

Provincial performance and social capital in Papua New Guinea

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Introduction

A frequent question asked by policy makers worldwide is what is it that makes government work well. The aim of my study is to identify ways to develop more effective government institutions in Papua New Guinea (PNG). It is often argued that the prospects for effective government depend on the level of economic and financial resources. Arturo Israel argues that 'improved institutional performance is part and parcel of the process of modernization. Unless a country becomes 'modern', it cannot raise its performance to the level now prevailing in the developed world' (Israel 1987:56).

It is clear that cultural, social and economic factors all affect the performance of government institutions, but the

question of why some countries are more successful than others in managing to develop their economies, and establish democratic government is still a pressing puzzle, which decades of exercises in cross-country econometric analysis has not been able to solve. It is apparent that the issue is not the amount of sheer resources pumped into a country, but the existence of certain conditions for resources to be channelled effectively into priority goals (Serra 1998:3).

In recent years, political scientists have begun referring to society's confidence in its institutions as the stock of 'social capital'. For example, the World Bank assesses social capital by 'the informal rules, norms and long-term relationships which can explain differences in the nature and intensity of popular collective activity in different communities or nations' (World Bank 1997:114). Social capital is therefore determined by two sets of issues: the norms, values and traditions that promote cooperation, and the networks, relationships and organisations that bring people together to try to solve common problems.

I adopt the broadest view of social capital, which includes the social and political environment that shapes social structure and enables norms to develop. Social capital is now generally considered as important as human capital and natural resources and,

despite limitations of proxy indicators for social capital, the patterns of results which emerge point to the importance of cross-cutting ties across social groups for engendering co-operation, trust and social and economic well being and better government performance (Narayan 1999:23).

Social capital and government performance

Robert Putnam sought to explain the reasons for good government performance in Italy (Putnam 1993:8), and more recently he looked at the evidence for declining civic engagement in the United States, and its relationship with political and economic performance (Putnam 2000).

For his Italian analysis, he used the unique experiment begun in 1970, when Italy created new governments for each of its regions. These regions varied greatly in wealth, social structure and political leanings. The institutional performance of each region was measured by a composite index based on 12 elements, which included promptness in adopting the budget approved by the regional assembly, extent of legislative innovation, provision of day care centres and of family clinics, industrial policy instruments, local health unit expenditures and bureaucratic responsiveness to citizens' queries. The degree of civicness (that is, the level of social capital) in each region was measured by means of quantitative and qualitative indicators: voter turnout at referenda, lack of candidate preference voting in political elections, newspaper readership and density of sport and recreation associations.

In Putnam's analysis, the statistical relationship between regional variation in institutional performance and differences in the degree of civicness were found to be more significant than in the case of socioeconomic variables. He concluded:

some regions of Italy ... are blessed with vibrant networks and norms of civic engagement, while others are cursed with vertically structured politics, a social life of fragmentation and isolation, and a culture of distrust. These differences in civic life turn out to play a key role in explaining institutional success (1993:15).

Putnam also found that it was not the degree of political participation that distinguished civic from uncivic regions, but its character. An effective government-citizen relationship is the outcome of successful solutions to dilemmas of collective action. Norms of reciprocity and networks of civic engagement favour this outcome, because they raise the costs of defection, facilitate information among people, reduce uncertainty and provide models for future cooperation.

Is it possible to use Putnam's methodology in other countries, and explain differentials in institutional performance among governments with identical organisational forms? Measuring social capital is difficult. Several studies have identified useful proxies

for social capital, using various types of qualitative and quantitative research methods. Renata Serra examined the possibility of replicating Putnam's methodology in the context of the Indian states (Serra 1998). She discussed the available data for India at the state level, constructed some new indicators, and attempted some preliminary statistical analysis of the relationship between social capital and Indian state performance.

Judith Tendler (1997) drew on cases of good performance by a state government in Brazil to show how people working in public agencies can be closely embedded in the communities they work with, and thereby create 'social capital'. Tendler also found that:

civil society, in turn, was not an unmitigated good. Important fractions of it perpetuated poor government, while others were pressuring effectively for better government. When local civil society played a role in bringing about better government, it was sometimes because central government had made it possible for alliances to form across the government-civil society divide. This enabled reformist fractions of civil society to unite with reformist fractions within government, sometimes at both the local and central levels (1997:157).

Tendler's research revealed that civic associations play an important role in improving the performance of local government.

Several influential studies therefore have been focussed on social capital (cooperation and trust) as a central element in government performance, suggesting that 'its roots are buried in centuries of cultural evolution' (Putnam 1993), but that social capital can also be created to support political and economic development.

Provincial government in Papua New Guinea

There is now significant qualitative evidence from a number of studies to indicate that features such as the level of trust and norms of cooperation (that is, social capital) crucially impinge on the effectiveness of government institutions. The question is whether these approaches are relevant to understanding the reasons for the poor performance of such institutions in PNG. Various reasons are given for the poor performance of provincial government in PNG, including inappropriate design (that is, the *Organic Law on Provincial Government and Local Level Government 1995*), a lack of economic and financial resources, a low level of skills, and cultural impediments. John Burton argues, for example, that

many of the problems of provincial development ... are traceable to cultural attitudes, not to absolute shortage of money, nor to intrinsically badly educated officials and politicians. Culture is praiseworthy — in village affairs. When it invades government, it leads wittingly to cronyism and nepotism, and unwittingly, to structural imbalances that may take years to correct (1998:175).

The provincial governments in PNG have essentially identical institutional designs and therefore performance differences between provinces cannot be explained by this factor, but there are vast differences between provinces in their economic endowments. One might therefore expect that the wealthier provinces enjoyed an

advantage over their poorer counterparts in economic and financial resources, but it seems that the different levels of provincial government performance cannot be explained by their respective levels of economic and human resources. John Burton shows, for example, how Western Province, generally regarded as one of the worst performing provincial governments, has received substantial funding, and 'by 1992, only Enga, a far more populous mining province, edged out Western for the top spot in the provincial rankings of overall funding' (Burton 1998:160).

A recent study of Western Province by the Australian Agency for International Development (AusAID), found that the province:

is relatively wealthy compared to other provinces. But two dominant features of the provincial economy are a marked dualism and poor financial resource utilisation. The majority of the population is not significantly involved in the cash economy, receives few benefits from the province's income, and gets minimal service from government. These shortcomings are attributable more to poor administration and planning and a limited economic base than to a lack of financial resources (AusAID 2000:8).

In measuring provincial performance, the first comprehensive study of districts in PNG was published by Wilson in 1974 (note that following PNG's independence, the districts became provinces). However, in 1984, the PNG National Planning Office requested the PNG Institute of Applied Social and Economic Research (IASER) to conduct a study on spatial inequalities at the district level. This study attempted to delineate differences in socioeconomic development at the district level based on an initial list of 32 indicators (de Albuquerque and D'Sa 1986).

The social indicators used for the study were derived primarily from the provincial data system and the 1980 national population census. The indicators were categorised under six main categories: demographic, migration, economic, education, access and health. A development ranking for the provinces had previously been estimated by the same authors in an earlier analysis of spatial inequalities in PNG. In their 1986 study, the researchers aggregated the district scores to the provincial level, revealing a favourable comparison with the earlier preliminary study. Provinces were ranked in terms of their development. The IASER study is still the most comprehensive ranking of provincial performance.

Measuring social capital in PNG

Quantitative indicators of social capital applicable to PNG provinces have to be identified. Empirical studies differ in the way they attempt to measure social capital: some have used the density of networks while others have used measures of trust. Others have combined a measure of network density with some proxies for assessing the strength of relevant norms. Krishna and Shrader argued that 'neither an exclusively networks-based nor an entirely norms-dependent measure suffices for scaling social capital' (1999:4).

Putnam used horizontally organised networks to measure social capital in his Italian analysis, and argued that vertical networks, no

matter how dense and no matter how important to their participants, could not sustain social trust and cooperation (Putnam 1993:173). More recent studies in other countries indicate that 'horizontally shaped networks do not necessarily reveal the presence of higher social capital' (Krishna and Shrader 1999:7). Because of the enormous uncertainties surrounding this issue, Krishna and Shrader have expressed the view that 'what sorts of norms are associated with which types of networks cannot be assumed in advance but it must be verified independently for each social context' (1999:8).

For this study, four indicators have been chosen: education outcomes, the level of community awareness, the number of community-based organisations, and the level of women's participation in local government. The correlation coefficients between each of these social capital indicators (independent variables), with the provincial development ranking from the IASER analysis (dependent variable), are then calculated.

Social capital and education

Recent research shows an important relationship between social capital and education. In particular, it indicates that social capital is not only a critical input for education, but also a by-product. In addition to strengthening the human capital needed for economic development, social development and state accountability, education seems to foster social capital networks. It seems that social capital is produced through education in three ways: by students practising social capital skills, such as participation and reciprocity; by schools providing forums for community activity; and, through public education, by students learning how to participate responsibly in their society.

It is true that levels of educational attainment are linked to levels of economic development. However, financial resources alone do not guarantee positive educational outcomes for students. Considerable evidence shows that family, community and state involvement in education improves outcomes. Primary schools constitute a centre for social capital in rural areas of PNG. While they are considered to be government institutions, the community also funds them in large part.

School-based research in both developed and developing countries indicates that social capital plays an important role in creating effective schools. In 1997, Francis and colleagues undertook a survey of 54 schools and communities across six zones in Nigeria concerning primary school quality, and found that school environments were not conducive to learning. The research indicated that trust between parents and teachers, the effectiveness and involvement of the local parent-teacher association, and the support and effectiveness of the governmental administration are key components in producing effective schools. It was concluded that the changing relationship between school and community are reflected in the decline of involvement in building educational capacity (Francis et al 1998).

For PNG, the percentage of the population that has completed year 10 at school is used to provide an indicator of the relative levels of 'educational quality' achieved in each province. The statistical

relationship between provincial development (the dependent variable) and the quality of education (independent variable) is calculated and the Pearson correlation is $r = .735, p < .01$.¹ This indicates an association between the two variables, or it appears that a higher quality of education is associated with a higher level of development and is statistically significant. R squared shows that 54 per cent of the variance in one variable can be accounted for by the other.²

Social capital and community awareness

Another indicator of social capital is the community's awareness about current events. The *Papua New Guinea Human Development Report 1998* provided data on communications in PNG because it is argued that it:

plays an essential role in facilitating the process of economic and social development and promoting human development. Modes of communication such as print media, broadcast radio, television, video, postal services and telecommunication services are crucial in the dissemination of information and in linking remote locations to services (Government of PNG 1999:128).

The most common form of modern communication in PNG is the transistor radio. However, newspaper readership is also an important mode of communication, because of the role it plays in providing wide information and views on issues of community concern. The relationship between provincial development and newspaper readership is $r = .520, p < .05$, which is statistically significant. The similar relationship with radios finds $r = .751, p < .01$, which is also statistically significant. R squared for newspaper readership is 27 per cent and for radios it is 56 per cent.

Social capital and community-based organisations

The *Papua New Guinea Human Development Report 1998* also highlights the role of village organisations in contributing to a positive social environment, because 'churches and local government councils provide structures for mediating disputes between individuals, clans and tribes to maintain peace and stability within communities' (Government of PNG 1999:47). In particular, an important role is played by community-based groups for women. These groups engage in a range of activities that provide income earning opportunities, non-formal skills training, and literacy and awareness training. The number of women's groups is estimated using the number of census units that have women's groups, as reported in the village services database (Government of PNG 1999:60). Statistically, the relationship between government performance and the density of women's associations for the selected provinces is $r = .705$, which indicates a fairly strong association. R squared is 50 per cent.

Social capital and women in politics

The role of women in local level politics may also provide an indication of the stock of social capital in a community. At the

national level, participation is very low with currently only one woman member in the national parliament. However, at the local level, women's participation is higher and this can be partly attributed to a requirement in the new Organic Law for some female representation. The relationship between provincial development and the number of women in local politics is $r = .481$, $p < .05$, which is statistically significant. R squared is 23 per cent.

Conclusion

The specific aim of this study was to analyse the feasibility and validity of both measuring social capital and identifying its role in explaining the differential performance between provinces in PNG. A variety of reasons have been given for the poor performance of provinces in PNG, but arguably the most important are inappropriate institutional design, the lack of economic and financial resources, and other 'socio-cultural' explanations. Most attempts to reform provincial governments have focussed on the institutional structure, and on providing financial resources, but very little attention has been given so far to the role of social capital.

The analysis of the four available indicators with the IASER ranking shows that there is a clear relationship between the level of social capital and the performance of provinces in PNG. As a result, in PNG, public policy should focus on the links between government institutions and social capital, rather than have a primary emphasis on the formal structure of the institutions, or on the level of economic or financial resources.

The recent provincial government reforms have thus far failed to achieve improvements in performance because the reforms have neglected this aspect. The comparative analysis of the provinces shows that more emphasis should be given to encouraging social capital to improve government performance at all levels in PNG.

Notes

- 1 The Pearson Correlation shows the strength of linear relationships, and the size of the value provides an indication of the strength of the relationship. A perfect correlation of 1 indicates that the value of one variable can be exactly determined by knowing the value of the other variable (Punch 1998:123).
- 2 R squared shows the proportion of the variance in one variable that is accounted for by the other variable.

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