital built and used at the micro level of interactions between individuals is influenced by the quality of the social capital at community and societal levels. Importantly, micro level social capital is also the engine that builds and sustains social capital at meso and macro levels. The resilience of communities depends on having opportunities for interactions that draw on high quality social capital. That is relevant, quality internal networks with excellent links to external networks, a shared understanding of the past (historicity), shared visions (futuricity), norms, values and attitudes, and high levels of trust and commitment.

Purpose

What makes social capital what it is and not simply a random collection of networks, values and trust lies in its task-orientation. Networks, trust and values do exist. However, the value of the definition of social capital put forward here lies in defining it precisely *in its interactive purpose*. When people come together to act for some common project, not all their skills, knowledges or identities will be used or useful for that task. Clearly, an architect’s professional attributes will be useful if the task is building a community hall, while that person’s other attributes as a musician (for example) will not be relevant to that task. The interactions between the architect and other members of the group who have the purpose of building



**Figure 2. Societal and community level social capital resources sustained by interpersonal interactions.**

the hall will draw on those aspects of knowledge and identity relevant to that task, so the 'social capital' resources for that event are prescribed by its purpose. This example highlights the significance of purpose in addressing the question as to whether the concept of social capital is genuinely new. The work of the Centre for Research and Learning in Regional Australia, such as that cited here regarding EL, illustrates the differences between the components of social capital (which are simply human resources) and social capital as the enacted and relevant resources for particular communities of common purpose.

## Conclusion

The EL community achieves positive economic outcomes because it is adaptable and willing to change. EL members found that by combining their knowledge and skills, they were able to achieve better outcomes for their farm businesses. By learning new knowledge and assuming different identities (roles) as confident 'doers', members make decisions about business activities that they would not have been likely to make otherwise. Member businesses are more resilient because the community acts as a support network that assists businesses as they make changes to take advantage of opportunities and minimize the effects of threats. These characteristics match those attributed to social capital in the literature. It is the argument of this paper that these individual components of social capital do indeed act as a resource to people engaged in a community of common purpose, and that this resource (while able to be seen as a compilation of attributes associated with its networks, values and trust) is *activated as a single entity* during times of interaction between members. That is, members do not make a conscious choice in selecting the appropriate mix of values, networks and aspects of trust when confronted with the need to act with others in pursuit of a common goal. They simply engage the resources best called social capital during their interactions.

There are lessons about building social capital that other communities can learn from EL. Much is readily applicable to other formal learning settings and structured groups. Lessons from EL can also be used to build social capital in less well structured settings. Knowledge of the process that builds social capital and the model of its simultaneous building and use provides a guide to areas where intervention in communities can work to build social capital. For example, communities that want to enhance their learning through building social capital should work to develop shared language, shared experiences, shared visions, trust, personal development and an identification with the community. Policy that provides opportunities for interactions in a climate that encourages [positive] relevant and purpose-related identity shifts will foster the building of social capital.

Social capital can be thought of as the oil that lubricates the process of learning through interaction. Informal or deliberately arranged interactions help people get to know each other and develop networks. The interactions also increase people's confidence to act for the benefit of the community and its members, and build a commitment to members of the community and the community as a whole. Thus social capital is dynamic, and is both used and built through learning interactions where people share knowledge, skills and values.



Learning, social capital and change are interlinked. At the micro level of interactions, purpose-related knowledge resources and identity resources oil the process of change to enhance outcomes. The process of change in a community is a learning process, which simultaneously draws on and builds social capital. Learning and change lead to more effective outcomes if they are able to use the knowledge and skills of community members in an integrated fashion.

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