Wellbeing & Social Cohesion: Analysis of the NIDS Wave 1 Dataset

Discussion Paper no. 7

Justine Burns
Department of Economics, University of Cape Town
Justine.Burns@uct.ac.za

1. Introduction

Individuals and households often participate in a myriad of organisational activities and engage socially with others in their communities on a range of issues. The term "social cohesion" refers to these forms of social capital. This conceptualisation follows from the work of Robert Putnam, and refers to the different ways that members of a community interact with one another, thereby providing "a map of a community's associational life, and thus with it a sense of its civic health." (Grootaert et al, 2004:3). Collecting this kind of data allows one to examine the extent to which social capital contributes towards household welfare and poverty reduction, as well as examining the determinants of social capital. The National Income Dynamics Study (NIDS) provides an important opportunity to examine the impact of social capital on well-being and social cohesion since data on participation in community and civic organisations has been collected in Wave 1 in Section M of the adult questionnaire, along with information on life satisfaction, happiness, trust, perceived income status of the household and expectations concerning economic mobility in the future.

Social capital may improve welfare levels by reducing transaction costs, improving the flow of information about market opportunities, promoting collective action and participatory decision-making, as well as providing informal insurance mechanisms. Numerous studies now document the positive association between social capital and community, household and individual welfare. (Grootaert, 1999, Grootaert, 2000, Narayan, 1999, Putnam, 1995).[1] Narayan and Pritchett (1999) find that the impact of social capital on household per capita expenditure is between 4 and 10 times as large as the impact of human capital. Grootaert et al (1999) finds that the impact of social capital is twice as large as that of human capital on household welfare. These results have been used to argue for the importance of civic engagement, and the strengthening of local associations and community institutions both internationally and locally.

The importance of social capital and its contribution towards well-being and social cohesion has been a central policy theme since the democratic transition in South Africa 1994. The

---

[1] Narayan and Pritchett find that the impact of social capital on household per capita expenditure is between 4 and 10 times as large as the impact of human capital. Grootaert finds that the impact of social capital is twice as large as that of human capital on household welfare.

information collected in NIDS Wave 1 in this regard provides policy makers with an opportunity to take the pulse of the nation and gain insight into the state of the national psyche – the aspirations, hopes and fears of South African citizens.

2. Life Satisfaction and Happiness

Table 1 provides an overview of the levels of satisfaction that South African adults feel in relation to their lives currently, as well as whether they are now more or less happy than they were ten years ago. Adult respondents were asked to indicate how satisfied they felt with their lives as a whole currently, using a scale of one to ten, where one meant "Very dissatisfied" and ten meant "Very satisfied". Mean satisfaction levels are 5.57, suggesting no overly strong feeling of satisfaction nor dissatisfaction with the current status quo. Importantly though, 44% of South Africans report that they are happier currently than they were 10 years ago. This is almost double the number of citizens who report that they are less happy currently than they were ten years ago.

Levels of life satisfaction vary by location, race, employment status, household income and educational attainment. Individuals living in the Western Cape, Northern Cape and Mpumulanga report the highest levels of satisfaction, with two thirds of individuals in the Northern Cape reporting that they are happier currently than they were ten years ago. Satisfaction levels are lowest in KwaZulu-Natal and Limpopo province, with one in three individuals in KZN reporting that they are less happy currently than they were ten years ago.

Satisfaction levels are considerably lower for individuals living in tribal areas or informal settlements compared with individuals living in formal settlements. Not surprisingly then, individuals in tribal areas and informal settlements are also less likely to respond that they are happier currently than they were ten years ago compared with individuals in formal settlements.

Satisfaction levels also differ by race, with White South Africans reporting the highest satisfaction levels, followed by Indians and Coloureds, with Africans reporting the lowest levels of satisfaction with their current situation. Importantly, only 40% of Africans respond that they are happier currently, and just over a quarter of African respondents indicate that they are less happy currently than they were ten years ago. This stands in stark contrast to the happiness levels indicated by individuals from other race groups, with 73% of Indians, 57% of Coloureds and 53% of Whites indicating they are currently happier than they were a decade ago.

In part, these racial differences may be attributable to persistent socio-economic inequalities which tend to be highly correlated with race. Consider that employed individuals are both more satisfied and more likely to report being happier currently than compared to individuals who are not employed. The same trend holds in relation to household poverty status. Individuals from wealthier households report higher satisfaction and happiness levels than individuals from poorer households. Interestingly, while there is not much variation in the satisfaction levels reported by different age cohorts, it does appear to be the case that younger cohorts are currently happier than they were a decade ago than compared with older cohorts.

Table 1: Level of satisfaction with life

	Satisfaction with Life		Happier than 10 yrs ago		Less happy than 10 yrs ago	
	Mean	*Std. dev*	*Mean (%)*	*Std.dev*	*Mean (%)*	*Std.dev*
All	5.57	(0.08)	0.44	(0.01)	0.24	(0.01)
Western Cape	6.41	(0.16)	0.50	(0.03)	0.21	(0.03)
Eastern Cape	5.35	(0.34)	0.41	(0.05)	0.28	(0.03)
Northern Cape	6.32	(0.17)	0.67	(0.02)	0.15	(0.02)
Free State	5.65	(0.21)	0.45	(0.03)	0.22	(0.03)
KZN	4.78	(0.20)	0.36	(0.03)	0.33	(0.02)
North West	5.77	(0.16)	0.44	(0.03)	0.24	(0.02)
Gauteng	5.81	(0.16)	0.51	(0.02)	0.18	(0.02)
Mpumulanga	6.21	(0.22)	0.52	(0.03)	0.23	(0.02)
Limpopo	5.03	(0.20)	0.31	(0.02)	0.21	(0.02)
Rural Formal	5.27	(0.26)	0.43	(0.05)	0.23	(0.03)
Rural Informal	5.10	(0.08)	0.34	(0.03)	0.22	(0.03)
Tribal	4.86	(0.13)	0.32	(0.02)	0.29	(0.01)
Urban Formal	6.14	(0.09)	0.52	(0.02)	0.21	(0.01)
Urban Informal	4.93	(0.17)	0.43	(0.04)	0.25	(0.03)
Male	5.61	(0.08)	0.45	(0.01)	0.23	(0.01)
Female	5.53	(0.09)	0.43	(0.01)	0.25	(0.01)
African	5.22	(0.09)	0.40	(0.01)	0.26	(0.01)
Coloured	6.48	(0.16)	0.57	(0.03)	0.14	(0.02)
Asian/Indian	6.77	(0.26)	0.73	(0.04)	0.18	(0.04)
White	6.97	(0.12)	0.53	(0.03)	0.19	(0.02)
Employed	6.00	(0.09)	0.55	(0.01)	0.18	(0.01)
Not employed	5.38	(0.09)	0.40	(0.01)	0.26	(0.01)
HH Income quintile 1	4.67	(0.21)	0.29	(0.02)	0.33	(0.02)
HH Income quintile 2	4.92	(0.11)	0.37	(0.02)	0.28	(0.02)
HH Income quintile 3	5.33	(0.12)	0.39	(0.02)	0.27	(0.02)
HH Income quintile 4	5.57	(0.09)	0.47	(0.02)	0.22	(0.01)
HH Income quintile 5	6.78	(0.08)	0.61	(0.02)	0.13	(0.01)
No schooling	4.72	(0.15)	0.27	(0.02)	0.33	(0.02)
Primary schooling only (Gr 1-7)	4.88	(0.09)	0.36	(0.01)	0.29	(0.01)
High school only (Gr 8-11)	5.58	(0.09)	0.43	(0.02)	0.23	(0.01)
Completed matric	6.00	(0.11)	0.52	(0.02)	0.19	(0.01)
Post-school/tertiary education	6.45	(0.12)	0.61	(0.02)	0.17	(0.01)
15-24 yrs	5.71	(0.10)	0.48	(0.02)	0.20	(0.01)
25-34yrs	5.45	(0.11)	0.47	(0.02)	0.24	(0.01)
35-44yrs	5.52	(0.10)	0.45	(0.02)	0.25	(0.01)
45-54yrs	5.53	(0.13)	0.39	(0.02)	0.28	(0.02)
55-64yrs	5.59	(0.14)	0.38	(0.02)	0.27	(0.02)
65yrs+	5.64	(0.14)	0.36	(0.02)	0.26	(0.02)

Note: Sample weights have been used. Standard deviations are in brackets.

3. Interpersonal trust

There is now a large literature affirming the importance of trust (and social capital, more generally) in enhancing the operation of markets and institutions (Arrow, 1973; Coleman, 1990), facilitating co-operation in resolving social dilemmas (Messick and Brewer, 1983; Coleman, 1990), and improving economic growth (Knack and Keefer, 1997). Trust is the product of both individual attributes and group-level or interpersonal interactions and reflects the propensity of individuals to co-operate to produce socially efficient outcomes. By reducing transactions costs, higher trust should be associated with higher co-operation, and may even enhance the performance of a society's institutions (Fukuyama, 1995, Putnam, 1995, 1993, Coleman, 1988). Indeed, there is evidence to suggest that higher levels of trust are associated with higher per capita GNP growth. (Zak, 1998, La Porta, 1997). Using data from The World Values Survey, Zak and Knack (Zak, 1998) argue that trust is positively correlated with investment rates and per capita income growth, even after controlling for other determinants of economic growth. They argue that successful development depends critically on the confidence which private agents have that agreements will be honored.

Experimental methods and more traditional survey methods have both been used to collect data on trust. The General Social Surveys (GSS) typically ask individuals to respond to the statement "Generally speaking, would you say most people can be trusted" or some variation thereof. Experimental methods have relied on trust games (Berg et al, 1995) or a lost wallet experiment in which wallets containing cash and contact information of the "owner" are randomly dropped in various locations, and a record is kept of how many wallets are returned. NIDS Wave 1 adopts neither of these approaches, and instead asks respondents to indicate the likelihood that a hypothetical lost wallet or purse containing R200 would be returned.

To the extent that these questions used in NIDS capture some element of interpersonal trust, the results suggest that levels of trust are uniformly low, with 72% of individuals indicating that it was unlikely that a lost wallet would be returned if it were found by someone living close by (Table 2). In the event that the lost wallet was to be found by a stranger, 87% of individuals indicated that it was unlikely a lost wallet would be returned. Trust levels, as proxied by these questions, are highest in Limpopo, Mpumulanga and the

Western Cape and lowest in the Eastern and Northern Cape and KwaZulu-Natal (Table 2). This holds true both for trust in relation to individuals living close by returning a lost wallet, as well as trust in strangers. Survey measures on trust often diverge from experimental measures of trust. Even so, if the survey responses of South Africans participating in NIDS were to be borne out in reality, they would stand in stark contrast to the actual results of a series of lost wallet experiments conducted in Europe and USA. In Europe, 58% of finders returned the wallets, whilst in America, 67% of wallets were returned in this experimental setting (The Economist).

Individuals may differ in their trust levels for a number of reasons. These include differing beliefs about the trustworthiness of others, different abilities to elicit trustworthy behaviour from others, different beliefs or preferences about giving to others (based on altruism or past experiences), and different levels of risk tolerance (Glaeser, 1999). A study in the United States (Glaeser, 1999) finds that self-reported trust levels decrease with age, city size, and employment status,[2] and that black individuals trust less than White individuals. On the other hand, trust increases with income, education, churchgoing, marital status[3] and gender, with men being marginally more trusting than women.

Turning to the NIDS Wave 1 data, there are some similarities in this respect, as borne out in Table 2. White South Africans are more likely to indicate that a lost wallet would be returned if found by someone living close by than compared to South Africans from other race groups. Similarly, individuals living in wealthier households and individuals with higher educational attainment are also more likely to indicate that a lost wallet would be returned if found by someone living close by. However, in contrast to the Glaeser et al study (1999), older individuals are more likely to report that a lost wallet would be returned if found by someone living close by than compared to individuals from younger cohorts.

Importantly, there is a lot less variation in the responses concerning the likelihood that a lost wallet would be returned if found by a stranger as opposed to someone living close by. It appears that respondents thought of strangers in a fairly similar way, and hence, there is less variation in the responses of individuals with different characteristics. This would seem to suggest that in characterising the likelihood that a lost wallet would be returned if found

---

[2] They find that individuals who are working for pay trust less.
[3] Married individuals are more trusting.

by someone living close by, respondents' answers were coloured by their own life experiences and living conditions in their communities.

Table 2: Measures of interpersonal trust

Trust measures	Unlikely lost wallet returned by someone living close by		Unlikely lost wallet returned by stranger	
	Mean (%)	*Std. dev*	*Mean (%)*	*Std. dev*
All	0.72	(0.01)	0.87	(0.01)
Western Cape	0.66	(0.05)	0.86	(0.02)
Eastern Cape	0.81	(0.03)	0.94	(0.01)
Northern Cape	0.78	(0.03)	0.89	(0.03)
Free State	0.72	(0.05)	0.84	(0.04)
KZN	0.79	(0.03)	0.89	(0.02)
North West	0.76	(0.04)	0.84	(0.03)
Gauteng	0.71	(0.03)	0.86	(0.02)
Mpumulanga	0.69	(0.03)	0.86	(0.02)
Limpopo	0.51	(0.03)	0.79	(0.03)
Rural Formal	0.73	(0.03)	0.87	(0.03)
Rural Informal	0.88	(0.02)	0.90	(0.05)
Tribal	0.72	(0.02)	0.86	(0.01)
Urban Formal	0.70	(0.02)	0.87	(0.01)
Urban Informal	0.76	(0.04)	0.84	(0.03)
Male	0.71	(0.02)	0.86	(0.01)
Female	0.72	(0.01)	0.87	(0.01)
African	0.73	(0.01)	0.85	(0.01)
Coloured	0.82	(0.03)	0.94	(0.01)
Asian/Indian	0.73	(0.06)	0.95	(0.03)
White	0.53	(0.04)	0.87	(0.03)
Employed	0.70	(0.02)	0.87	(0.01)
Not employed	0.72	(0.01)	0.86	(0.01)
Income quintile 1	0.76	(0.02)	0.88	(0.01)
Income quintile 2	0.77	(0.02)	0.88	(0.01)
Income quintile 3	0.74	(0.02)	0.85	(0.02)
Income quintile 4	0.73	(0.02)	0.87	(0.01)
Income quintile 5	0.61	(0.03)	0.86	(0.02)
No schooling	0.76	(0.02)	0.87	(0.01)
Primary schooling only	0.79	(0.01)	0.88	(0.01)
High school only (Gr 8-11)	0.74	(0.01)	0.87	(0.01)
Completed matric	0.66	(0.02)	0.85	(0.02)
Post-school/tertiary education	0.60	(0.04)	0.84	(0.02)
15-24 yrs	0.74	(0.02)	0.87	(0.01)
25-34yrs	0.73	(0.02)	0.85	(0.01)
35-44yrs	0.70	(0.02)	0.85	(0.01)
45-54yrs	0.72	(0.02)	0.88	(0.01)
55-64yrs	0.68	(0.02)	0.89	(0.01)
65yrs+	0.68	(0.03)	0.85	(0.02)
Religious activities NB	0.71	(0.01)	0.87	(0.01)
Religious activities not NB	0.76	(0.03)	0.86	(0.02)

Note: Sample weights have been used. Standard deviations are in brackets.

4. Social cohesion

Individuals often participate in a myriad of organisational activities, and engage socially with others in their communities on a range of issues. Communities that are stable, and have a strong sense of civic engagement are more likely to have individuals participating in local voluntary associations and are, therefore, more likely to be more cohesive and adept at solving collective action dilemmas. This will be further enhanced if individuals feel they have some hope of positive economic mobility over time.

NIDS is ideally positioned to be able to examine these questions since Wave 1 has collected data on the participation of individuals in voluntary associations, as well as data on individual expectations concerning mobility and perceptions of relative household well-being. With subsequent waves of NIDS, it will be possible to examine the extent to which these different elements of social cohesion have contributed towards individuals and household well-being.

Table 3 presents summary statistics relating to the self-classified perceptions of individuals concerning household well-being relative to other households in their village or suburb. These kinds of subjective assessments are important since perceived inequality can serve to undermine social cohesion. Individuals may be more prone to co-operate when others in their group or community are similar to them, since this fosters a strong group identity (Kramer and Brewer, 1984; Kollock, 1998). Communities that are characterised by greater inequality, be it real or perceived, may be less successful in resolving collective action dilemmas.

Almost half of all individuals self-classified their households as being below the average income status of other households in their community, with 17% regarding their households as being much below average income. Only 11% reported their households to be above average in terms of income status. This correlates with reported life satisfaction levels, with individuals in households perceived to be below average income reporting significantly lower life satisfaction levels than those in households perceived to be at or above the average income status of other households in the community. Similarly, it is not surprising that individuals in households perceived to be below average income relative to others in the community are also less likely to express a preference to remain in their

current community. In fact, 22% of individuals who classified their households as being much below average income of the community expressed a preference to leave their current community. Thus, perceptions about household income status relative to others in the community has the potential to undermine social cohesion through its impact on life satisfaction levels, leading to disgruntlement and discontent, as well as through its impact on community stability, which will depend on the extent to which individuals are able to act on their preferences to leave. Communities that are subject to frequent in- and out-migrations of individuals will find it more difficult to remain socially cohesive over time.

Table 3: Perceived household well-being relative to others

Self-classification of household status compared to others in village/suburb	Satisfaction with life		Prefer to stay in current village/suburb		Prefer to leave current village/suburb	
Mean (%)	Mean	Std. dev	Mean %	Std. dev	Mean %	Std. dev
Much above average	0.03	7.39	(0.24)	0.78	(0.05)	0.17	(0.05)
Above average	0.08	6.94	(0.13)	0.73	(0.03)	0.13	(0.02)
Average	0.41	6.23	(0.07)	0.76	(0.01)	0.12	(0.01)
Below average	0.31	4.77	(0.10)	0.74	(0.01)	0.14	(0.01)
Much below average	0.17	4.02	(0.13)	0.64	(0.02)	0.22	(0.02)

Note: Sample weights have been used. Standard deviations are in brackets.

Tensions concerning perceived household well-being will, to some extent, also be mediated by the individual's perception of the household's economic mobility over time. Individuals who regard their household as being below the average income status of other households in the community may, nevertheless, be less discontent if they believe the household to be on a positive economic trajectory over time. Tables 4-6 provide some insight into this. Adult respondents were asked to imagine a six step ladder, where the poorest people in South Africa stand on the bottom step (the first step) and the richest people stand on the highest step (the sixth step), and to then report the position of their household on the ladder for various points in time. As such, a comparison of these reports provides some indication of perceived or expected economic mobility of the household over time.

Table 4 compares the perceived household status on the ladder when the respondent was 15 years old to its current perceived position on the ladder. The results suggest that 27% of individuals who perceived their households to have been in the poorest category when they were 15 years old considered their households to be in the same position currently. However, 52% of individuals who reported their household to have been on the bottom rung of the ladder when they were 15 years reported some economic mobility, with their

households now being perceived to be on the second step. Indeed, a significant number of individuals who reported their households to have been on step 1 or 2 when the individual was 15 years old report an improved position for the household currently, with the household typically moving up one step on the ladder (from step 1 to 2, or step 2 to 3). This is encouraging. However, for individuals who classify their households as having been on steps 3 through 6 when they were 15 years old, there is less perceived economic mobility. In most cases, individuals record their households as having remained in the same status.

Table 4: Perceived current household status compared to household status at age 15

Perceived household status at 15	Perceived current household status					
	Poorest	**2**	**3**	**4**	**5**	**Richest**
Poorest	0.27 (0.01)	0.52 (0.02)	0.18 (0.01)	0.03 (0.00)	0.01 (0.00)	0.00 (0.00)
2	0.06 (0.01)	0.33 (0.02)	0.50 (0.02)	0.10 (0.01)	0.01 (0.00)	0.00 (0.00)
3	0.06 (0.01)	0.16 (0.01)	0.43 (0.02)	0.30 (0.02)	0.04 (0.01)	0.01 (0.00)
4	0.04 (0.01)	0.16 (0.02)	0.24 (0.02)	0.34 (0.03)	0.19 (0.02)	0.03 (0.01)
5	0.07 (0.03)	0.16 (0.04)	0.40 (0.06)	0.13 (0.04)	0.21 (0.05)	0.03 (0.01)
Richest	0.07 (0.04)	0.07 (0.04)	0.35 (0.11)	0.06 (0.03)	0.06 (0.03)	0.39 (0.12)
Total	0.14 (0.01)	0.34 (0.01)	0.35 (0.01)	0.14 (0.01)	0.03 (0.00)	0.01 (0.00)

Note: Sample weights have been used. Standard deviations are in brackets.

Table 5 compares current perceived household status to expected household status in two years time. With the exception of the top two categories (rungs 5 and 6), there is an expectation of significant upward economic mobility for the household on the part of respondents. For example, of those individuals who classified their households as currently being amongst the poorest, only 18% expected that their households would remain in this status in two years time. Just over a third of these individuals expected that their households would have climbed a step on the ladder to position 2, while a further quarter expected their households to have climbed two rungs to position 3. This economic optimism

is evident in categories 1 through 4. For households currently classified as being amongst the richest (category 6), almost all individuals expected their households to retain this position over the coming 2 years, whilst for those individuals who classified their households as currently being on step 5, the majority of individuals expected to remain in this position or move up.

Table 5: Perceived current household status vs. expected household status in 2 years

Perceived current household status	Expected household status in 2 years time					
	Poorest	2	3	4	5	Richest
Poorest	0.18	0.37	0.25	0.09	0.06	0.04
	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)
2	0.01	0.19	0.57	0.17	0.04	0.02
	(0.00)	(0.02)	(0.02)	(0.01)	(0.00)	(0.00)
3	0.00	0.02	0.27	0.52	0.15	0.05
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
4	0.00	0.01	0.03	0.34	0.51	0.11
	(0.00)	(0.00)	(0.01)	(0.03)	(0.03)	(0.01)
5	0.00	0.00	0.03	0.01	0.49	0.47
	0.00	0.00	(0.02)	(0.01)	(0.06)	(0.06)
Richest	0.00	0.00	0.03	0.01	0.01	0.95
	0.00	0.00	(0.02)	(0.01)	(0.01)	(0.02)
Total	0.03	0.12	0.33	0.30	0.16	0.07
	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Note: Sample weights have been used. Standard deviations are in brackets.

This economic optimism is even more starkly revealed in Table 6, which compares current perceived household status to expected household status in five years time. The trends from Table 5 are once again evident, but in addition, individuals are for more optimistic about the household's ability to move out of its current state into a better economic position. For example, recall that of those individuals who classified their households as currently being amongst the poorest, 18% expected that their households would remain in this status in 2 years time (Table 5). However, over a five year horizon, only 9% of individuals expect that their households will be unable to escape their current poverty status. This expectation is manifest for each category on the ladder.

Table 6: Perceived current household status vs expected household status in 5 years

Perceived current household status	Expected household status in 5 years time					
	Poorest	2	3	4	5	Richest
Poorest	0.09 (0.01)	0.16 (0.02)	0.27 (0.02)	0.17 (0.01)	0.15 (0.01)	0.16 (0.02)
2	0.01 (0.00)	0.07 (0.01)	0.22 (0.01)	0.38 (0.02)	0.20 (0.01)	0.13 (0.01)
3	0.00 (0.00)	0.01 (0.00)	0.12 (0.01)	0.27 (0.01)	0.37 (0.01)	0.23 (0.01)
4	0.00 (0.00)	0.00 (0.00)	0.02 (0.01)	0.18 (0.02)	0.32 (0.02)	0.46 (0.03)
5	0.00 (0.00)	0.01 (0.01)	0.00 0.00	0.02 (0.01)	0.31 (0.06)	0.66 (0.06)
Richest	0.00 0.00	0.00 0.00	0.00 (0.00)	0.00 0.00	0.00 0.00	1.00 (0.00)
Total	0.02 (0.00)	0.05 (0.01)	0.16 (0.01)	0.27 (0.01)	0.27 (0.01)	0.24 (0.01)

Note: Sample weights have been used. Standard deviations are in brackets.

This economic optimism is confirmed in Table 7, which provides a comparison of current monthly household income to expected future monthly household income. Current mean monthly household income (based on full imputations) is R6128.48 compared to a conservative[4] expected mean monthly household income in 5 years time of R13174.70. Moreover, this optimism seems to be higher amongst poorer households.

---

[4] These calculations (presented in the final 2 columns of Table 7) exclude all responses that indicated an expected household monthly income of R120 000 or more. Making this adjustment excludes 1% of responses. Columns 3 and 4 of Table 7 provide the estimates based on the full sample.

Table 7: Comparison of current and expected future monthly household income

	Current monthly household income		Expected household income in 5 years		Expected household income in 5 yrs (adjusted for outliers)	
	Mean (rands)	*Std. dev*	*Mean (rands)*	*Std. dev*	*Mean (rands)*	*Std. dev*
Mean	6128.5	(551.1)	17482.7	(1067.6)	13174.7	(580.3)
Income quintile 1	995.2	(38.2)	11319.2	(1279.7)	8841.5	(724.0)
Income quintile 2	2064.8	(96.5)	9901.5	(1024.0)	8191.0	(480.4)
Income quintile 3	2944.2	(137.8)	13285.4	(1078.0)	10330.9	(509.5)
Income quintile 4	5070.8	(163.5)	17285.6	(1809.3)	12736.9	(657.2)
Income quintile 5	19579.7	(1661.8)	32119.1	(2677.7)	23633.2	(1326.6)

Note: Sample weights have been used. Standard deviations are in brackets.

5. Organisational memberships and participation

The economic optimism present in the data need not be unfounded if individuals and households have stocks of social capital on which they can draw to ensure that the household does indeed experience positive economic mobility over time. There are different kinds of social capital upon which individuals can draw, with differential implications for economic success. Linking social capital refers to ties between community members and people in positions of authority, such as public officials (Gittell and Vidal, 1998; Narayan 2002; Putnam 2000; Woolcock, 1999). Bridging social capital is inclusive in nature, building bridges across classes and race groups for example, and facilitates the dissemination of information as well as access to external assets and opportunities. By way of contrast, bonding social capital is exclusive in nature and emphasizes strong group identity and homogeneity. This type of social capital is useful in mobilization, and in asserting solidarity and reciprocity. In short, "Bonding social capital is…good for getting by, but bridging social capital is crucial for getting ahead" ((Putnam, 1995:23) quoting (de Sousa Briggs, 1998)). Thus, it is important to identify the kinds of social capital that promote individual and household welfare, and the conditions required to promote such an institutional environment.

One approach is to measure social capital in terms of organisational memberships and participation in voluntary associations. This is an approach emanating from the work of Putnam (1995). Prior to the first democratic elections in 1994, South Africa had a rich history of civic engagement and participation, embedded both in traditional notions of "ubuntu" and in the mass-mobilisation in the struggle against the Apartheid State. Yet, in many instances, apartheid legislation served to erode ubuntu (Maluleke, 1996), leading Maluccio et al (2000:5) to conclude that that "stocks of social capital in 1993 South Africa were low, and when not low, the stocks employed were for political and physical survival rather than economic advancement."

Post 1993, these contradictions have remained. Attempts to bolster social capital have been evident by the high premium placed on community involvement and participatory democracy. On the other hand, increasing crime rates and outbreaks of political and xenophobic violence have taken their toll. Nevertheless, applying this standard to the KIDS data, Maluccio et al (2000) find that household social capital (measured by household

membership in formal and informal groups) had a positive and significant impact on household welfare in 1998, but not 1993.

Wave 1 of NIDS provides the foundation to examine this question nationally, since each adult was asked to indicate their membership in any of a number of organisations. The data collected in the baseline can be used to examine the extent to which these memberships enhance individual and household welfare over time.

As Table 8 demonstrates, over a third of adults belong to at least one local organization or voluntary association, and in fact, most individuals report only one membership.[5] The most popular memberships are burial societies, with 20% of adults belonging to a burial society, followed by memberships in stokvels, sports groups and music groups.

Table 8: Membership in community organization or group

Community organization/group	Mean (%)	Std.dev
Percent adults who belong to at least one organisation	0.36	(0.01)
Stokvel	0.06	(0.00)
Burial society	0.20	(0.01)
Community garden group	0.01	(0.00)
Farmers Association	0.01	(0.00)
Sewing group	0.01	(0.00)
Sports group	0.07	(0.00)
Study group	0.04	(0.00)
Singing or music group	0.05	(0.00)
Youth group	0.03	(0.00)
Informal trader's group	0.00	(0.00)
Men's association	0.01	(0.00)
Women's association	0.03	(0.00)
School committee	0.02	(0.00)
Water committee	0.01	(0.00)
Development committee	0.01	(0.00)
Tribal authority	0.01	(0.00)
Other	0.01	(0.00)

Note: Sample weights have been used. Standard deviations are in brackets.

Table 9 provides summary statistics concerning the characteristics of adults that record at least one membership of an organization. The results suggest that these individuals are more likely to be from older cohorts as opposed to younger cohorts, are more likely to be

---

[5] A quarter of individuals report a single membership, while 7% report two memberships and 3% report three memberships.

female, and to be African or Coloured. In addition, these individuals are less likely to live in households that fall in the poorest or richest quintiles. This may simply indicate that individuals in the richest quintile do not rely as heavily on these forms of social capital in order to access opportunities or to insure against risk (as in the case of burial societies and stokvels) whilst individuals in the poorest quintiles may be excluded from participation, especially in organisations such as stokvels and burial societies, due to credit constraints. Educational attainment (or lack thereof) does not appear to be a significant barrier to participation.

Table 9: Characteristics of adults who belong to at least one organization

Characteristics	Mean (%)	Std. dev
All	0.36	(0.01)
African	0.39	(0.01)
Coloured	0.31	(0.03)
Asian/Indian	0.13	(0.05)
White	0.20	(0.03)
Male	0.34	(0.01)
Female	0.38	(0.01)
No schooling	0.40	(0.02)
Primary schooling only (Gr 1-7)	0.36	(0.02)
High school only (Gr 8-11)	0.35	(0.01)
Completed matric	0.35	(0.02)
Post-school/tertiary education	0.38	(0.03)
15-24 yrs	0.32	(0.02)
25-34yrs	0.33	(0.02)
35-44yrs	0.39	(0.02)
45-54yrs	0.39	(0.02)
55-64yrs	0.40	(0.02)
65yrs+	0.43	(0.03)
Rural Formal	0.33	(0.05)
Tribal	0.38	(0.02)
Urban Formal	0.35	(0.02)
Urban Informal	0.38	(0.03)
HH Income quintile 1	0.30	(0.02)
HH Income quintile 2	0.37	(0.01)
HH Income quintile 3	0.40	(0.02)
HH Income quintile 4	0.39	(0.02)
HH Income quintile 5	0.33	(0.03)

Note: Sample weights have been used. Standard deviations are in brackets.

Finally, it would appear that membership of these organisations may yield some additional positive benefits in the form of life satisfaction and interpersonal trust. The reported mean

life satisfaction for individuals who belong to a voluntary association is higher, albeit marginally, than for those individuals who report zero memberships. Moreover, individuals who do not participate in these voluntary associations exhibit higher levels of mistrust than individuals who do participate in these associations. This may indicate that these local associations act primarily to provide bonding social capital amongst local community members, but this question can only be definitively answered once subsequent rounds of NIDS have been completed.

Table 10: Life satisfaction, interpersonal trust and organisational membership

Indicator	Adult has at least one membership		Adult has zero memberships	
	Mean	*Std. dev*	*Mean*	*Std. dev*
Mean life satisfaction	5.73	(0.08)	5.46	(0.10)
Unlikely that lost wallet be returned by someone who lives close by (%)	0.69	(0.02)	0.73	(0.01)
Unlikely that lost wallet be returned by stranger (%)	0.85	(0.01)	0.87	(0.01)

Note: Sample weights have been used. Standard deviations are in brackets.

References

Berg, J; Dickaut, J. and McCabe, K. "Trust, Reciprocity and Social History." Games and Economic Behaviour, 1995, 10, pp. 122-42.

Coleman, J. "Social Capital in the Creation of Human Capital." American Journal of Sociology, 1988, 94 (Supplement)(S95BS120).

De Sousa Briggs, X. "Doing Democracy up Close: Culture, Power, and Communication in Community Building." Journal of Planning Education and Research, 1998, 18, pp. 1-13

Fukuyama, F. 1995. Trust. New York: The Free Press.

Gittell, R, and Vidal, A. (1998) Community Organising: Building Social Capital as a Development Strategy, Newbury Park, CA: Sage Publications

Glaeser, E; Laibson, D; Scheinkman, J; and Soutter, C. "What Is Social Capital? The Determinants of Trust and Trustworthiness," NBER, 1999.

Granovetter, M. "The Strength of Weak Ties." American Journal of Sociology, 1973, 78, pp. 1360-80.

Grootaert, C. "Social Capital, Household Welfare, and Poverty in Indonesia," Washington D.C.: World Bank, 1999.

Grootaert, C. and Narayan, D. "Local Institutions, Poverty and Household Welfare in Bolivia," Washington, D.C.: World Bank, 2000.

Grootaert, C., Narayan, D., Jones, V., Woolcock, W. (2004) Measuring Social Capital: An Integrated Questionnaire, World Bank Working Paper No. 18., Washington D.C.

La Porta, R.; Lopez-deSilanes, F.; Shleifer, A.; and Vishny, R.W. "Trust in Large Organisations." *American Economic Review*, 1997, *87*(2 (Papers and Proceedings of the Hundred and Fourth Annual Meeting of the American Economic Association)), pp. 333-38.

Maluccio, J.; Haddad, L; and May, J. "Social Capital and Household Welfare in South Africa, 1993-98." *Journal of Development Studies*, 2000.

Maluleke, T.S. "African Culture, African Intellectuals and the White Academy in South Africa: Some Implications for Christian Theology in Africa." *Religion and Theology*, 1996, *1*.

Narayan, D and Pritchett, L. "Cents and Sociability: Household Income and Social Capital in Rural Tanzania." *Economic Development and Cultural Change*, 1999, *47*(4), pp. 871-97.

Narayan, D. (2002) "Bonds and Bridges: Social Capital and Poverty" in Jonathan Isham, Thomas Kelly and Sunder Ramaswamy (eds) *Social Capital and Economic Development: Well Being in Developing Countries*, Northampton, MA, Edward Elgar.

Portes, A. (1998) "Social Capital: Its Origins and Applications in Contemporary Sociology", *Annual Review of Sociology*, 24: 1-24

Putnam, R. *Bowling Alone: America's Declining Social Capital*, 1995.

Putnam, R. (2000) *Bowling Alone: The Collapse and Revival of American Community*, New York, Simon and Schuster.

Slater, C. "Class Differences in Definition Role and Membership in Voluntary Associations among Urban Married Women." *American Journal of Sociology*, 1960, *65*(6), pp. 616-19.

Woolcock, M. (1998) "Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework", *Theory and Society*, 27(2):151-208

Zak, P.J.; and Knack, S. "Trust and Growth," University f Maryland at College Park: Center for Institutional Reform and the Informal Sector, 1998.

___. *Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press, 1993.