CIVIC HEALTH AND THE ECONOMY: Making the Connection

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In partnership with:

NCoC
National Conference on Citizenship
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CIRCLE

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Corporation for National & Community Service
Executive Summary

Multiple studies over the past several years point to a compelling truth: there is a strong relationship between civic health and a thriving economy. This report attempts to weave together the most interesting studies into a story about how communities become healthier when more people are civically engaged.

Together with our partners, NCoC has embarked on a journey to explore what role civic health can play in boosting the economic performance of our communities. That exploration culminated in two studies. In 2011, we examined the relationship between civic engagement and economic resilience, finding that five measures of civic engagement – attending meetings, helping neighbors, registering to vote, volunteering and voting - help protect communities against unemployment and contribute to overall economic resiliency. The subsequent study - released in 2012 – built upon the first. It found that communities with greater nonprofit density and stronger social cohesion were not hit as hard during the Great Recession.

In June 2013, the Corporation for National and Community Service (CNCS) made the next connection between civic health and employment when they released “Volunteering as a Pathway to Employment.” This report provides substantial evidence establishing a connection between volunteering and finding a job. The report shows that volunteering is associated with an increased likelihood of finding employment for all volunteers regardless of a person’s gender, age, ethnicity, geographic area or the job market conditions.

This report outlines those studies and summarizes a number of others that found:

- Civic engagement can develop skills, confidence, and habits that make individuals employable—and signal desirable qualities to potential employers.
- Participation in civil society is strongly correlated with trust in other people. High levels of trust and social capital, in turn, may facilitate economic transactions and promote innovation in business.
- Civic engagement can encourage people to feel attached to their communities, and create an infrastructure that encourages people to invest, spend and hire.

We hope that you will share the good news about how communities become healthier with family, friends, and colleagues around the country.

Civic Health and Unemployment: Can Engagement Strengthen the Economy?

In 2011, NCoC, in partnership with CIRCLE at Tufts University, Civic Enterprises, Saguaro Seminar, and the National Constitution Center, released a seminal report exploring the relationship between civic engagement and economic resilience. It found that five measures of civic engagement - attending meetings, helping neighbors, registering to vote, volunteering, and voting – appear to help protect communities against unemployment and contribute to overall economic resiliency.

Civic Health and Unemployment II: The Case Builds

In 2012, additional research strengthened the relationship between civic engagement and economic resilience. It found that the density and type of nonprofit organizations in a community, as well as a community’s social cohesion, are important predictors of its ability to withstand unemployment in a recession.

- The ten states that scored the best on both nonprofit density and social cohesion had unemployment rates of 6.5 percent in 2010, compared with 10.8 percent unemployment in the lowest-scoring states.
- States with high social cohesion had unemployment rates two percentage points lower than their less connected and trusting counterparts, even when controlling for demographics and economic factors.
- A county with one extra nonprofit per 1,000 people in 2005 would have half a percentage point less unemployment by 2009.
  - The types of organizations that appear to be helpful could be described as:

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Organizations that provide direct, tangible benefits to their members;

- Horizontal organizations, characterized by peer-to-peer interactions and collective decision-making;

- Groups that meet regularly and whose supporters perceive themselves as genuine members; and,

- "Thick" rather than "thin" organizations. In "thick" organizations, people are loyal to the group and are generally willing to do what it decides to do (within reason), whereas "thin" groups pursue a defined agenda their members endorse. In other words, thick groups involve commitment, whereas thin ones are transactional.

For individuals who held jobs in 2008, the odds of becoming unemployed were cut in half if they lived in a community with many nonprofit organizations rather than in one with a few nonprofits. This is true even if the two communities were otherwise similar.²

Volunteering as a Pathway to Employment

New research from the Corporation for National and Community Service (CNCS), entitled “Volunteering as a Pathway to Employment,” provides compelling empirical evidence establishing an association between volunteering and employment.

- Volunteers have a 27 percent higher likelihood of finding a job after being out of work than non-volunteers.
- Volunteers without a high school diploma have a 51 percent higher likelihood of finding employment than non-volunteers.
- Volunteers living in rural areas have a 55 percent higher likelihood of finding employment than non-volunteers.
- Volunteering is associated with an increased likelihood of finding employment for all volunteers regardless of a person’s gender, age, ethnicity, geographical area, or the job market conditions.³

Further Evidence

In addition to the studies above, there is a growing body of work supporting the argument that civic health and economic vitality are fundamentally interwoven. The following hypotheses, and supporting literature, help explain why these links exist.

1. PARTICIPATION IN CIVIL SOCIETY CAN DEVELOP SKILLS, CONFIDENCE, AND HABITS THAT MAKE INDIVIDUALS EMPLOYABLE, AS WELL AS CULTIVATE THE NETWORKS THAT GET PEOPLE JOBS.

- A 2006 study found that the labor-market value of “people skills” has increased rapidly in Britain, Germany, and the United States since 1970. Measures of “people skills” include, for example, preference for work that requires contact with people and a “preference for working for the presumed good of people.” The authors found that levels of sociability among young people predict their acquisition of people skills and also predict wages in adulthood.⁴

- Eighty-one percent of volunteers in national service programs believe their service will improve their chance of finding jobs.⁵

- Among the many important studies linking human capital accumulation to volunteering,⁶ one study in particular notes that volunteer work “raises one’s future earning power by providing work experience and providing potentially valuable contacts.”⁷

- Mark Granovetter’s seminal article on networks asserted that people find jobs through contacts, and especially through their “weak ties”—individuals whom they know, but who are not especially important to them.⁸

- A more recent study found that personal and professional ties are the most important avenues to getting a job. Since then, multi-billion dollar online social networks have been created to facilitate weak-tie connections for hiring.⁹

States with high social cohesion had unemployment rates two percentage points lower than their less connected and trusting counterparts, even when controlling for demographics and economic factors.
2. VOLUNTEERING AND COMMUNITY INVOLVEMENT MAY SIGNAL DESIRABLE QUALITIES TO POTENTIAL EMPLOYERS—PROVIDING A COMPETITIVE ADVANTAGE IN HIRING.

- Volunteering may send a signal to employers about the personal qualities of the volunteer. Signaling theory suggests that while the job applicant knows full well their abilities, the employer only knows what is revealed through the application, interview, or other personal references and observation. Studies suggest that volunteering may send a similar signal to employers that an individual has a certain degree of human and social capital that may or may not be held by other applicants who did not volunteer. It is possible that even if volunteering does not actually confer additional human or social capital, it can provide the volunteer a competitive advantage to the extent that employers identify volunteering with desirable characteristics.

- Reinforcing this theory, a recent nationwide study by Career Builder asked hiring managers and human resource professionals across industries which factors would make them more likely to choose one of two equally qualified candidates. Community involvement was one of the top responses, with 26 percent choosing this as a determining factor. Another study by Deloitte also indicates that skills-based volunteering provides a marketability edge for job-seekers.

3. PARTICIPATION IN CIVIL SOCIETY IS STRONGLY CORRELATED WITH TRUST IN OTHER PEOPLE. HIGH LEVELS OF TRUST AND SOCIAL CAPITAL MAY, IN TURN, FACILITATE ECONOMIC TRANSACTIONS AND PROMOTE INNOVATION IN BUSINESS.

- Most studies find that trusting other people encourages individuals to join groups, and participating in groups builds trust. This is especially the case when individuals spend more time engaged in volunteering activities through an association. In turn, trust is a powerful predictor of economic success because people who trust are more likely to enter contracts and business partnerships, and because confidence in others is a precondition for investing, hiring, and business innovation.

- Social capital promotes business. It increases networking efficiency, reduces transactional costs, and makes for easier coordination within a network. Social capital encourages innovative ideas to become reality, because players in a strong network can share ideas, exchange key information, and connect ideas within the network.

- Furthermore, Richard Florida, who coined the term “creative class,” argues that highly educated and talented people may be drawn to high social capital areas. They contribute to the growth of the local economy and a lower level of unemployment. This is partly because they change the composition of the local workforce and because they make the local economy grow.

4. SOCIAL CAPITAL AND CIVIC ENGAGEMENT CAN PLAY A KEY ROLE IN INFORMAL ECONOMIC EXCHANGE AND INCOME MOBILITY.

- Most existing literature focuses on economic activities that are conducted through businesses and formal (i.e., recorded) transactions. However, a study in the U.K. found that in impoverished areas a majority of economic transactions related to local work occurs within a social network of family and friends. The study argued that community engagement and economic transactions are intricately tied to one another as, in some areas, over 75 percent of material support to friends and neighbors involved cash transactions. Thus, strong social capital in a local community can keep cash flow in the community active and (informal) businesses alive in times of economic hardship.

- Other studies found monetary transactions with neighbors build and maintain social capital as much as provide individuals with economic gain. Put another way, at least in lower-income communities, strong social capital plays an important role in promoting and maintaining businesses and cash transactions within the local neighborhood.

A new study demonstrates that civic engagement is a key driver of income mobility, among other important factors such as education, family structure, and the economic layout of metropolitan areas.

5. COMMUNITIES AND POLITICAL JURISDICTIONS WITH STRONGER CIVIL SOCIETIES ARE MORE LIKELY TO HAVE GOOD GOVERNMENTS AND TO BENEFIT FROM BETTER INFORMATION FLOW.

- Active and organized citizens can demand and promote good governance and serve as partners to government in addressing public problems. Thus, states with more civic engagement have much higher-performing public schools, regardless of the states’ demographics, spending, and class sizes.

- American cities with stronger civic organizations are better able to make wise but difficult policy decisions.

- In the current economic crisis, governments that benefit from better civic engagement may be able to reduce the scale of unemployment through more efficient and equitable policies.

- Attending meetings, working with neighbors on community problems, volunteering, and receiving newsletters from nonprofit organizations are examples of valuable ways of learning about local issues and opportunities. News media use and discussion are correlated with civic participation, a point first made by de Tocqueville in the 1830s and often noted since. For example, a 2005 study concluded, “Interpersonal communication [is a] driving force for joining groups and organizations... Through more exchange of information, individuals become more aware of current events and issues in their community, and learn more about the thoughts and civic values of those with whom they interact.”

- Granovetter argued that one way in which weak network ties facilitate employment is by efficiently transmitting information. This is further supported by a study of Chicago neighborhoods, which found that local and frequent interactions within neighborhoods spread information about job openings.

6. CIVIC ENGAGEMENT CAN ENCOURAGE PEOPLE TO FEEL ATTACHED TO THEIR COMMUNITIES AND CREATE AN INFRASTRUCTURE THAT ENCOURAGES PEOPLE TO INVEST, SPEND, AND HIRE LOCALLY.

- The proportion of people who report being attached to their communities predicts economic growth. Liking and caring about where one lives increases the odds that one will invest, spend, and hire there.

- A related hypothesis holds that the strength of local civic infrastructure, such as the availability of civicly-committed religious congregations, the availability of local associations, and “third places” (informal venues such as barber shops and bars), boosts attachment and investment in the community. This lowers out-migration. This, in turn, increases civic engagement and local economic investment.

- Robert Sampson’s work, Great American City, demonstrated that a strong organizational infrastructure boosts a community’s capacity for collective civic action and residents’ sense of collective efficacy. This can also boost confidence in the economy: “It is the totality of this institutional infrastructure that seems to matter in promoting...
civic health and extending to unexpected economic vitality, whether in the form of rebuilding New Orleans or in rehabilitating vacant houses in economically depressed neighborhoods in cities across the country.\textsuperscript{15}

\section*{Conclusion}

NCoC and our partners are committed to continuing this journey to further understand the links between our nation’s civic life and our economic vitality. Over the past two years, we have convened a nationwide working group of thought leaders, researchers, practitioners, and partners to guide a deeper exploration of this topic. We have held discussions at events across the country to engage new voices in this dialogue and better understand the implications for this research on communities. We have engaged our nation’s leading policymakers in the topic, inviting new champions into the dialogue. Board of Reserve Governor Sarah Bloom Raskin has reinforced the findings with her remarks at the 2012 National Conference on Citizenship:

I like the research for many reasons, but particularly because it shows us that civic engagement is, potentially, a kind of softening agent – it’s a buffer that keeps unemployment from being much higher than it could be. The way civic engagement does this is through these dual effects: the enhancement of human capital, which you get when you participate in a lot of volunteer and civic minded activities; and the networking component, the ability to actually stay engaged, to meet other people, to be an integral part of the community.

These studies are powerful reminders that when our nation’s citizens are more connected and more engaged, our communities are stronger. We hope this research illuminates the critical roles of social capital and civic health in ensuring economic vitality. We invite others to join us to advance this conversation.

\section*{Endnotes}

\begin{itemize}
  \item National Conference on Citizenship, Civic Health and Unemployment II: The Case Builds, Washington, DC, September 2012.
  \item L. Borghans, B. ter Weel, and B. A. Weisberg, People people: Social capital and the labor-market outcomes of underrepresented groups, (2006), unpublished manuscript.
  \item AmeriCorps Exit Survey, 2011-2012
  \item M. Nelson, and J. Smith, Working Hard and Making Do: Surviving in Small Town America (University of California Press: Los Angeles, 1999)
  \item Granovetter, “The Strength of Weak Ties,” 1360-1380.
  \item Robert J. Sampson, Great American City: Chicago and the Enduring Neighborhood Effect (Chicago, IL: University of Chicago Press, 2012)
NCoC began America’s Civic Health Index in 2006 to measure the level of civic engagement and health of our democracy. In 2009, NCoC was incorporated into the Edward M. Kennedy Serve America Act and directed to expand this civic health assessment in partnership with the Corporation for National and Community Service and the U.S. Census Bureau.

NCoC now works with partners in more than 30 communities nationwide to use civic data to lead and inspire a public dialogue about the future of citizenship in America and to drive sustainable civic strategies.

**STATES**

**Alabama**
University of Alabama
David Mathews Center
Auburn University

**Arizona**
Center for the Future of Arizona

**California**
California Forward
Center for Civic Education
Center for Individual and Institutional Renewal
Davenport Institute

**Connecticut**
Everyday Democracy
Secretary of the State of Connecticut

**Florida**
Florida Joint Center for Citizenship
Bob Graham Center for Public Service
Lou Frey Institute of Politics and Government
John S. and James L. Knight Foundation

**Georgia**
GeorgiaForward
Carl Vinson Institute of Government, The University of Georgia
Georgia Family Connection Partnership

**Illinois**
Citizen Advocacy Center
McCormick Foundation

**Indiana**
Center on Congress at Indiana University
Hoosier State Press
Association Foundation
Indiana Bar Foundation
Indiana Supreme Court
Indiana University Northwest

**Kentucky**
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Western Kentucky University
Kentucky Advocates for Civic Education
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**Maryland**
Mannakee Circle Group
Center for Civic Education
Common Cause-Maryland
Maryland Civic Literacy Commission

**Massachusetts**
Harvard Institute of Politics

**Michigan**
Michigan Nonprofit Association
Michigan Campus Compact
Michigan Community Service Commission
Volunteer Centers of Michigan
Council of Michigan Foundations
The LEAGUE Michigan

**Minnesota**
Center for Democracy and Citizenship

**Missouri**
Missouri State University

**New Hampshire**
Carsey Institute

**New York**
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New York State Commission on National and Community Service

**North Carolina**
North Carolina Civic Education Consortium
Center for Civic Education
NC Center for Voter Education
Democracy NC
NC Campus Compact
Western Carolina University Department of Public Policy

**Ohio**
Miami University Hamilton Center for Civic Engagement

**Oklahoma**
University of Central Oklahoma
Oklahoma Campus Compact

**Pennsylvania**
Center for Democratic Deliberation
National Constitution Center

**Texas**
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The Annette Strauss Institute for Civic Life, University of Texas at Austin

**Virginia**
Center for the Constitution at James Madison’s Montpelier
Colonial Williamsburg Foundation

**CITIES**

**Chicago**
McCormick Foundation

**Miami**
Florida Joint Center for Citizenship
John S. and James L. Knight Foundation
Miami Foundation

**Seattle**
Seattle City Club
Boeing Company
Seattle Foundation

**Twin Cities**
Center for Democracy and Citizenship
Citizens League
John S. and James L. Knight Foundation

**MILLENNIALS CIVIC HEALTH INDEX**

**Millenials Civic Health Index**
Mobilize.org
Harvard Institute of Politics
CIRCLE
Civic Health Indicators Working Group

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