

Wong, H. (2007). Human capital, social capital and social exclusion: Impacts on the opportunity of households with youth to leave poverty. In D. T. L. Shek, H. K. Ma, & J. Merrick (Eds.), *Positive youth development: Development of a pioneering program in a Chinese context* (pp. 65-80). Tel Aviv, Israel: Freud Publishing House Ltd.

CHAPTER 6

Human capital, social capital and social exclusion: Impacts on the opportunity of households with youth to leave poverty

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Based on a sample survey, this paper, analyzes the impact of human capital, social capital and social exclusion on the opportunity of Hong Kong families with youth members to leave poverty. Educational attainment of the youth members and adult family members, as well as the quantity and quality of social networks were found to have significant positive impacts, while social exclusion from the labor market of the adult members was found to have significant negative impact on their opportunity to leave poverty. Among all factors, quality of social network is the most influential. The author suggests that in order to help families out of poverty and enable positive development of youth members, poverty alleviation policies or programs should be targeted to help the youth in poor families to build up a quality social network.

INTRODUCTION

For decades, poverty and poverty alleviation have been the top priority concerns of national and international governments and have been a recurring topic in mass media. However, efforts have not proven enough to alleviate poverty, thus it is still one of the most pressing social problems in both developed and developing countries. Among different deprived groups, children and youth are always considered as the target and the vehicle for implementing poverty alleviation policies (1,2). For example, the World Bank considers children and youth as the greatest leverage point for investments in human capital and the principal means by which intergenerational poverty may be reduced. It is further believed that children and youth investments pay off in terms of economic growth and poverty reduction.

Previous researches have proven that living in poverty has adverse impacts on the positive development of children and youth. Youth from poor households are more likely to be found having inferior physical and mental health

as well as inadequate human and social capital. Many studies concerning unemployment, drugs, crime and mental health problems of youth discover that these problems positively correlate to their economically disadvantaged background, though the impacts may vary from different youth categories (3,4).

It follows that helping the youth to develop positively is considered as a critical but a useful strategy on poverty alleviation both at the family and national levels. However, existing human capital, social capital and social exclusion theories have diverse opinions on which aspect of youth's development should be prioritized so as to make poverty alleviation programs more effective.

The Hong Kong Council of Social Service reported a significant upward trend of poverty among children and youth in Hong Kong. In 1991, the poverty rates of children (age under 15) and youth (age 15-24) were 18.9% and 9.5% respectively; but in 2001, the corresponding poverty rates increased sharply to 24.1% and 15.4%, respectively while over 260,000 children and 130,000 youth lived under the poverty line (5). After the Asian Financial Crisis, the unemployment rate of young people from 15 to 19 years old surged from 10.0% in 1997 to 30.7% in 2002 (6).

The escalating poverty problem of the children and the youth is also demonstrated by the growing number of children and youth receiving Comprehensive Social Security Assistance Scheme (CSSA), the sole income-support scheme in Hong Kong. According to the Social Welfare Department, in 2003, there were 145,200 CSSA recipients whose ages were under 18, constituting 11% of the entire population of children and youth.

Though there has been a rising concern over the children and youth problem from NGOs in Hong Kong, most of the existing researches have been limited to descriptive studies, which include the profiles and the psychological conditions of the economically disadvantaged children and youth (7). Some academic researches contain the youth's subjective views on the idea of poverty (8) and the relation of parental qualities to the behavior and well-being of the youth (9). This paper, in an attempt to supplement the above researches, hereby assesses the impact of different factors in influencing the opportunity of Hong Kong households with youth members to leave poverty. It also discusses policy implications for a positive development of the economically disadvantaged youth.

A review of the literature showed that many theories and researches have focused on the adverse impact of poverty on children and youth (10). Others concern the impact of poverty on the transitional development of children. In introducing the government's poverty alleviation intervention and strategies, many researches focus on what kind of policies should be implemented in order to alleviate the problem of poverty of children and youth. These researches state that human capital theory is one of the major theory initiatives to alleviate the problem of children and youth poverty.

At macro level, investments in human resources are considered critical elements of efforts to alleviate poverty. Better health and nutrition are thought to raise labor productivity and improve the performance of students. Education, particularly at the primary level, is claimed to have very high rates of return in terms of productivity, income, and non-economic success in the developing world

(11). At micro level, educational attainment plays a key role in determining an individual's social and economic well-being during adulthood (12). The human capital theory suggests that better-educated people are more likely to be employed, and if economically active, are less likely to be unemployed. Better qualification also attracts premium wage. Empirical findings suggest that an additional year of education is associated with 5-15% additional earnings (13). Human capital theorists suggest that improved health and education of youth have a statistically significant effect on income levels of the households and economic growth rates of the regions.

Another theory initiative is the social capital theory, which stresses the deterioration of social networks and the lack of civic engagement as major causes of poverty in urban cities (14,15). Social capital, according to Coleman (16), refers to the resource gained through social ties, memberships of networks and sharing of norms. Social capital allows individuals, groups and communities to resolve collective problem more easily. In the absence of trust and networks ensuring compliance, individuals tend not to co-operate because others cannot be relied on to act in a similar way.

Putnam reports evidence that measures of social capital are second only to poverty in correlating with the breadth and depth of impact on children's lives. While poverty is associated with higher rate of teenage pregnancy, mortality and idleness, community engagement may result in an opposite effect (15).

Saegert, Thompson and Warren (17) conclude that social capital operates at three distinct levels: within community, across communities and through ties with financial and public institutions. They suggest building social capitals at the three levels to combat poverty. First, bonding social capital should be built within communities. Strong social bonds and effective organization within communities provide the foundation for poor people to develop their capacity to combat poverty. Second, ~~bridge-~~ social capital should be nurtured across communities. Building trust and cooperation across communities can strengthen the social fabric of the whole society and create consensus for combating poverty. Finally, social assets of poor communities may be ineffective because they are undermined by mainstream economic and political institutions. Therefore, synergy among local organizations, economic actors, and the state institutions for positive development outcomes is recommended. This is also known as linkage social capital.

However, Portes (18) argues that the concepts of social capital are not new and have been studied under other labels in the past. The limitation or dark side of the concept has not been addressed by many of its proponents. First, no concrete and persuasive account has been provided to address the problems of how to bring about the desired stocks of public civiness. Second, social ties can have negative impacts that it restrict individual freedoms and bar outsiders from gaining access.

The third theory initiative, which informs how social policies can combat poverty, is 'social exclusion'. This initiative has received increasing support from the European Union and the British Labor government. "Social exclusion" is a multi-dimensional concept, involving economic, social, political, and cultural aspects of disadvantage and deprivation. "Social exclusion" is often described as

the process by which individuals and groups are wholly or partly closed out from participation in their society, as a consequence of low income and constricted access to employment, social benefits and services, and to various aspects of cultural and community life (19).

Social exclusion is not attributed to any single cause. Persistently low incomes, lack of job opportunities, place of residence or neighborhood, and lack of access to education, to health care, as well as to other public services combine to trap particular groups in a situation of severe disadvantage.

There are links across domains of well-being, for example, between child health and income/economic security, family and family resources, and neighborhood/ community resources. There are links between education and family, neighborhood and economic security, and between neighborhood and family, health, housing, and economic security (20).

Many researchers acknowledge that for most people, social exclusion of children is largely associated with social exclusion of their parents. Social policy analysts as well as policymakers are also concerned that economic hardship affects young people's well-being and achievement. Social exclusion is particularly devastating for children if encountered when they are very young. It closes children out of the experiences they need to start right -- access to health care and to preschool education.

In sum, previous researches were based on the three different theory traditions to advise policies on poverty concerning children and youth. Youth experiencing economic disadvantage were seen to have poorer mental health and relatively negative family processes (21) affecting their positive development. For economically disadvantaged youth, getting them out of poverty is a necessary condition for their positive development. Better human capital of parents and children, enhancement and enrichment of social capital of households, and ending social exclusion on parents and children are the main policy recommendations of the three traditions. In each theory tradition, the stock of human and social capital and situation of exclusion of the adult generation have significant impacts on that of the youth generation.

In order to understand the individual and combined effects of 'human capital', 'social capital', and 'social exclusion' of both the youth generation and the adult generation on their opportunity to leave poverty, three levels of hypotheses have been formulated and empirically tested in this paper.

First, three different factors namely, 'human capital', 'social capital', and 'social exclusion' have their own explanatory power on the household's opportunity to leave poverty. Second, the characteristics of the adult generation will have greater influences on the opportunity to leave poverty than those of the youth generation. Third, owing to the importance of relationship and social capital in determining the life chances of individuals and families in Chinese culture, we hypothesize that among the three factors, the social capital factor may have the greatest impact among the three factors in determining their opportunity to leave poverty in a Chinese society.

METHODS

The data used in this study is extracted from the 'Hong Kong Poverty Line Study' (22). Funded by the Research Grant Council of Hong Kong, Hung Wong and Kim-Ming Lee conducted the study from September 1999 to January 2001. The study successfully interviewed 3,086 low-income families to investigate their household expenditure patterns, working and living conditions, and social network.

The sample frame provided by the Department of Census and Statistics included families living on land quarters in Hong Kong. Using stratified random sampling method, the authors randomly drew 3,086 families living in the low-income area in Hong Kong. It was a face-to-face survey in all households within the selected sample. The objective of this survey was mentioned to all respondents and confidentiality of the data collected was emphasized at the start of each interview.

The main objective of the study was to construct different poverty lines in Hong Kong according to the expenditure pattern and living conditions of the subjects. Other than living and working conditions, half of the respondents, (N=1,502) provided information regarding the social network of their family, which provided the data set of this paper. The head of the family was selected as the key respondent to provide information on the social network and economic situation of the whole household, while individual family members were asked about their labor market characteristics and personal particulars including sex, age, educational attainment, etc.

The main objective of this paper is to understand the impacts of 'adult and youth human capital' and 'adult and youth social exclusion' and 'quality and quantity of social capital' at the household level in relation to their opportunity to leave poverty. The authors selected 368 families, which have at least one young household member aged 15 to 21, from the data set of the poverty line study. In Hong Kong, the minimum working age is 15, and most of the youth graduate from tertiary education by the age of 21.

As this study focused on the impact of social exclusion of both the youth generation and adult generation on their opportunity to leave poverty, the study selected those youth who recently joined the labor market, representing the youth generation. This study, inconsistent with the United Nation's definition of youth, considered family members at the age of 22 to 25 as adults.

Measure of poverty level

Expenditure-based poverty measure reflects not only the command over resources but also the need to consume - this is the absolute element in the poverty definition. Apart from this feature, expenditure-based poverty measure can reflect differences in relative prices due to national, cultural, climatic or economic standard. The per-capita household expenditure level is one of the expenditure-based poverty measures. Each household's 'Poverty Level' (per 10,000 dollars) is measured by the inverse of the household expenditure per household member. $PL / 10000 = 1 / (\text{household expenditure} / \text{no. of household member})$.

Measure of opportunity to leave poverty

The opportunity to leave poverty is highly correlated with the financial assets to start a small business and the opportunity to obtain formal education. In accordance with this, the respondents were asked whether the family has enough savings 1) to support their household members if they would choose to start a small business; and 2) to provide the opportunity to obtain education (formal education and post-graduate studies). These two items were used to measure the household's opportunity to leave poverty.

Measures of educational attainment

The educational attainment (EA) of each individual is classified from 1 (illiterate / kindergarten & under) to 6 (tertiary education). The Adult Educational Attainment (ADEA) is the average educational attainment for all individuals with age over 21. The Youth Educational attainment (YEA) is the average educational attainment for all individuals from age 15 -21.

Education credentials are a simple and readily measurable indication of skills and competence, and are the important dimensions of human capital. Their drawback is that they do not reflect human capital obtained through informal training or through experience.

Measures of social network

Social capital (SC) is often defined as networks together with shared norms, values, and understandings that facilitate collective action (23). The size of the following three networks was used: 'number of friends/ relatives who can lend money to a household in case such household is in financial difficulty', 'number of friends and relatives who can introduce jobs to members of a household', and 'number of friends and relatives who can be trusted' and define the 'Quantity of the Social Network' (QTSN) of the household. This scale was found to be reliable ($\alpha=0.76$).

The respondents were asked to rate among the most familiar friends and relatives, with regard to number of unemployed and employed; and compare their financial status at the time of the interview with that one year ago. The 'Quality of Social Network (QLSN) of the household is constructed by these two items.

The constructed quantity and quality of social networks provide a proxy for the measurement of the social capital related to the family's opportunity to leave poverty.

Owing to the availability of data, social capital in this study is defined by the social networks of the household, which neglect the civicness and participation level of the household. The limitation of the social network approach is that it neglect the social capital embedded in the community level and neglect the dimension of behavior other than the social network.

Measures of exclusion from the labor market

Social exclusion (SE) can be measured in two major dimensions: exclusion from the labor market and exclusion from others. Indeed, measurement of social networks mentioned above can, to some extent, measure social exclusion from

others. Exclusion from the labor market is merely one of the forms of social exclusion. However, the trend has been to see this as the key indicator of social exclusion, especially as revealed in the social policy agenda.

We constructed a variable to measure exclusion from the labor market. The degree of exclusion from the labor market of each individual is defined by the number of months of unemployment in the last two years. The 'Adult Exclusion from the Labor market' (ADXL) is the average number of months of unemployment in the last two years of all working individuals aged 21 and over. The 'Youth Exclusion from the Labor market' (YXL) is the average number of months of unemployment in the last two years of all working individuals aged 15 -21.

The ADXL and YXL can provide proxies of measurement of social exclusion of adult and youth, respectively.

RESULTS

Among the 368 households with youth in this analysis, the median of household income was \$15,000, whereas the median household income per working member was 7,833. The average number of household members in this sample was 4.2, which was greater than 3.1 of the population in 2001. In the sample selection of households with young adults, those with single elderly and double elderly households were excluded from this study.

In sum, there were 495 youth living in the 368 households. The mean of the total number of youth and working youth in the 384 households was 1.4 and 0.4 respectively; while the mean of the total number of working adults (age over 21) was 1.7. For those youth who have been unemployed in the last two years, their average duration of unemployment was 1.4 months; while for adults, the average duration was 6.4 months.

The descriptive statistics of the major variables are summarized in Table 1.

The correlations between major variables are shown in Table 2. First, as expected, the poverty level of the households was negatively correlated with the educational attainment of both adult and youth family members, as well as the quality and quantity of social networks. Second, the poverty level of the households was positively correlated with adult exclusion from the labor market. Third, and unexpectedly, the correlation between 'Poverty Level' of the households and 'Youth Exclusion from the Labor Market' (YXL) was low, and this was the only variable which was not significantly correlated to the poverty level.

This shows that the poverty level of households is more correlated with the human capital, social capital, and social exclusion of the adult. Social exclusion of the youth members from the labor market does not correlate with the poverty level of households.

The opportunity to leave poverty and the poverty level of the households were highly and negatively correlated ($R = -.32$). This supports the general hypothesis that the poorer the households, the less likely that they can leave poverty.

As suggested by the human capital theory, the opportunity to leave poverty is found to be positively correlated with adult and youth educational attainment. Likewise, it is also positively correlated with quantity of social network and quality of social network, which supports the social capital thesis.

Table 1. Descriptive statistics of major variables

	Mean	Standard Deviation	N
Poverty Level (PL)	3.60	0.081	368
Opportunity to leave poverty (OPP)	5.03	0.102	368
Adult Educational Attainment (ADEA)	2.73	0.048	364
Youth Educational Attainment (YEA)	3.99	0.045	368
Quantity of Social Network (QTSW)	6.36	0.306	368
Quality of Social Network (QLSW)	6.06	0.089	367
Adult Exclusion from the labor market (ADXL)	3.85	0.287	*341
Youth Exclusion from the labor market (YXL)	3.07	0.538	*135

* Since some of the households did not have working adults or youth members, their ADXL or YXL score cannot be calculated. They are treated as missing cases.

Table 2. The relationships between major variables

	PL	OPP	ADEA	YEA	QTSN	QLSN	ADXL	YXL
PL	1							
OPP	-.32c	1						
ADEA	-.24c	.24c	1					
YEA	-.18c	.24c	.23c	1				
QTSN	-.21c	.31c	.13b	.04ns	1			
QLSN	-.20c	.38c	.13a	.13a	.27c	1		
ADXL	.27c	-.28c	-.16b	-.19c	-.07ns	-.30c	1	
YXL	.09ns	-.24b	-.09ns	-.16ns	-.07ns	-.28b	.26b	1

Note: PL= Poverty Level. OPP= Opportunity to leave poverty. ADEA = Adult (over age 21) Educational Attainment. YEA = Youth (age 15 -21) Educational Attainment. QTSN = Quantity of Social Network. QLSN = Quality of Social Network. ADXL = Adult (over age 21) Exclusion from the Labor Market. YXL = Youth (age 15 -21) Exclusion from the Labor Market.

a = $p < 0.05$. b = $p < 0.01$. c = $p < 0.001$. ns = non significant.

However, the opportunity to leave poverty is negatively correlated with adult and youth exclusion from the labor market. In short, all major variables were significantly correlated with the opportunity to leave poverty. All seven variables: PL, ADEA, YEA, QTSN, QLSN, ADXL, YXL will be included in the model construction to determine the relative strength of each factor predicting the opportunity to leave poverty.

The first hypothesis to be tested is that 'human capital', 'social capital', and 'social exclusion' would have their own explanatory power on the 'opportunity to leave poverty'. Linear regression models were used to estimate the relative strengths of impact of the three factors while the impact of poverty level is controlled. The standardized Coefficient (Beta) of each variable and the Adjusted R Square of each model are reported in Table 3.

In Model 1, the impact of youth educational attainment is slightly greater than that of adult but lower than the impact of poverty level. It supports the hypothesis that both educational attainment of youth and adult have positive impacts on the opportunity to leave poverty. In Model 2, both quantity of social network and quality of social network have positive and significant impacts on the opportunity to leave poverty. Interestingly, the impact of the quality of social network is much greater than that of the quantity of social capital and even greater than the impact of poverty level. In Model 3, adult and youth exclusion from the labor market are found to have negative impacts on the opportunity to leave poverty. The impact of poverty level in Model 3 is smaller than that in Model 1 and Model 2. It shows that exclusion from the labor market of adult and youth, which directly influences the poverty level of the households, replaces some prediction power of poverty level on opportunity to leave poverty.

Comparing the strengths of prediction of Models 1, 2, and 3, we find that the Adjusted R Square of Model 2 is higher than Model 1 and 3. It shows that relative strength of prediction of social networks is greater than that of educational attainment and adult exclusion from market.

In Model 4, both educational attainment and exclusion from the labor market of the adult generation have significant and similar strength of impact on the opportunity to leave poverty. In Model 5, youth exclusion from the labor market has a significant negative impact (Beta=-.21) and youth educational attainment does not have a significant impact (Beta=.09). The Adjusted R Square of Model 4 is .16, which is much higher than that of Model 5 (.09). This shows that relative strength of prediction of characteristics of the adult generation is greater than that of the youth generation.

The combined impacts of the two factors will then be analyzed in subsequent models. Model 6 is a combination of Models 1 and 2. Among the five factors, the order of the strength of prediction appears as: quality of social network, quantity of network, poverty level, youth educational attainment, and adult educational attainment. Furthermore, the Adjusted R Square of Model 6 is .25, which is higher than Model 2 (.23) and Model 1 (.15). This shows that the combined predictive strength of both educational attainments and social networks are greater than that of either educational attainment or social networks.

Model 7 analyzes the combined impact of both human capital and social exclusion factors. In Model 7, only 'Adult Exclusion from the Labor Market' (ADXL) has significant influences on the opportunity to leave poverty. The impact of 'Youth Educational Attainment' in Model 7 is much smaller than that in Model 1, with the Beta score decreasing from .16 in Model 1 to .06 in Model 7. This reveals that 'Youth Exclusion from the labor market' in Model 7 replaces some of the prediction power of 'Youth Educational Attainment' in Model 1. Though the

Table 3. Linear Regression of the 'Opportunity to leave poverty' by different models (Standardized Coefficients Beta)

	Poverty Level	Educational Attainment (EA)	Social Network (SN)	Exclusion From Labour Market (XL)	Adjusted R Square	Standard error of the estimate			
	PL	ADEA	YEA	QTSN	QLSN	ADXL	YXL		
Model 1: PL + EA	-.24c	.15b	.16b				.15	1.80	
Model 2: PL + SN	-.21c			.18c	.29c		.23	1.71	
Model 3: PL + XL	-.13ns					-.21a	-.18a	.13	1.85
Model 4: PL + ADEA + ADXL	-.20c	.19c				-.19c		.16	1.77
Model 5: PL + YEA +YXL	-.20a		.09ns				-.21a	.09	1.91
Model 6: PL + EA + SN	-.16b	.11a	.14b	.16b	.28c			.25	1.68
Model 7: PL + EA + XL	-.12ns	.13ns	.06ns			-.19a	-.16ns	.11	1.84
Model 8: PL + SN + XL	-.07ns			.29c	.29b	-.17a	-.08ns	.30	1.64
Model 9: PL + EA+ SN + XL	-.06ns	.07ns	.08ns	.28b	.29b	-.16ns	-.07ns	.30	1.64

Notes: a = $p < 0.05$. b = $p < 0.01$. c = $p < 0.001$. ns = non significant.

PL= Poverty Level. EA= Educational Attainment. SN = Social Network. XL = Exclusion From the Labor Market. ADEA = Adult (over age 21) Educational Attainment. YEA = Youth (age 15-21) Educational Attainment. QTSN = Quantity of Social Network. QLSN = Quality of Social Network. ADXL = Adult (over age 21) Exclusion from the Labor Market. YXL = Youth (age 15-21) Exclusion from the Labor Market.

introduction of adult exclusion from the labor market has a similar effect on the impact of 'Adult Educational Attainment', the magnitude is smaller, decreasing

from .15 in Model 1 to .13 in Model 7. The Adjusted R Square of Model 7 is .11, which is lower than Model 1 (.15) and Model 3 (.13). This implies that combined predictive strength of both educational attainments and exclusion from the labor market is less than that of either educational attainment or exclusion from the labor market. The result suggests that human capital may not have a direct impact on the opportunity to leave poverty, but only have an indirect influence through exclusion from the labor market.

In Model 8, variables of social capital and exclusion are included. In Model 8, Quality and Quantity of Social Network and Adult Exclusion from the Labor Market have significant impacts. Quality of Social Network maintains its high predictive power (Beta = .29) as in Model 2, whereas Quantity of Social Network increases its predictive power from .18 in Model 2 to .29 in Model 8. Adult Exclusion from the Labor Market has lesser predictive power (-.17) in Model 8 than in Model 3 (-.21). The predictive power of 'Youth Exclusion from the Labor Market' and 'Poverty Level' are much smaller than that in Model 2 and Model 3 respectively, while neither of them have a significant impact on the opportunity to leave poverty. The Adjusted R Square of Model 8 is .30, which is much higher than that in Model 2 (.23) and Model 3 (.13). This presents that social capital and adult exclusion from the labor market do have their own individual predictive power on the opportunity to leave poverty.

In Model 9, as all variables were tested, their relative strengths of impact on the opportunity to leave poverty can then be assessed. Among the six factors, the impact of quality of social network (Beta = .29) and the quantity of social network (Beta = .28) appeared much greater than other variables, while Adult exclusion from the labor market ranked third (Beta = -.16). Adult and Youth educational attainment, Youth exclusion from the labor market, and poverty level do not have significant impact on the opportunity to leave poverty in this Model.

DISCUSSION

In analyzing the degree of impact of various factors on the opportunity of families with youth members to leave poverty, our result shows that the combination of two factors, 'social capital' and 'social exclusion', have a more significant effect on the opportunity of leaving poverty than either of them alone. The further inclusion of 'human capital' in the model, however, does not generate additional predictive power. In short, 'social capital' and 'social exclusion' are two distinct factors, which have their own predictive power on the opportunity to leave poverty, while impact of 'human capital' on the opportunity to leave poverty is mainly exerted through its impact on 'social exclusion'.

In analyzing the relative strengths of impact on the opportunity to leave poverty, social capital is found to have greater impact than the other two factors, whereas human capital is found to have the least impact. Furthermore, the impact of the characteristics of the adult generation is greater than that of the youth generation. In recent years, the principal strategy of the Hong Kong Government in relation to youth poverty is to improve human capital of youth. Hong Kong Government has actively set up youth training schemes like the Youth Pre-employment Training Program, Youth Work Experience and Training Scheme

(YWETS) and Project Yi Jin. Most of these programs focus on the development of human capital of the youth generation, with the assumption that this is an effective and efficient strategy to help the youth and their family out of poverty. The current strategy seems to have neglected the importance of social capital at the household level as a whole and ignored the significance of tackling the unemployment situation of the adult generation, whereas these two factors are actually more crucial for poverty alleviation of these poor households as illustrated by this study.

Ironically, the narrow focus of the youth development program on their human capital may not have a significant long-term positive impact on the poor youth, since it cannot help the youth and their family to get rid of poverty. A more holistic view to poverty alleviation is thus suggested by this research. The Hong Kong Government should focus on the poor youth and their parent generation rather than focusing on the youth generation alone. Furthermore, the Hong Kong Government should not only concern itself with the development of the human capital, but also facilitate the positive development of social capital and end social exclusion.

On the development of social capital of the poor households, the Hong Kong Government set up the Community Investment and Inclusion Fund in 2001. However, its objective is not to alleviate poverty but to promote community participation, mutual assistance, support, and social inclusion. This study informs that in order to help the families leave poverty, specific policies and programs should be launched and targeted to improve social capital, both quality and quantity, of the poor households.

Many poor households in Hong Kong are not living in isolation. They have close and supporting friends and relatives, which constitute their bonding social capital. However, the homogenous nature and the poor quality of this bonding social capital do not have a positive effect on their poverty alleviation opportunity and so to the positive development of youth in the poor households.

In the context of a Chinese society like Hong Kong, the family is the key institution for nurturing bonding social capital. Family-friendly policies such as shortening prolonged working hours, better understanding and communication between parents and youth by quality parenting schemes may help to maintain the families' function of nurturing quality bonding social capital of the youth generation.

According to our analysis, the quality of social network is more influential on the family's opportunity to leave poverty than quantity of social network. It echoes the idea of linkage social capital, which is the vertical dimension of social capital. The capacity to leverage resources, ideas and information from formal institutions to beyond the community is a key function of linking social capital.

As we measure the opportunity to leave poverty according to the financial asset and opportunity for further education of the households, the crucial effect of the quality of social network may be according to its importance in providing financial assets, educational information and modeling effect. Better quality of social network may mean that friends and relatives have the trust and the ability to lend financial asset to the members of the family, and can provide relevant

information and advice on further education.

In order to empower and socially include the poor families and the youth, a new poverty alleviation strategy should be implemented to “scale up” the activities of the poor (24); for example, building alliances with sympathetic individuals in positions of power. Social policy and program, which can enhance quality of social capital, may have the greatest impact on the poor family’s opportunity to leave poverty. Bridging social capital with groups and communities of better life chances like mentor schemes, more equal chances of children to enter primary and secondary schools, and more networking activities among different groups and families in the communities may help to enhance the quality of social capital in the community.

In conclusion, there is no single policy solution to alleviate poverty. Multiple intervention strategies should be launched. On top of the present human capital enhancing strategy, building social capital as well as ending social exclusion strategies should also be implemented. However, it should be noted that the opportunity for the poor youth to leave poverty is a necessary but it is not a sufficient condition for their positive development. Other factors to sufficiently provide for their total positive development should be researched and debated further.

The importance of social capital in poverty alleviation has several implications on the program of the Positive Youth Development, especially for those economically disadvantaged youth in Hong Kong. First, it supports the conceptualization of one of the positive youth constructs, namely, ‘Promotion of Bonding’ which is focused on the development of the youth’s relationship with healthy adults and positive peers in the extra-familial contexts (school, community and cultural contexts). This construct stresses the significance of the quality of social network of the youth as a universal strategy for all youths as well as a targeting strategy for the economically disadvantaged youth. As shown in this study, the quality of the social network may have more impact on the opportunity of leaving poverty and thus the positive development of the poor youth. Programs that can increase bonding with peers with positive development, bridging with other groups from heterogeneous background and linkage with those healthy adults in the community are useful strategies to implement the youth development program.

Second, economically disadvantaged youth are considered as one group of the “at-risk” adolescents and adolescents with stronger needs, and targeted in the Tier 2 program. The mentorship program in school and in the communities may be one of the most effective programs to enhance the positive development of the economic disadvantaged youth. The mentorship program of alumni of school and residents/ ex-residents in the community is a useful strategy to promote bonding and enhance the quality of the social networks of the target youth.

Third, the opportunity that can bridge with other social groups and linkage with the mainstream institutions should be provided to further enhance the quality of social network of the youth in poverty. Parent program that can link up the family to the mainstream institutions, and community service program by other social groups will be useful in the Tier 2 program.

In short, this study supports a holistic and multiple intervention strategy for the positive development of poor adolescents to help them out of poverty. The tactics of strengthening the social networks of poor adolescents in general, and their family relations in particular is a necessary condition to enhance the quality of social capital of the poor adolescents. With further enhancement in the related social and emotional competencies of the poor adolescents as suggested in the program of the Positive Youth Development, it will be an efficient strategy to help their adjustment as well as helping them out of poverty.

This study has great limitations in its sampling and measurement. First, the samples come from the low-income areas in Hong Kong, thus they can only represent the poor households but not all households in Hong Kong. Second, there is no validated scale to measure the social capital and the opportunity to leave poverty in Hong Kong. As the original objective of the poverty line study is to construct the poverty line, limited number of questions can be used to give a proxy measurement of human capital, social capital, and social exclusion.

ACKNOWLEDGEMENTS

I would like to acknowledge the financial support provided by the CERG Grant 1999-2000 of the Research Grants Council, Hong Kong, on the study 'Drawing Hong Kong's Poverty Line: An Inter-Disciplinary Study' (No: CityU 1184/99H). Special thanks to Kim-Ming Lee for drafting this paper.

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