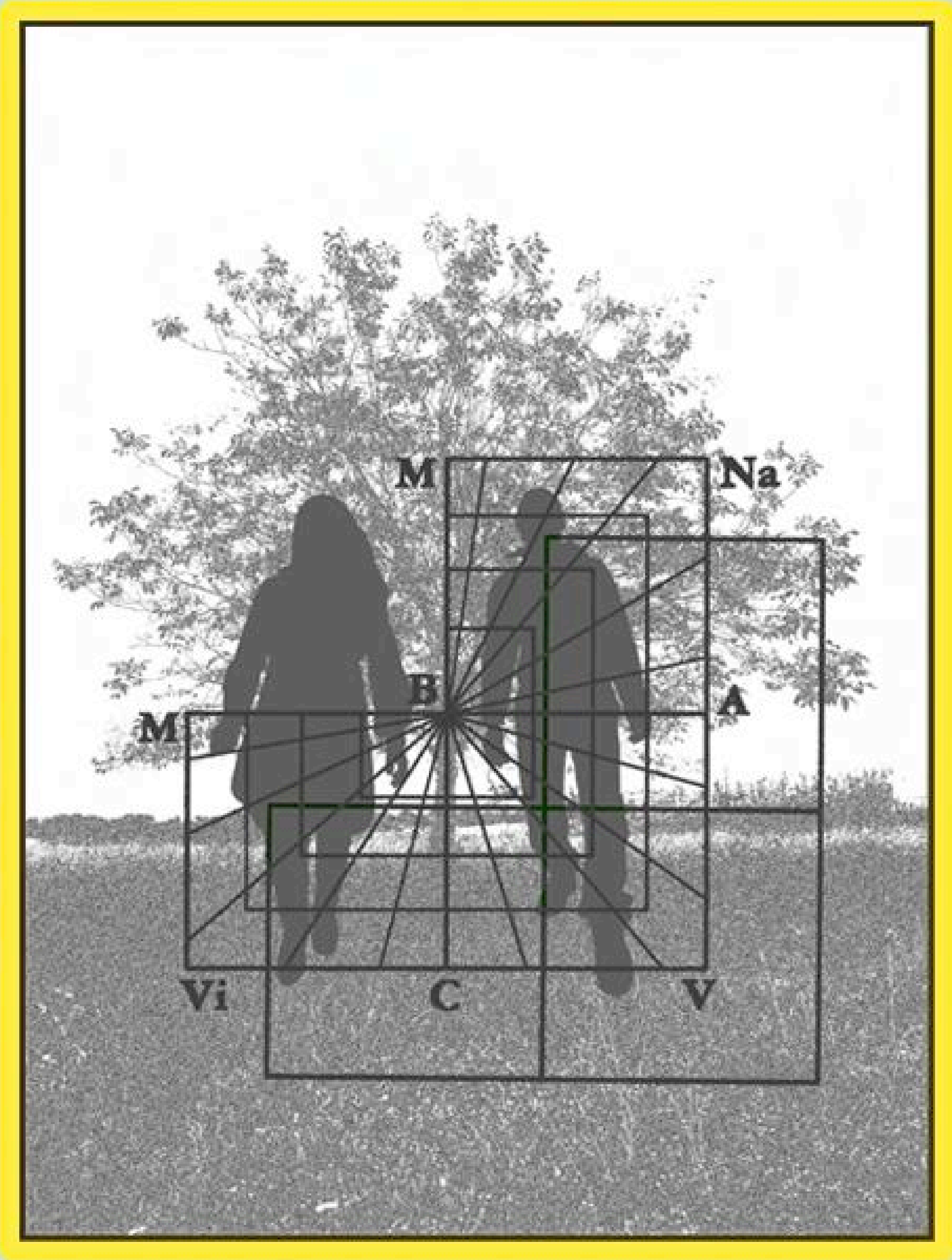
Capitals as resources in the labour markets

Discussion paper 2012/2.3.

Karsten Krüger & Nestor Duch & Montse Alvaréz



THEMP

Lifelong Learning

Capitals as resources

in the labour markets

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Content

Introduction

The project THEMP - co-funded by the European Union within its Lifelong Learning Program – has elaborated a theoretical framework in which <capital> is used to measure the impact of tertiary lifelong learning on the labour market position of the citizens. This discussion paper outlines the proposed approach based on the relationships between the economic, human, cultural and social concepts of capital.

THEMP considers the labour market as the space in which learning results are converted into different forms of capital allowing the individuals to maintain or improve their labour market position, which is a condition to maintain their achieved quality of life or to achieve new levels. Under this perspective, social-economic policies haven't the final objective to achieve certain positions in the labour market, but to achieve certain levels of quality of life. Labour markets are one of the most relevant means to achieve quality of life.[1]

The individuals dispose of a certain set of capabilities (see A. Sen), which condition their position in the labour market. But the labour market actors must perceive these capabilities as values and convert them in capital. This is a complex social bargaining process, which determines the value of the capital stock of the individuals in the labour markets opening or closing working opportunities. The results of this social bargaining process and, in so far, the value of the individual capital stock varies from one labour market segment to another. For example, competences in social science research have only a low value in the labour market segment of natural science or in the construction sector.

In line with Giddens' structuration theory, we interpret capabilities as the result of actions, but also as both facilitators or constraints of future action. That means the achieved capabilities or the achieved quality of life defines also the social vulnerability of the people in front of social risks and dangers in the sense that the capabilities become resources for further capability development. Therefore we assume that the decision capacity of actors and their potential to develop new capability and achieve at least certain levels of well-being depends on their capital stock and the value of the different capital types in the different economic fields, here labour markets. In certain way, we provide a resource-based approach, but asking how the learning

[1] This consideration implies a) that the labour market aren't the only mean to achieve quality of life; b) to be in the labour market isn't per se an indicator for quality (of work or) life; and c) there are other social fields, which are relevant to achieve quality of life.

outcomes are translated into capital resources in the labour market facilitating or hindering the achievement of well-being.

The disposability of capital resources tends to reduce the vulnerability of the citizens, but this depends also to the environment, in which the social value of the different capitals is defined. We will take up this suggestion referring to three main approaches: the approaches of Becker, Bourdieu and Putnam/Coleman.

In the following, we will contrast the economic with the sociological perspective on capital. The human capital approach could be interpreted as one main effort to integrate the internal disposition of the individuals in the economic analysis. This forms part of a programme to extend the economic approach to other social sciences as the reference model of social research and theory. „*The economic approach is not restricted to material goods and wants or to market with monetary transactions, and conceptually does not distinguish between major and minor decision or between emotions and other decisions. Indeed, the economic approach provides a framework applicable to all human behaviour – to all types of decisions and to persons from all walks of life*." (Becker 1981 also 1976). Becker promotes the economic approach of utility maximizing as the main road for the analysis of human behaviour in general and not only economic behaviour.[2]

From the sociological perspective, Bourdieu went the other way round. He worked out his capital approach under the assumption that the structure and functioning of the society can only adequately be analysed if we dispose of a wider capital concept, which isn't limited only on its economic dimension, but covers all its social phenomena. His capital theory can be called a <*political economy of immaterial and material wealthy*>. He promotes a general theory of social transactions criticising that the current economic concept of capital reduce the totality of social transaction to the mere interchange of products and services, which is objectively and subjectively oriented to maximize benefits. This implies, from his point of view, that all other types of social transactions are non-economic and not focused on the self-interest. He proposed, on the contrary, to develop a *general economic practice science* expanding the economic analysis on all types of capital. And he developed his approach expressively against attempts as the one proposed by Becker to export the economic „*model of market and the (supposedly more*

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[2] „*The extension of the utility-maximising approach to include endogenous preferences is remarkably successful in unifying a wide class of behavior, including habitual, social and political behavior. I don not believe that any alternative approach – be founded on ‚cultural', ‚biological' or psychological' forces – comes close to providing comparable insights and explanatory power*." (Becker 1998: 4)

powerful and efficient) technology of the neoclassical firm into all the social science" (Bourdieu 2005: 83). He stood against the <economical colonism> and advocated for „*reunify an artificial divided social science only by becoming aware of the fact that economic structures and economic agents or, more exactly, their dispositions are social constructs, indisociable from the totality of social constructs constitutive of a social order*" (Bourdieu 2005: 84). Bourdieu argued also against the bounded rationality paradigm introduced by H. Simon[3] and suggested that the economic actors developed <*reasonable expectations*> instead of <*rational expectations*>.

In conclusion, the difference between Becker's and Bourdieu's capital approach is related to the general debate about the status of the economy. Bourdieu stands in a long line of a refreshed sociology of the economy, which proposes that markets, as all economic actions, are social embedded and a social construction (Polany, Granovetter, Fligstein and Beckert among others). To consider efficiency of lifelong learning strategies a approach must be applied, which see labour market and firms as a social field with multiple bargaining processes about the value of the diverse capital forms and with multiple struggles on resources and at least on the hierarchical field structure.

Since the 1950's the discussion about human resources for the progress of societies and the success of enterprises have gain more and more importance. Lifelong learning has become an overarching international strategy (Jakobi 2009). The human capital theory proposed by Becker is today one of the mainstream approaches of economics of education and one of the main terms in the international discussion about the issue. Despite the important role of human capital in modern societies, there are still many unknowns about the process of educational production as well as individual and collective decisions concerning how much and what kind of education to obtain, and, more importantly, what to do with those educational assets. And there are also unknowns about the transaction processes in the labour markets. In so far, it seems necessary to describe the specific characteristics of the <market> of human resources or more general the transaction in the field of human resources. Broadening the economic capital approach with the sociological perspective, taking into account diverse types of capital and considering labour markets as social fields we offer a contribution to resolve the mentioned limitation and facilitate a consistent framework to analyse the role of education and training for the quality of life.

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[3] „*Reason is <bounded> not only, as Herbert Simon believes, because the human mind is generically bounded (there is nothing new in that idea), but because it is socially structured and determined, and, as a consequence, limited*" (Bourdieu 2005: 86).

This paper is divided in three blocks. First, we discuss the main capital forms, which are the objective of the present discussion in social sciences. At the end of this chapter, we will ask if human, cultural and social resources can be considered as capital and if so under which conditions. The second section is devoted to the analysis of markets and more specifically labour markets as social constructed and contested terrains. We take up a long discussion in the social sciences about the social embeddedness of economic actions underlining that the conversion of human, cultural and social resources into capital is a social bargaining process, which determines which resources are capital and which is their value in specific labour market segments. In the third section, we link the developed capital approach to the wider theoretical discussion in the course of the THEMP project and which has its reflection in two previous discussion papers about social risks management through Transitional Labour Markets and the quality of work and life as reference point for strategies of the social vulnerability management. The objective of these three discussion papers is to lay the ground for a coherent approach to analyse the social efficiency of lifelong learning training, more in concrete university lifelong learning for people older then 40 years.

Forms of Capital

The term capital refers to a broader capacity to mobilize resources for the creation of value and wealth. From a partial economic perspective, capital is understood as a factor of production generally expressed in terms of money. In a very restricted sense, capital is understood as tangible means used to obtain economic benefits, and in a broader sense as tangible and intangible means used to obtain economic benefits and improve life chances. Capital is a factor of production, but its value depends on the transactions between persons and social actors. The concrete forms, which the capital takes as well as its value, dependent upon the field of economic and social production (Bourdieu 2004). Capital is, in so far, not only a mean for economic transaction but for social transactions in a broader sense.

In the contemporaneous social scientific discussion various types of capital are mentioned. We refer here to five types of capital, which play a prominent role in the ongoing discussions:

Table 1

Forms of Capital: capsule definitions

Capital	**Resources that facilitate economic action**
Financial capital	Money available for economic activities
Physical capital	Real state, equipment, and infrastructure of economic activities
Human capital	Professional knowledge, skills and competences that facilitate access to the labour market and improve the labour market position
Cultural capital	General knowledge, skills and competence that can be turned to the owner's advantage in the economic field
Social capital	Relations embedded in social networks, which can be turned in owner's advantage in the economic field

Source: Adaptation of Light (2001: 2)

However, in the following we will go in detail only in respect to the three last ones making a review on the actual discussions on human, cultural and social capital discussing at the end if they could really be considered as capital.

Human Capital

The first type is human capital, introduced by Becker (1993), considered as the enhanced worth of an individual as measured by increased productivity in the workplace. Human capital refers both to the informal acquired knowledge, skills and capabilities of individuals and/or to the accumulated knowledge, skills and competences acquired by each individual through formal schooling (Coleman, 1988).

Talking about human capital is a difficult task. There is not an unambiguous and common definition of it. It remains a very elastic and wide concept and it can also include un-measurable variables, such as one's personal character, and there is also space for non economic considerations, for example the influence of chance. Today, the literature about this argument is so wide that it is hard to find a single common opinion about it. It is a subject that has connection with more fields of knowledge, from sociology to economics, from philosophy to psychology. We assume that the citizens have the ability and power to improve their own life style and social status with work, in a society where interaction and cooperation with the others is fundamental to reach one's personal ends and interests. The individual is a social being and for this reasons, what he is, what he becomes during his life is the result of the socio-historical situation he lives in. So the social context and the social institutions define the growth of one's personality, and the most important factors in this development are family and the education system. The easiest way to demonstrate those concepts is therefore to study human capital in-depth.

To define the concept of human capital is not easy. We can say that human capital refers to the stock of skills and knowledge, gained through education and experience, embodied in the ability to perform labour so as to produce economic value. This is a straightforward definition that summarizes well the concept, but it is just one of many. The modern father of Political Economy, Adam Smith[4], also talked about "human capital" in his masterpiece, "An Inquiry into the Nature And Causes of the Wealth of Nations" dated 1776: "*Fourthly, of the acquired and useful abilities of all the inhabitants or members of the society. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expense, which is a capital fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they likewise that of the society to which he belongs. The*

[4] Dagum & Slottje (2000) sustained that the notion <human capital> was used before by others as Petty (1690) and Cantillon (1755).

improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with a profit." (Smith 2007 [1779]: 217) So this idea was not extraneous to prominent economists also in the past. Many economist have used this concept as e.g. Bentham, Say, Senior, J.S. Mill, List, von Thunen, Engel, Walras, Marshall, I. Fisher, Pareto, Beneluce, Nicholson, de Foville, Barriol, Dublin, Lotka, Gini, Mortara, Pietra, J.M. Clark, Ros Jimeno and Sensini (Dagum & Slottje 2000: 70).

But there had also been criticisms towards the use of the world "capital" put next to the word <human> because it seemed that, analyzing man from an economic standpoint, it was like humiliating him, treating him as a slave or a piece of machinery. For instance Alfred Marshall (1959), in the late 19th century, stated that the notion was <unrealistic>, since humans are not marketable. So it became less used and more disputed and reluctance to consider men as <capital> spread. Nevertheless there are several reasons to treat human beings as capital, since, for example rearing and educating a child implies a real cost and moreover expenditure in <human beings>, that <improves> them, will likely lead to an increase in national wealth. Also Say (1891) argued that since skills and abilities are acquired at a cost and tend to increase a worker's productivity, they should be regarded as capital. Furthermore some economists, like Walras (1954) while defining human capital, pointed out the difference between the skills and the acquirer of them that is the human being itself. Anyhow human capital seems to be analogous to the physical one, but there is one big difference: it influences many aspects of a man's life, notably, income. In addition, considering humans as capital, it can also help in the determination of the economic effects of education and health investments, in quantifying the total cost of a war or in the determination of a proper compensation for the death of a relative.

From this perspective, it is thus useful to quote Becker (1993: 11) who explains that "*(there are) activities that influence future monetary and psychic income by increasing the resources in people. These activities are called investments in human capital. The many forms of such investments include schooling, on-the-job training, medical care, migration and searching for information about prices and incomes. … But all these investments improve skills, knowledge or health and thereby raise money and psychic incomes.*" It is clear that, from a narrowly economic point of view, we have to talk about <investments in> human capital, focusing thus on the monetary aspect, because by doing so we are able to explain income diversity between people. However that does not mean that in an economic theory about human capital there is no space at all for cultural and non-monetary needs, as Becker states. In fact we "*cannot separate a person from his or her knowledge, skills, health or values the way it is possible to move* *financial and physical assets while the owner stays put*” (Becker, 1993: 16). Thus human capital is something that belongs properly to a person, is the individual's unique and innate capabilities and expertise and those are inalienable. As every person is unique, so it is his own amount of skills, experiences and thoughts. It is something that a person develops through all his lifetime, from childhood to adulthood. For these reasons it is one of the greatest economic metaphysical ideas.

When talking about human capital we cannot avoid talking about the socioeconomic background of the individual. In fact it is maybe the most important factor in forming and influencing one's human capital. Parents' level of education, their religion, their beliefs and ideas have strong effects on a child personality and, moreover, parents' wealth influences children's future earnings. In fact better educated and cultured parents are more likely to help their children in developing their earnings and cultural skills and they will be therefore more likely to receive higher lifetime incomes, benefiting more from human capital investments. Some research results from the economics of education have demonstrated that family background, measured by improvements in the parents' educational attainments, matters more than school quality, measured by schooling system improvements obtained with lower teacher-pupils rates.

In Becker's model (1993) parents, that all have the same level of altruism towards children and are moved by it, are ready to invest in them. This means that they are willing to give up some of their earnings, reducing their consumptions, in order to spend on skills, health, learning, motivation and credentials of their sons. In the standard approach it is assumed that parents choose the level of investments and bequests by maximizing their expected utility that depends on their children's expected earnings and all-life assets accumulation. Therefore parents have to evaluate a child's abilities and decide what to invest, even if usually they are not able to evaluate that rationally. Most of parents decide to finance their children because they believe in their abilities and capacities deciding to rely on them when they grow older. That is because of an implicit contract with children, who are subsidized today in exchange of support during old age tomorrow. It is easy to understand why this <contract> exists. Investing in children has the highest rate of return than every other asset.

Talking about rate of returns, it is useful to point out that usually, though earnings of parents and children are positively related, the rate of returns for children belonging to richer families are lower than the one for children coming from poorer families. In fact differences between earnings tend to disappear in three generations, since personal characteristics determining them are variable and are not <inheritable>; for this reason, earnings have a tendency to move toward the average. So, in poorer families where there are capital constrains, parents have to rely on public subsidies and on the public educational system. They are anyhow willing to pay for their children's education, which are expected to improve their social conditions and pay them back. However, due to economic constraints, they can invest only a small amount of money. If children respect their part of the <contract>, studying hard, gaining knowledge and credibility throughout their education and training periods, they will be able to repay back their parents' small investment, since they benefited more from public expenditures.

Another factor influencing family investments in human capital is fertility. In fact families have to divide the money to invest on each child by the number of sons. So human capital investments on each child, that is his future earnings, are negatively related to the number of children, since an additional amount of money, or time, spent on each child raises the total family's expenditures. Usually richer big families invest more in better-endowed children and gave the others larger gifts and bequests. Poorer families, instead, face a trade-off problem between investments efficiency and equality. There are for those reasons different level of <achievements> due to family dimension.

Finally we have to notice that parents, besides investing in their children's human capital, also influence their material wealth with bequests and intergenerational transfers. That means that between generations and between families, there is a different degree of equality of opportunities in the society, often called <intergenerational mobility>, since a child can benefit from his parents' economic situation. This issue however belongs more to the problems of inequality and justice that we are not facing.

As it is evident by now, education plays a fundamental role in forming human capital. In fact, since childhood, individuals have to attend school and that is one of the most important means by which a child can gain knowledge and develop his own personality. But education, or rather the education system, plays also a key role in a country's economic growth. If the system is efficient, it will produce skilled individuals and, at higher levels of education, it will produce highly qualified workers that will improve a country's competitiveness and outcome. As Wössmann (2002) says "*the quality of a country's stock of human capital is decisive for the country's long run development*". Education is thus strongly linked also with some macroeconomic variables, like the unemployment rate, the labour force participation rate and earnings. In few words, education not only influences people's life, but all the country's economic situation.

Thus a good education system goes along with a long term growth strategy. It is important that a country plans an efficient schooling policy, ensuring, at least, a high quality basic education. There are also additional benefits from spending in education: in fact it increases human capacities and the possibility that people can live the kind of life they value the most. School is defined by Becker (1993: 51) as "*an institution specializing in the production of training, different from a firm that offers training in conjunction with the production of goods*". But how much should a country invest in schooling and how many years of education are necessary? We can quote directly Wössmann's (2002) conclusions: "*The findings in this study imply that how long a person attends a school is far less important than how much the person really learns during that time. Put differently, it is schooling quality rather than schooling quantity which matters for economic performance*". Wössmann (2002) also states that "*a promising schooling policy should focus more on improving the quality of each year of schooling a student receives, rather than increasing the number of years the students spend at school*". Economists have developed explanations for the relationship between education, -that allows the development of human capital- and work, or rather earnings. The basic hypothesis in all these arguments is that there's a trade-off between more education and work and that, at the end, the individual will choose the level of investment in human capital (further education) that maximizes the present value of all life future earnings. But why there is a trade-off between education and work? That's quite obvious because an additional year of study implies a very low income for that year, while if one stops studying he will be able to earn, during that year, more money just because he's supposed to have a job. However, with more education (more human capital) one can get a better job, not only measured by earnings, once the studies are finished. So, from a strictly economic view, higher education has value just because it increases future earnings. Of course it also increase one's culture and one's personality, that is it increases one's human capital in the broader sense, but economists tend to focus on the economic consequences. Anyway those models do not take into account personal skills, knowledge and abilities. So there is an ability bias. In fact we know, from everyday experience that people differ from each other for competences, culture, interpersonal and communicational skills and so every worker is likely to have his own <education salary curve> and its own rate of return to human capital. We come back to the point that human capital is made up of several abilities, skills and qualities that differ from every person. So it is obvious that, even if two persons get exactly the same education and are in the same socio-economic situation, there will always be differences that depend on the characteristics of the individual and on his or her socioeconomic background.

Becker (1993: 120) stated that "*investment and earnings differ because of differences in the environment; in luck, family wealth, subsides etc. which give some opportunities to invest [in human capital] more than others*". Thus, what really create the differences in earnings are the social conditions, as Becker states. There is also an <elite approach> which states that anyway, even if the social conditions are the same, investments in human capital and future earnings differ because of the capacity to profit from those investments. So someone could have a <natural talent> towards highly qualified jobs that require higher levels of education, while somebody else could prefer more manual works that require fewer efforts in studying. Here rises also the problem of equality, or equal opportunities, and efficiency that is beyond the scope of this work. The education choice and future earnings are therefore influenced by subjective evaluations and conditions, but most of all by the objective situations of the singular individuals.

So far we have analyzed the influence of family and education on human capital. But there is another factor strongly influencing it. It is the training that an individual receives during the working period. In fact most of people increase human capital stock after having completed their education, with programs of training on the job place (OJT) and gaining expertise from which also firms are going to benefit. Becker (1993: 31) says that usually "*workers increase their productivity by learning new skills and perfecting old ones while on the job*" and consequently earn more. It is thought to compose half of the human capital of an individual.

Of course to increase one's human capital is an investment and it has thus costs that diminishes a firm's receipts and increases its expenditures. Those are, for example, the costs afforded for paying a teacher or for a <formation course>, for buying equipment and materials needed but also the time and the efforts spent on trainees. From this perspective, we must distinguish two types of OJT: general training and specific training. This distinction is due, once more, to Becker (1993):

General Training is the type of training that, once acquired, not only increases the productivity of the workers in the firm providing it, but also in all the others firms of the same sector or industry. A worker gains in human capital because, for example, he learns how to work with a particular type of machinery or instead a doctor gains experience only by internship in a hospital.

Specific Training is the type of training that increases productivity of workers more in the firm providing it than in the others and employees, when they leave, are not able to exploit it. For example we can quote the military training that increases productivity mostly in the military sector, but not much in the others.

We must add that there are some <specific> and <general> training that have strongly national or industrial connotations, like practicing as a lawyer in Italy would be useless in the US, due to different laws and institutions. Nevertheless we have to say that, in the real world, completely general and completely specific training do not exist (following with the above example, a US firm with operations in Italy may be willing to hire an Italian lawyer). Anyhow the costs afforded by firms are investments on workers that are likely to increase the productivity wherever they go.

On the job training, along with lifelong learning, play a fundamental role in an individual’s future income flow. In fact, along with other types of investments in human capital, these are among the factors that most explain the variability of incomes through time.

Human capital, as we have explained, is a complex concept. It involves family background, education and training, which indicates that the human capital development depends on the social resources on which an individual dispose. Family, teachers and friends are forming a social network, which seems to be a precondition for successful accumulation of human capital. However the social relations are not the only factors influencing the formation of human capital. Other factors are health, information and innate abilities. Always in Becker's view (1993: 97) “*conventional measure of ability … do not reliably measure the talents required to succeed in the economic sphere. The latter consists of particular kinds of personality, persistence and intelligence*”. Investing in these <outside> factors affects one's future earnings. For example if a person looking for a job wants to get the highest possible wage, he will have to find more information about employment opportunities, spending money and time in gathering them, maybe also travelling. But this research will pay back with a higher salary, since he will have a deeper knowledge and understanding of the sector he's looking a job in. While if a firm invest in employees health, making them buy good food and giving them medical assistance, it will be paid back with higher productivity, that means also higher wages. We have now to enter in fields that pertain more to sociology and psychology, since we have to consider other factors, extraneous to a narrowly economic view. Here is useful to refer, once more, to Bourdieu.

Cultural Capital

Second is cultural capital, which refers to the knowledge, competencies and dispositions, valued by the dominant culture (Bourdieu, 2004). Bourdieu's concept of cultural capital is an explanation of how information and knowledge are strategically utilized by the different social classes. In this perspective, the education system is a vehicle of social reproduction, because it reproduces, reinforces, and rewards acts, values and behaviours that are valued by the privileged classes of society.

Bourdieu identified three forms of capital, defined as "*what makes the games of society – not least, the economic game – something other than simple games of chance offering at every moment the possibility of a miracle*" (Bourdieu, 2004: 15). The three types of capital were the economic one, the cultural one and the social one. While Bourdieu's <cultural capital> definition has been given before, the sociologist defined the last one as "*the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition*" (ibidem, 2004: 21). So social capital is the set of connections to and within the social environment and the amount of social capital one owns depends on the size of the network that the individual is able to create. Thus, in this view, people that share the same values, have similar identities and trust each others, are more likely to benefit from each other socially, economically and politically speaking (ibidem). This type of capital will be discussed more in depth in the following chapter.

Bourdieu, working with various colleagues, developed the concept of cultural capital in the early 1960s in order to help address a particular empirical problem—namely, the fact that "*[e]conomic obstacles are not sufficient to explain*" (Bourdieu & Passeron 1979: 8) disparities in the educational attainment of children from different social classes. Bourdieu argued that, above and beyond economic factors, "*cultural habits and…dispositions inherited from*" (Bourdieu & Passeron 1979: 14) the family are fundamentally important to school success. In doing so, he broke sharply with traditional sociological conceptions of culture, which tended to view it primarily as a source of shared norms and values, or as a vehicle of collective expression. Instead, Bourdieu maintained that culture shares many of the properties that are characteristic of economic capital. In particular, he asserted that cultural <habits and dispositions> comprise a resource capable of generating <profits>; they are potentially subject to monopolization by individuals and groups; and, under appropriate conditions, they can be transmitted from one generation to the next (Lareau & Weininger 2007).

As the originator of the concept of cultural capital, Bourdieu was notoriously disinclined to elaborate the meaning and significance of concepts outside of the concrete context offered by empirical research. At the most general level, however, he emphasized that any <competence> becomes a capital insofar as it facilitates of appropriation a society's <cultural heritage> but is unequally distributed, thereby creating opportunities for <exclusive advantages>. In societies characterized by a highly differentiated social structure and a system of formal education, Bourdieu further asserted, these <advantages> largely stem from the institutionalization of <criteria of evaluation> in schools—that is, standards of assessment—which are favourable to children from a particular class or classes (Bourdieu 1977).

Bourdieu further argued that cultural capital exists in three distinct forms (2004). In its <embodied> form, cultural capital is a <competence> or skill that cannot be separated from its <bearer> (that is, the person who <holds> it). As such, the acquisition of cultural capital necessarily presupposes the investment of time devoted to learning and/or training. For example, a college student who studies art history has gained a competence which, because it is highly valued in some institutional settings, becomes an embodied form of cultural capital. Additionally, Bourdieu suggests that the objects themselves may function as a form of cultural capital, insofar as their use or consumption presupposes a certain amount of embodied cultural capital. For example, a philosophy text is an <objectified> form of cultural capital since it requires prior training in philosophy to understand. Finally, in societies with a system of formal education, cultural capital exists in an <institutionalized> form. This is to say that when the school certifies individuals' competencies and skills by issuing credentials, their embodied cultural capital takes on an objective value. Thus, for example, since persons with the same credentials have a roughly equivalent worth on the labour market, educational degrees can be seen to be a distinct form of cultural capital. Because they render individuals interchangeable in this fashion, Bourdieu suggests that institutionalization performs a function for cultural capital analogous to that performed by money in the case of economic capital.

Nevertheless, despite the similarities between cultural and economic capital, Bourdieu also recognized that they differ from one another in important respects. In particular, he noted that the legitimation of inequality in cultural capital occurs in a manner that is highly distinct from the legitimation of economic inequality. Despite the fact that cultural capital is acquired at home and the school via exposure to a given set of cultural practices - and therefore has a social origin - it is liable to be perceived as inborn <talent>, and its holder <gifted>, as a result of the fact that it is embodied in particular individuals. Moreover, because the school system transforms

<inherited> cultural capital into <scholastic> cultural capital, the latter is predisposed to appear as an individual <achievement>. For example, scholars have demonstrated that middle-class parents typically talk more to infants and young children than do working-class or poor parents. As a result, middle-class children often have larger vocabularies when they enter school, and subsequently score highly on standardized tests measuring verbal skills (Hart & Risley 1999; Lareau 2003). Nevertheless, teachers, parents, and students themselves are likely to interpret the differences in test scores as a matter of natural talent or individual effort.

Bourdieu’s arguments concerning cultural capital were notable because they enthusiastically challenged the widespread view of modern schooling as a mobility engine that promotes or demotes people through the class structure simply on the basis of their talents and efforts. Indeed, from Bourdieu’s highly critical vantage point, modern systems of schooling are far more adept at validating and augmenting cultural capital inherited from the family than they are at instilling it in children who enter the institution with few or none of the requisite dispositions and skills. Consequently, he maintained, the educational systems of modern societies tend to channel individuals towards class destinations that largely (but not wholly) mirror their class origins. Moreover, they tend to elicit acceptance of this outcome (e.g. legitimation), both from those who are most privileged by it and those who are disfavored by it (Bourdieu & Passeron 1977).

Bourdieu (2004: 17) said that “*from the very beginning, a definition of human capital, despite its humanistic connotations, does not move beyond economics and ignores, inter alia, the fact that the educational yield from learning actions depends on the cultural capital previously invested by the family*”. Cultural capital is, to summarize Bourdieu’s definition, the sets of knowledge, skills, education, and advantages that a person has been provided by his parents. Cultural capital is formed with the transmission of the attitudes and knowledge needed to succeed in the current educational system that will likely lead to have a higher status in society. Thus, looking beyond an economic standpoint, parents have also a <natural> predisposition to invest emotionally and culturally in children, passing time with them, transmitting to them their ideas, values and traditions. It has been demonstrated that often children learn more easily when they have a better family background, not only economically but also culturally speaking. But not only can this factor make a child be better off. The genetic patrimony is also fundamental because it influences one's <natural> or biological skills. Anyway, one's personality, one's stock of human capital is not something that individuals are born with. One gains them growing up, acquiring information, ideas and beliefs first from his family environment and then from the other fellow adults and the social environment, developing a system of values and understanding traditions that are not transmitted genetically.

The concept of cultural capital also had tremendous impact because it placed culture at the core of stratification research. Bourdieu's subsequent work used the notion of cultural capital to further reinforce the premise that culture is directly implicated in social inequality. For Bourdieu, classes are differentiated from one another in terms of the overall volume of capital (economic plus cultural) controlled by individuals or families. Within classes, <class fractions> are differentiated from one another by the composition of the capital controlled - or in other words, by the ratio of economic capital to cultural capital. Using this re-conceptualization, he analyzed the aesthetic practices and preferences of classes and class fractions located across the French social structure, focusing, in particular, on the taste or distaste for <highbrow> art forms (painting, music, literature, drama, etc.). Bourdieu's data indicated that each class (and class fraction) exhibited a relatively unique pattern of tastes, one consistent with its particular mix of cultural and economic capital. Thus, for example, professors and artistic producers - one fraction of the dominant class - utilized their superior endowment of cultural capital to appreciate the most avant-garde forms as art. By contrast, employers, the fraction of the dominant class richest in economic capital, tended to prefer less intellectually demanding forms of art, and especially those which conformed to traditional conceptions of beauty, and which connoted a sense of luxury. These differences of taste, Bourdieu argued, should be viewed as claims for the prestige constitutive of status, in Weber's sense of <social honor>, which Bourdieu termed <symbolic capital>. As such, these differences were said to play an integral role in the legitimation of class stratification.

The concept of cultural capital has also been the object of considerable criticism. Giroux (1983) has argued, for example, that when culture is viewed primarily as a form of capital, it becomes impossible to acknowledge the role it plays in enabling those in subordinate positions to resist domination. Similarly, Lamont (1992) asserts that conceptualizing culture in this manner prevents sociologists from recognizing that it contains repertoires which actors use to evaluate the moral quality of their own experiences and those of others - repertoires that do not necessarily have the character of a resource implicated in stratification processes. These debates are sure to intensify as scholars continue to debate the relation between culture and inequality. Regardless of the shape that they take, Bourdieu's concept of cultural capital, with its distinctive focus on the social value of cultural habits, dispositions, and skills, is likely to be an important part of the discussions in theories of inequality, the sociology of culture, and the sociology of education in the future.

Our overview of human and cultural capital types shows that they overlapping in the basic assumption what they are. It seems hardly difficult to make a clear cut among the human capital and the cultural capital. Naturally both approaches are quite different in the theoretical orientation but both make reference to the acquisition and use of knowledge, skills, competence and attitudes during the whole life course putting specific interest in the early accumulation stage. For discursive reason we propose to use the notion <human capital> for the type of cultural-human capital, which has obvious labour market relevance. This coincides with the definition given by the OECD (1998: 9) as "*the knowledge, skills, competences and other attributes embodied in individuals that are relevant to economic activity*." The term <cultural capital> we will use for the part cultural-human capital, which relevance for the labour market is not so obvious. In other words, we propose to use human capital in the sense of a functional oriented cultural capital.

The previous outlines indicate (a) the possibility of human and cultural capital transfer from one person to another, but also suggest (b) that the human and cultural capital accumulation depends on the disposable social resources. The relations to the parents cannot be conceived as human capital but as very specific type of social capital on which the child, in the last case, can take advantages. In so far, the acquisition and accumulation of cultural and human capital depends on the disposable social capital.

Social Capital

The concept of social capital has become prominent in the social sciences. It has found application in social, political and economic science and is introduced as key concept in political strategies promoted e.g. by the European Union or the World Bank[5]. The concept has several origins. It seems that the use of the term social capital goes back to L. J. Hanifan.[6] Later this notion is used by Loury (1977) considering it as a set of resources coming out from family and social relations useful for the cognitive and social development of children and adolescents. In a similar line argues Ben-Porath (1980) putting emphasis of the family, friends and firms in the exchange systems – the F-connections. These ideas were taken up by Coleman (1988 and 1990) and Putnam (1993a, 1993b and 1996).[7] But before these two authors developed their influential approaches, Bourdieu has developed a more refined theoretical more refined approach (see Porte 1998: 3). In other words, the origins of the term <social capital> as it is used today can be traced back to the works before Bourdieu, Coleman and Putnam. But Bourdieu, Coleman and Putnam are the most relevant social scientist for the conceptual and theoretical development. And a short overview on their definitions shows the rough lines of the actual research on this issue:

For Bourdieu, social capital is made up of social obligation or connections. Bourdieu (2004: 21) defines social capital as "*the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectively-owned capital, a credential which entitles them to credit, in various senses of the world*". However, networks aren't natural given, They are the result of individual and collective investment strategies to create or maintain a network of social relations, which in short, mid or long term could provide material or symbolic benefits. Bourdieu mentioned <casual> relations as e.g. neighbourhood, labour relations or kinships, which are transformed more relationships *into relationships that are at once necessary and elective, implying durable obligations subjectively felt (feelings of gratitude, respect, friendship, etc.) or institutionally guaranteed (rights)*" (Bourdieu, 2004:22). Thus a man, to

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[5] The World Bank runs activities on social capital in the 1990 and the beginning of the 2000. However, the World Bank seems to give preference to the conceptual work done by North-American authors. In one of thee main publication of the World Bank on Social capital published in 2000, based on a conference in 1997, no author (including Coleman) cited or mentioned the work of Bourdieu.

[6] Hanifan devoted a whole chapter of her work "The Community Center" (1920) to <Social Capital – its use and development>

[7] Other as V. Navarro (2002: 423) traced similarities to early writers as e.g. Alexis de Tocqueville.

develop his <capital> in a broader view, needs the presence of the others, e.g. of the society, made up of institutions, traditions, rights and laws. The concept of <social capital> is a powerful one and has, for this reason, not an undisputed and shared definition but similarly to human capital it implies spending time and energy in creating it. It remains clear however that social relations, strictly connected to human capital formation, play an important role in one's life. But, even though man is a <social animal>, we have to bear in mind that "*each man observes the world from a personal <perspective>. This coincides with his own needs, his own passions, and his own desires. Each sees the other through the <perspective> of his personal knowledge. The object of each is to fulfil one's plans. The services of the other are means towards this fulfilment; but the other is also a series of <limitations> and <conditions> to which each must subordinate himself*" (Infantino, 1998: 34).

In the United States comes up another theoretical strand on social capital. Coleman (1990: 300ff and 1988: 98) e.g. defines social capital in a broader sense as "*a variety of entities having two characteristics in common: They all consist of some aspect of social structures, and they facilitate certain functions of individuals who are within the structure*". Coleman describes social capital as social-structural resources that serve as a capital asset for the individual. According to Coleman, social capital exists in the social ties or in the structure of relations among actors based on their reciprocal trust. Social capital inheres in the network structure between persons and among people. It can be thought to be an asset to a collective as well as an individual. By putting emphasis on social connectedness and the degree of social cohesion, social capital inheres in the structure of relations between persons and among persons. Coleman identifies three elements that could help social relationships: (1) trust (2) networks and (3) social norms. According to Coleman (1990), like other forms of capital, social capital is productive, making possible the achievement of certain ends. Synergy and collaboration can be achieved easily when social capital exists within a community or a society.

In a similar way, Putnam (1993) refers to social capital as "*features of social organization such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions*". He defines social capital as connections among individuals that means "*social networks and the norms of reciprocity and trustworthiness that arise from them*" (Putnam, 2000). In his arguments, networks imply civic engagement. He focused on horizontal networks rather than vertical networks. In his book, *Making Democracy Work*, he demonstrates how different levels of social capital influence governmental or economic performance in Italy. According to him, social capital is to be measured by using index: (1) the vibrancy of associational life such as sports clubs, etc., (2) newspaper readership, (3) referendum turnout, and (4) electoral candidate preference voting.

Table 2

Definitions of social Capital

Bourdieu	"... *the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquitance or recognition*." (2004: 21)
Burt	"... *friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital.*" (1992: 9)
Coleman	"*Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence*." (1990: 302)
Portes	*"... the ability of actors to secure benefits by virtue of membership in social Networks or other social structures*." (1998: 6)
Fukuyama	"*Social capital can be defined simply as the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them*." (1997: 387) "*As an instantiated set of informal values or norms shared among members of a group that permits them to cooperate with one another''*(1999: 16)
Putnam	*"... features of social organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefits."* (1995: 67)
Nahapiet & Ghoshal	*"... the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or an social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network*." (1998: 243)
Turner	*"… those forces that increase the potential for economic development in a society by creating and sustaining social relations and patterns of social organisations. These forces operate at macro-, meso-, and microlevels of analysis."* (1999: 95)
Ostrom	"*Social capital is the shared knowledge, understandings, norms, rules, and expectations about patterns of interactions that groups of individuals bring to a recurrent activity."* (1999: 176)
Adler & Kwon	"*Social capital is a resource for individual and collective actors created by the configuration and content of the network of their more or less durable social relations*." (2000: 93)
Note: Many of the examples as been taken from Jans (2007: 12)	

In a nutshell, Putnam proposed social capital as a cultural phenomenon and as a public good (see Raiser et al 2001). For Coleman social capital is at the same time a public good and a property of individual or networks of individuals. At least, Bourdieu defines it as the individual investment in social relation or networks, as private good. These three examples shows that <social capital>, as so many other key concepts in social and economic science, is very heterogeneous phenomenon coming from different origins and with different interpretations. Table 2 with a short list of definitions exemplifies the conceptual diversity.

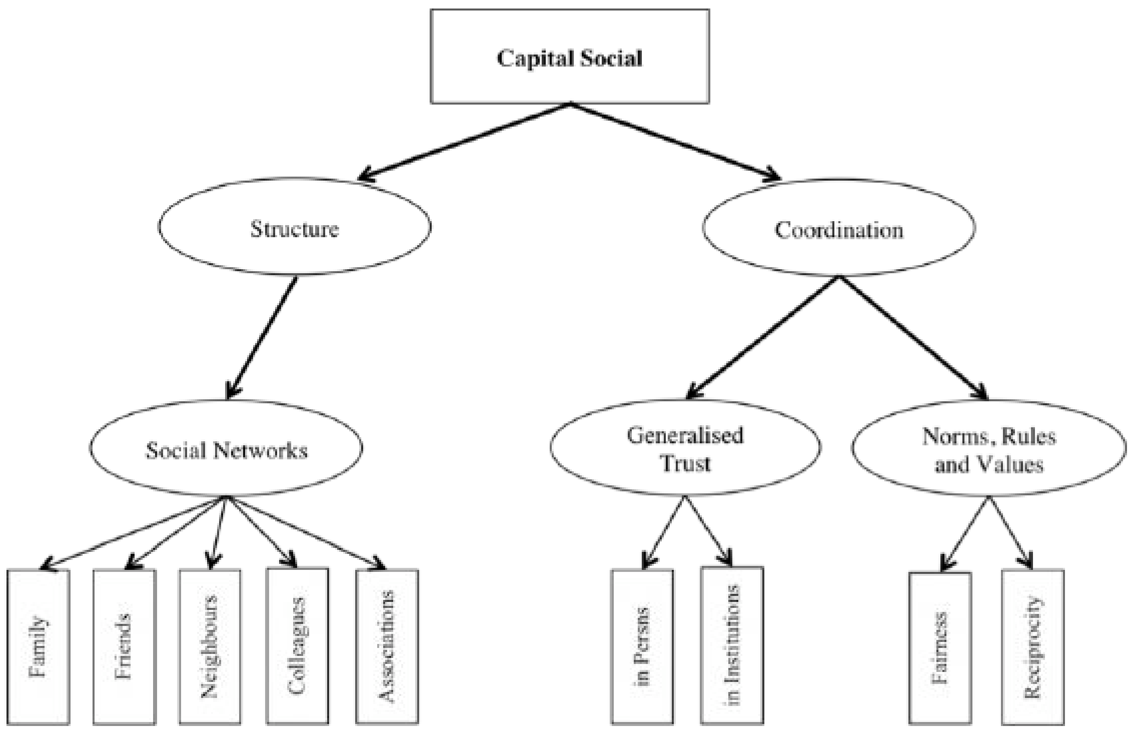
In the ongoing discussion, three elements constitute social capital: (i) Network structures; (ii) Trust; and (iii) Norms, Rules and Values. Jans (2007) proposed to reduce this classification to two categories:

a) The network approach, which are mentioned by all authors implicitly or explicitly. The network analysis is focused on the structural dimensions – e.g. its configuration – or on the position of the individual or collective actors in the network.

b) The approach of coordination means, which emphasizes the aspects of trust, norms, rules and values to coordinate and regulate actions of individual and collectives actors.

Figure 1

Dimensions of social capital



Ad a) In the core of almost all concept of social capital stands the idea that the position of individuals in social structure - in social networks - provides them with life opportunities or restrict them[8]. This interpretation goes back to Bourdieu, who has introduced the term in the discussion, and Coleman.[9] This concept of social capital has generated a huge range of network studies (see Burt 1992 and 2000; De Graaf & Flap 1988; Lin et al. 2001; and Marsden & Hulbert 1988). The positions of the individuals in social networks indicate the potential access of an individual to resources in the hand of others. In so far and in difference to the other mentioned capital types, social capital isn't solely a private good, but it isn't neither a public good as the social capital, that means the network contacts, of a person can't be used by another person.

Bourdieu worked out that social relations have an eminent social function in the distribution of opportunities. The pertinence to a certain social network - the so-called bounding aspect - can provide social, cultural and economic advantages excluding no-members. Granovetter (1973, 1974 and 1983) shows the relevance of networks for labour market opportunities. And Coleman discussed the importance of social capital for the educational trajectories of children as a vehicle to transfer human capital.

Talking about structural holes, Burt (1992 and 2000) argued that not only the quantity but also the quality of the network contacts must be taken into account. He took up the idea of Granovetter about the weak ties in networks, considering that the persons (gatekeepers), who are able to bridge the structural holes (bridging aspect), occupy strong positions in the network. "*Participation in, and control of, information diffusion underlies the social capital of structural holes." (Burt 2001: 4)* In other words he dispose about high valued social capital within the now connected social networks receiving and transmitting exclusive information.

Another important question - related to bounding - is if the social networks have an inclusive or an exclusive character. Focusing trust and reciprocity as well as in norms and values, social capital studies emphasize, in general, the positive aspects; but it could have also negative aspects at the societal level. Portes (1998: 15) mentioned that "*studies have identified at least four negative consequences of social capital: exclusion of outsiders, excess claims on group*

[8] Wellman, B. & Frank, K. (2001: 1) are talking directly about network capital. *"Network capital is a form of "social capital". Social capital is a sprawling term, ranging from an individualistic framework that emphasizes the advantages that individuals can gain through their personal networks to a collective perspective that emphasizes the advantages of volunteerism to a community*."

[9] In spite of that Coleman knew probably the work of Bourdieu, he didn't mentioned his work (see Portes 1998). Wacqant (1998: 35) mentioned that Coleman has developed his social capital approach after "coming into direct contact with Bourdieu's work. Following Wacquant he cites Bourdieu in an early work, but later "curiously disappear from subsequent discussion on the topic."

members, restrictions on individual freedoms, and downward levelling norms." One of the most cited examples is probably the trust and reciprocal relation in mafias, which obviously has a negative impact on society.[10]

Bourdieu is talking about the exclusive character of social capital acquired in French elite schools, but there are also studies about the role of ethnic networks for economic opportunities (see Zhou & Bankston 1994; Zhou & Lin 2005; Perez 1992; Light & Bonacich 1991, Light 2004, Nee et al 1994 and Waldinger et al 2007) and the constitution of specific labour market segments, where members of a specific ethnic community have privileged access to certain jobs (Doeringer & Moss 1986; Bailey & Waldinger 1991; Waldinger 1995). Also the role of guides, as generator of social, in the economic history isn't viewed only positive. Generally, guides as the Baltic Hansa and the Maghribi traders' coalition are seen as determinant for the historical economic success of some regions (Putnam 1993; Greif, Milgrom & Weingast 1994, and Stiglitz 1999) reducing transaction costs by creating trustful relations. But there also authors (see Dessi & Oglive 2004) classifying the medieval merchant guilds as cartelistic and not beneficially for the economy as a whole. They excluded a wide range of the society from this trade and obtained plus values arising prices using the monopolistic positions. Norms, rules and values incorporated in social networks as cartels, the mafia, political organisations and lobbying groups may provide benefits for members, but often in expense of the society as a whole.

In a nutshell, the network approach defines the social capital of an actor based on two principles:

a) In the sense of the social closure of networks (bounding), the degree of structural and relational density within a network defines the value of the social capital. The degree of closure determines the exclusive or inclusive character of networks.
b) Following the concept of structural holes (bridging), the brokerage position of an individual or collective actor between several networks provides him with a high valued social capital.

But the network approach of social capital has received also substantial critics, which we summarise here in two aspects

[10] The example of the mafia indicates the relevance of the analytical level: Form the point of view of the mafia, trust and reciprocity has a positive affect on the social network, but form the societal perspective, this type of networks have negative socio-economic impacts

a) It doesn’t apply, in general, a differentiated perspective of the social relations. The relation within the families received a special consideration, but the relation to friends, the membership on associations of leisure, trade unions, political parties and non-governmental organisations are treated often in the same way.[11] “*The social capital approach has a biased, apolitical notion of what civic participation is, and it encompasses only a part of civil society. Explicitly political and oppositional organizations—unions, parties, and movements—are ignored or downplayed in comparison to civic associations, like bowling leagues and neighbourhood watches*” (Daly & Silver 2008: 547).

There are also some doubts about how to measure social capital in the sense of a coordinating mean. There are evidences that there are not such correlations between different indicators propose to measure social capital. Fischer (2001) e.g. has realized empirical work on social capital using 7 indicators as: “*trusting most people, voting, church attendance, belonging to organizations, socializing with neighbors, socializing with friends outside the neighbourhood and giving money to charity*” (Fischer 2001:155-167). In his research these indicators do not correlate in the cross-sections over time. Franzen. & Pointner (2007) obtained an similar results using four indicators as neighbourhood networks, networks of friends, membership in associations and generalised trust, which are only weak correlated. Fischer interpreted his results that they are different possible elements of the <social capital portfolios>. People <invest> their time in different kind of <social capital>, so that “*we would not expect high correlations among these activities*.” (Fischer 2001: 5). He advocated for a disaggregation of this elements, which are encapsulated under the notion <social capital>.[12]

b) In general, the network approach doesn’t provide a differentiated perspective of the usefulness of social relations depending on the social situation. This critic sustains that not all social relations can be conceived as social capital. And the resources accessible through these relations aren’t always functional. There is a conceptual lack under which conditions social relations are converted in social capital (see Janz 2007: 23)

[11] Young (2007: 4) considered social capital “*as the aggregate benefits and costs of all reciprocal relations in formal and informal social structures, such as friendship and kinship networks and organizations, where resources such as information and social norms are the inputs to production and where trust is necessary to provide these resources*.”

[12] “*… disaggregating the topics now lumped together under <social capital> would also yield a better empirical understanding of what has been going on. The contradictions in data and trends might be better resolved by seeing the social changes as roughly coincident but different phenomena*” (Fischer 2001: 11)

Under the aspect of coordination and regulation of action several issues has been discussed. Social Capital is here conceived as public good, which has an impact on the socio-economic development of a socioeconomic macro unit as e.g. a city, a region or a nation state. This strand starts also from the social networks as fundamental of social capital, but is focusing also the quality of the social relations in the sense of trust and reciprocity; norms and values, which coordinates and regulates social actions. Trust, norms and values are by themselves products of the social interactions within the respective network. Norms and values, as well as trust are means of coordination and regulation of social action. As they are results of the social action developed within the social networks, they are considered by many authors following Coleman and Putnam part of the social capital.

Coleman (1988: 104-105) sustained that existing and effective norms as powerful but sometimes fragile forms of social capital. He mentioned e.g. the norm to renounce on self-interest in favour to the collective interest strengthening so the respective collective, which could be a family or nations. He sustained that a high density of the network facilitates higher potential of control and sanctions, which assure a higher degree of trust. And as higher the trust in a network as higher is the efficiency of social capital as it reduces e.g. the transaction costs.

Putnam argued that social capital implies trustful and reciprocal relations. Generally two types of norms are distinguished: a) norms of general application and validation for a whole group of actors including societies. It is supposed that such norms open a space of actions, in which certain actions are allowed, forbidden or obliged to be taken; and b) norms, which are applied only in specific actor constellations.

The issues of trust and reciprocity occupied a prominent place in this discussion taking it as a necessary precondition for the functioning of society (Hjerppe 1998). Reciprocity means that the actors can expect that his contribution will be paid back adequately in the course of time or that he can expect the same treaty in a similar situation. It implies rights and obligations. Reciprocity is often addressed under the header of solidarity within the different networks, social groups, social classes or families. However, there are critical voices putting in doubt linking the structural configuration of networks with the trust disposed in person and institutions forming part of the network. Rumors about corruption – exposed by the communication means – could cause decline of the trust within the network without changes in the network configuration (see Franzen & Pointner 2007: 6).

Fundamental critics addressed this specific understanding of social capital considering that e.g. Putnam's argumentation is circular or tautological (see Portes 1998 and Jans 2007). Social capital as collective and public good is at the same time cause and effect. First Putnam appoints effects and then analysed retrospectively differences using a series of indicators, linking them to one solely cause: the degree of social capital. But following his definition, social capital is the cross-over label for such indicators. Portes (1998: 20) argued that Putnam approach is based on the tautological assumption: "*if you town is <civic>, it does civic things; if it is <uncivic> it does not*".

In a nutshell; Bourdieu (2004) defines social capital as the individual investment in social relation or networks and its volume depends on the connections he can really mobilize. It is a possession of the individual actor used in the social struggle on social positions. In so far it is a private good convertible in other capital forms (Raiser 2001: 2). Also Coleman conceives part of the social capital as individual property, but considered also authority, trust and norms as forms of social capital. In a similar way, Putnam (1993: 167) defined social capital as networks, trust and norms functionally oriented to coordinate actions in the sense of coordination means.[13] Raiser (2001) considers that Putnam proposed social capital as a cultural phenomenon and as a public good. Meanwhile Coleman considered social capital as well as a public good as a property of individual or networks of individuals. On the contrary, Bourdieu used a restrictive definition of social capital in the sense of social relations and networks, handled this institutionalised embeddedness of economic action under the key word of social fields and habits.

As Putnam conceives social capital at the societal level, his work can be classified as one example of the approaches of social embeddedness of economic action. His definition shows a considerable nearness to the Granovetter's notion of embeddedness. Also Coleman established expressively a link to Granovetter's notion, which criticized the economic point of view having "*undersocialized concept of human action*" (1985: 483), but also sociological works using <oversocialised concepts> (Granovetter 1985: 485). Granovetter remains to the long running view of the majority of social scientist that economic behaviour was "*heavily embedded in*

[13] The World Bank (1998) adopted this perspective defining social capital of a society: "*The social capital of a society includes the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development. Social capital, however, is not simply the sum of the institutions which underpin society; it is also the glue that holds them together. It includes the shared values and rules for social conduct expressed in personal relationships, trust, and a common sense of "civic" responsibility that makes society more than a collection of individuals. Without a degree of common identification with forms of governance, cultural norms, and social rules, it is difficult to imagine a functioning society*."

social relations in premarket but became more autonomous with modernization" (1985: 482). According to modernisation theory, social systems as economic, policy, science, education and others have increasingly differentiated and are constituted in autonomous systems. Therefore economic transactions are always more based on the rational choice of individual actor. On the contrary, Granovetter assert that the level of embeddedness "*has always been and continues to be more substantial than is allowed for by formalist and economist*" (Granovetter 1985: 483).

Social capital, in the sense of Coleman and Putnam, includes not only the structural relation to other actors, but also the incorporated norms and values. Under this double perspective, social capital is at the same time linked to the individual – his stock of social relations – and to the social structure – institutionalised patterns of behaviour. On the contrary, Bourdieu's approach separated clearly both areas. Social capital refers to the social networks, in which the citizens participate. The social capital, as defined by Putnam and Coleman, overlaps with his concept of social fields and habitat. The disposition of social relations together with the other types of capital determines the position of the citizens in the concrete social field, in which certain habitat are expected. The limitation of the term <social capital> to the network relations takes up the critics of Arrow and Solow rejecting the notion <capital> for norms, rules and values.

Following this consideration we propose to limit the term social capital to the social relations in the sense of network capital (see Wellman & Frank 2001) and to handle norms, values and pattern of behaviour under the term of <social field> or the social embeddedness. Norms, rules and values are factors to convert social relations in social capital, having in mind that not all social relations are converted or convertible in capital. The convertibility of social relations in social capital and its valorisation depends on its functionality and the consideration as such in the concrete social field. And norms, rules and values are fixing the rules how the capital forms can be used, how to play the economic game in the concrete fields.

Are human, cultural and social resources forms of capital?

In face of the proliferation of capital types it seems necessary to clarify if the different concepts can be really integrated in the concept of capital. Light (2001:1) defined capital as "*any store of value that facilitates action"*. And Lin (2001: 3) started his work on Social Capital with the question: What is Capital? and stressed two aspects: a) the investment of resources and b) the expectation of returns from this investment. Light defines capital in a broad sense as action resource; meanwhile Lin circumscribed the term to the economic system. Taking into account the historical trajectory of the notion, it seems more appropriate to conceive <capital> as a genius economic term related to economic behaviour. Resources become capital in so far as they facilitate economic oriented actions that means action aimed to obtain economic benefits.

Following Adam Smith, Karl Marx and Bourdieu the basic resource is labour time. Adam Smith conceived capital as accumulated labour embedded in objects like machines, materials, tools and money[14]. And Marx considered that labour is the only real source of value. Bourdieu (2004) is arguing in the same direction conceiving capital as accumulated labour.[15] Under this perspective, only these resources, which have been treated in some way by human beings are convertible in capital forming part of the economic transactions.

But the economic discussion on capital indicates also that not all resources can be considered capital. Arrow (1999), from an economic point of view, defines the following criteria: (1) Extension in time; (2) investment and (3) alienability. Esser (2000), from a sociological perspective, proposed similar criteria that characterized capital: (1) storability; (2) accumulation; (3) investment; (4) certain value of use; and (5) possibility of devaluation or revaluation. Light (2001) mentioned (1) storability, (2) risks of depreciation and (3) mutual metamorphosis as main criteria.

Arrow argues that social capital in the broad sense of network, trust, norms, rules and values cannot be considered as capital because it doesn't fulfil his criteria. But there are other voices (Light 2001, Svendsen & Svendsen 2003 and Lin 2001) considering social relations as <capital>. This indicates the need to revise the arguments in favour to consider the possibility

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[14] "*Adam Smith saw <capital> as stored up or accumulated labour fixed or <realized> in visible, tangible objects rendering future revenues, like machines, manufacturers, materials, tools and money."* (Svedsen & Waldstrøm 2006:3).

[15] "*Capital is accumulated labour (in its materialised form or its <incorporated> embodied form), which, when appropriated on a private, e.g., exclusive, basis by agents or groups of agents, enables them to appropriate social energy in the form of reified or living labour."*

that human, cultural and social resources could be considered capital applying the following five criteria:

a) Storability, which includes the durability of the resources and the possibility of accumulation;

b) Investment; which means to sacrifice time in the present expecting future economic benefits;

c) Devaluation and Revaluation considering that capital is submitted of a process of devaluation, which requires efforts of maintenance;

d) Transferability, that means it can be transferred form on individual or collective actor to another;

e) Convertibility; that means one type of capital can be transformed in another type of capital.

We asked here if the human, cultural and social resources are convertible to capital that means

a) If spending time in its generation provides long-lived assets, which can be accumulated and used for economic proposal with the expectation of future benefits.

b) If the respective resource is transferable from one actor to another and convertible into other forms of capital.

c) The duration in time of capital implies also the risks of devaluation or the possibility of revaluation and, in so far, the need of maintenance.

Ad a) The acquisition of knowledge, skills and competence (human and cultural capital) is a long running process, which is build on successive learning stages. It is a process of accumulation, which however, requires also that some acquired knowledge, skills and competences will be unlearned: borrowed from the store. <Unlearning> is an important aspect in the concept of organisational learning has it has been proposed by Argyris & Schön (1978). The step from single-loop learning to double loop or deutero loop learning requires the unlearning of settled routines of behaviour. [16] And also in educational science and policy, in spite of that it isn't a leading concept, unlearning is considered relevant for learning processes.[17]

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[16] The concept of organisational learning, especially the <double-loop-learning>, underpins the need to forget organisational routines and traditional patterns of behaviour to make steps in the organisational learning processes. "*Learning necessitates experimentation, unlearning of past methods, and encouraging multiple viewpoints and debate*." (Fiol & Lyles 1985: 811). see also Hedberg, (1981) and Starbuck & Greve & Hedberg (1978)

[17] Se for instance: the Indian research Centre Shikshantar – The Peoples Institute of Rethinking Education and Development (http://www.swaraj.org) proposing <Paths of unlearning> making reference to Ivan Illich: "*The discovery that most learning requires no teaching can be either manipulated nor planned. Each of us is personally responsible for his or her own deschooling, and only we have the power to do it*." (See Ivan Illich (1971). Brown

Our previous discussion of human capital mentioned the huge range of studies showing that spending time in the development of knowledge, skills and competences provides the individual and collective actors with more opportunities in the economic system. At the level of individuals, a higher education level improves a) the access to the labour market; b) the expectations of income and c) the quality of work and life. And the famous work of Bourdieu "*The distinction*" showed for France that the social-economic position is accompanied by determined type of cultural knowledge, skills and competences.

Investing time in building social networks is also a continuous process, which builds on the previous social contacts. These contacts can be stored in time, which however requires holding the contact or at least to be informed about the spatial localisation of the person. Through the social network, the individual and collective actors improve their information flow, opening the access to resources in the hand of others. E.g. the participation in a specific lifelong learning programme accompanied by the access to a closed labour stock exchange provides the learner with more opportunities for professional development and future economic benefits.

Ad b) The works of Bourdieu and Coleman, among others, have shown that the human and cultural capital can be transferred to other persons, especially to sons and daughters. Learning per se is a social process in which knowledge, skills and competences are transferred from one person to another. Educational studies showed that in families with a high standard of human and cultural capital, the children have higher expectations to achieve also a high standard education including both human and cultural capital. In difference to the physical and financial capital these transfers don't imply a loose of resources at the side of the transmitter.

The same can be said for the social relations. A person (A) presents to another person (B) the persons (C) and (D), so that the persons (B), (C) and (D) have the possibility to increment their social resources without that (A) looses a social resource. This situation changes when the social relations or knowledge, skills and competences are converted in capital, so that they have value in the economic system. Under this condition the transfer can affect their valorisation. The work of Burt on structural hole in social networks e.g. indicates that the exclusivity of a social contact to another network and the respective bridging function provides the gatekeeper with a considerable social capital in the case that this contact is well valued by the networks. Sharing

(2000: 24) mentioned that "*in some cases, in every new course students have to unlearn their old way of thinking and learn a new way.*" See also Weinberg, J. (2000: 116-122), who mentioned unlearning as part of the self-directec adult learn process.

this contact with others rest exclusivity and potentially, but not necessarily, value of the social capital in the hand of the gatekeeper.

Also the convertibility of human, cultural and social capital in other capital forms has been proved by several studies. When someone first acquires knowledge, skills and competences in formal education environments, and later gets a high paid job for having the respective competences then he has converted human capital in economic capital. If a condition to accede to a management post is having certain general knowledge about e.g. art, science or politics or to have certain social contacts[18], then the acquired cultural or social capital is converted to economic capital.

We call the attention to the difference between human, cultural and social capital on one side and physical and financial capital on the other side. Converting the last two capital forms into other capital forms implies a lost of physical or financial capital in short term. For instance, spending money for training course implies the reduction of the financial capital stock in that moment, but e.g. the use of human capital in the production process doesn't imply the reduction of the human capital stock.

Ad c) Light (2001:3) calls the attention that storing of physical and financial capital always implies risks of depreciation. Produced goods could suffer damage or loose of value for changes in the demand.[19] In a similar way, human, cultural and social capital runs the risk of devaluation in the course of time. Professional knowledge, skills and competences become obsolete in time. An example is the occupation of a barber, which has become in the course of the last century totally obsolete in most of the European countries. And cultural capital is e.g. under risk of fashion changes. Social capital can change because of death, illness, local displacement, abandonment of the current position in networks etc. That means all types of capital need maintenance aimed to assure the value of the capital stock[20]. In so far, human and cultural capital requires a constant updating by non-formal, informal or formal learning, meanwhile the

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[18] Here we do not refer to corruption, but to the so-called Matheus-effect described by Merton (1968). For instance, working in European research projects provides researchers (a) with insights of the European research strategies so that they can design more successful research strategies; and (b) with contacts which asks them to collaborate in other research projects.

[19] "*When storing financial capital, one encounters depreciation caused by taxes as well as the risk of inflation, theft, embezzlement, bankruptcy, revolution and war*". Light (2001:3).

[20] Adler & Kowon (2002: 21) sustained a similar opinion in spite of the exclusion of financial capital: "*Like physical and human capital, but unlike financial capital, social capital needs maintenance*".

maintenance of social capital implies caring the existing contacts but also establishing new contacts.

In a nutshell, we exert the term <capital> only in reference of the use of recourses as facilitators of economic oriented action. Under the perspective of social system theory, the generation of capital is the process, in which the economic system integrates the resources created in other social systems for its own purposes.[21] But no all resources generated in these systems are converted or convertible in capital. In that sense, not all natural and physical resources are considered physical capital; neither all types of knowledge, skills, competences and social relations are considered human, cultural or social capital. For the conversion of a resource in capital, there must be a) an economic or social purpose; and b) a recognition from part of the social environment that this resource is valuable for economic action. In so far, the question comes up again under which conditions resources are converted and convertible in capital. And this concerns the question of the social embeddedness of economic transactions - in our case of the labour markets - and the markets as contested terrains.

[21] Financial capital is the exception as it is the resource generated by the own economic system to coordinate and and regulate economic transactions.

Labour Markets as contested terrain

Using the term <capital> as one of the main concepts to evaluate the socio-economic position of the individuals and their possibility to develop their capabilities and to achieve desired states of quality of life established strong relations to the economic thought. Some social scientist as Navarro criticised the use of the notion capital, as well as Bowles & Gintes (1975: 74) who pointed out that such theories as the human capital approach sustained that "*every worker … is now a capitalist*". These critics doesn't address so much the findings of the research based on human or social capital, but the fact that they systematically excluded the socio-political aspect from their analysis avoiding the relations of power in the society. In so far, this approach must be complemented by the social embeddedness of economic transactions as it is promoted by the new institutionalism in economic science and by the economic sociology.

Both approaches encounter the neoclassical economic view on economic actions and labour markets. Hodgson (2007) pointed out, the mainstream economics has changed since the 1980's and "*one of the consequences is that evolutionary ideas and the study of institutions are now commonplace*". And also the economic sociology has experienced a revival since the 1980's. The so called <New Economy sociology" started from the works of Granovetter and Swedberg bringing new insights on the normative constitution of economic actions. As well as the new economic sociology, also the new economic institutionalism sustained "*that institutions play an extremely important role that shifts the economic perspective from specific processes and outcomes to abstract, general rules*" (Cioclea 2011: 2). In the following, we will revise first literature on social embeddedness of economic transactions in general and than of labour markets. As we mentioned before, we consider social capital in its definition as trust, reciprocity, values, rules and norms, as well as the Bourdieus's approach of social fields and habits as part of this conceptual body of social embeddedness.

Social embeddedness of economic transactions

The new Economic Institutionalism and the New Economic sociology traced an alternative research programs to the neoclassical economic approach. "*The common starting point of these approaches is the claim that institutions matter and that understanding institutions and institutional change is a core agenda for the social science*." (Nee 2005: 3) But it doesn't sustained that individual behaviour could be explained completely by institutions. "*Complete explanations of parts in terms of wholes are beset with problems of equivalent structures to those of the inverse procedure. Just as structures cannot be adequately explained in terms of individuals, individuals cannot be explained in terms of structures*." (Hodgson 1998: 172)

Generally speaking, the interactions that are established in the economic life among individuals and/or institutions may adopt several forms, which can be classified in different categories. In the first place, we have impersonal relationships that take place in the markets. These interactions were the first to be rigorously analysed from an economics perspective and its treatment is the most structured and formalised, focusing in the study of the optimal individual decision making in a given institutional setting. In other words, this approach studies how individual and aggregate objectives are reached in the market, judging the results from an efficiency point of view, thus avoiding the analysis of the multiple aspects involved in the interaction and the possible antagonisms among its requirements. Nevertheless, its main contribution was the definition of the conditions under which the famous A. Smith's aphorism of the <visible hand> works, explaining how the individual interests drive to social interests or, more broadly, the identification between individual and collective rationality.

However, even if the strength and relevance of this approach has established the basis for the dominant stream in economics based on the prominence of markets and unbounded rationality, the type of relationships among economic agents that are thereby described are but a small part of the interactions that are studied in other areas of economics, beyond its mainstream. Thus, against the <invisible hand>, we find different types of interactions that may be classified into <visible hand> (Chandler 1977), <arthritic hand> (Stiglitz 1985) or <shaking hands> (Okun 1975) approaches.

The first of these, the visible hand, is the traditional alternative to the neo-classical (mainstream) economics. Its main characteristics lie in the centralised coordination of activities, appealing to hierarchy as opposed to the decentralised decision making of perfect markets by means of prices. In this stream we can find organisations such as universities, firms or even states, and has its origins in the recognition of the limitations of the market as the single mechanism able to coordinate human activities efficiently.

One additional problem with the perfect market approach is information. One of the most important conditions that ensure the existence of such markets is perfect information. But information is far from perfect and frequently it is unevenly distributed, allowing for what is known as opportunistic behaviour in the presence of asymmetric information (because the individual with more information will try to take advantage of that situation). Here appears the <arthritic hand>, as Stiglitz has termed the functioning of the visible hand in the presence of information problems. These problems affect the essence of the market and the price mechanism, which are incentives. Information problems then require the existence of optimal contracts in order to achieve the compatibility of the different interests among the parties, and this is not well accepted and frequent in the classical approach. Moreover, another important issue is that interactions are extended in time and not one time (momentary) interactions as assumed by the mainstream. This is particularly important in the labour market and in areas where the individual element is important. In these interactions, as opposed to full information rational and decentralised anonymous mechanisms (markets), an efficient functioning requires additional elements such as credibility, reputation, mutual confidence, given that it is impossible to foresee all contingencies that might affect the future interaction. In this case, cooperation (<shaking hands>) is fundamental for the optimal realisation of the relationship as opposed, once again, to what the invisible hand approach prescribes for the best allocation of resources in a society.

As we have discussed, under ideal conditions a market economy will result in (Pareto) efficient outcomes. If there is perfect information and all of the benefits and costs from trade are captured by the individuals involved in transactions, voluntary trades will result in Pareto improvements. If there are no barriers to such transactions, these trades will take place until no further Pareto improvements are possible. This is expected to occur in both output and resource markets (such as the labour market). In practice, however, market failure does occur do to a variety of factors. In particular, market failure may result from:

- Imperfect information,
- Transaction barriers,
- Price distortions,
- The nonexistence of markets when externalities are present,

- Public goods, and
- Capital market imperfections.

Voluntary trade between individuals will result in Pareto improvements as long as each individual can find out about the possibility of such a trade and knows what they will be getting from the trade. In many markets, however, imperfect information exists so that some individuals will not know that such trades are available or do have incorrect expectations of the characteristics of the product they are acquiring. In the case of the labour market, workers may not always know all of the risks and characteristics of jobs that they accept. They also do not have perfect information about all of the potential employment opportunities that may be available. On the other side of the market, firms do not have perfect information concerning the ability, motivation, collegiality, and other characteristics of potential workers. Because of this imperfect information, some employment choices will result in decisions that are not Pareto improvements. Government often steps in to correct for this type of market failure by issuing regulations or providing information. Requirements designed to improve worker safety are partly justified on this basis. State employment agencies that provide listings of job opportunities are another example of an attempt to correct for imperfect information.

Laws prohibiting transactions prevent markets from achieving potential improvements. In the labour markets, laws specifying minimum wages, mandated overtime premiums, regulating working conditions, prohibiting child employment, etc. all prevent transactions that would have provided mutual benefit to the employer and employee if the prohibited transactions had been realized. Similar transaction barriers prevent Pareto improvements in occupations that are prohibited by law. Transaction costs (such as transportation costs) or financial barriers may also result in some transactions not being realized.

Price distortions occur when the price of a good does not reflect the social cost of the good. Taxes, tariffs, subsidies, and similar types of intervention may cause a price to diverge from the marginal cost of producing the good. (Taxes and subsidies may be appropriate corrections for market failure when externalities are present.) If a tax results in an artificially high price of a commodity, too little of the commodity will be consumed. A subsidy, on the other hand, that result in an artificially low price will result in overconsumption of the commodity.

Externalities are side effects of production or consumption that provide either benefits or costs to those not directly involved in the transaction. When negative externalities are present, overproduction takes place since the market price understates the social cost of producing the good. Underproduction occurs when positive externalities are present since the benefit to society is greater than the benefit received by individual consumers. If property rights are established, negotiations among all of the affected parties may result in Pareto improvements (this is the called the Coase theorem). In practice, however, markets will generally fail to take external costs and benefits into account (as Coase himself noted in his classic paper). In this case, government may correct for negative externalities by taxing or regulating the activity; a correction for positive externalities involves subsidies or regulations.

Public goods are goods that are non-rival in consumption. Once the good is produced, it is available for everyone's consumption; one person's consumption does not reduce either the quantity or quality of the product available to anyone else. Given their characteristics, public goods tend to be underproduced because of the free-rider problem. Negotiation over working conditions is an example of a public good in the workplace. If a safer work environment is created, it benefits all workers, not just the worker who negotiated the improvement. The problem, of course, is that everyone has an incentive to let someone else complain to management about unsafe working conditions. In such a situation, such negotiations will often not take place. One of the reasons for the existence of unions is that they provide a mechanism for negotiation over public goods in the workplace. Government also often attempts to correct for the presence of public goods in labour markets.

The capital market is the market for investment in both physical and human capital. In the absence of government subsidized and guaranteed student loan programs, however, is that private lenders had little incentive to provide funds for human capital investments. Loans for the acquisition of physical capital can be secured by the use of collateral. No such collateral is available for investments in human capital. This is, of course, the main reason for the existence of government subsidized and guaranteed student loans.

Classical <economic> sociologists, such as Durkheim and Weber, have explicitly studied the unintended consequences of market processes. They developed a theoretical critique of the neo-classical economics premise that the market is a sufficient institution for the coordination of individual action and the reproduction of a stable equilibrium. But from 1930's, this sociological research strand became minority.[22] In the 1970s, sociologists started to become

[22] See Velthuis (1999: 631) how put as an example the argument of T. Parsons that the sociological analysis of economic institutions should be only a complement instead of a substitute of economic analysis. Parsons advocated a

again increasingly interested in studying markets and economic fields. Furthermore, in the last few decades a research program has emerged within economic sociology that explicitly purposes to study market phenomena. This approach has been labelled the <new economic sociology> (Swedberg 1990, 1993 and 1997; Granovetter & Swedberg 1992; Guillen et al. 2002; and Buskens et al. 2003). Within the theoretical framework of this research program progress has been made in acquiring knowledge about how markets come into existence, how they function, how they are regulated and structured, how they are embedded in their institutional environment *et cetera*. Smelser & Swedberg (2005), Swedberg (2005) and Lie (1997) argue that the structural approach pioneered by Granovetter, White, Burt, and others is the sociological theory of markets that in particular stands out (for a critique on this point of view see Krippner 2001).

The revival of market sociology owes much to the work of Granovetter (1973 and 1974) who pioneered a network approach to labour markets by dropping the assumption that market exchange only entails arm's-length ties. In standard neo-classical economics traders in competitive markets are price-takers and thus interchangeable. The details of their social relations are irrelevant. Granovetter looked instead at the role that strong and weak ties play in job searches. By looking at the role of social relations in labour markets Granovetter not only elaborated on but also criticized several new developments within the post-neoclassical economics research program such as search theory and transaction-cost economics. He acknowledged that the new developments in economic theory have been right in arguing that, at least theoretically, more than one stable competitive equilibrium is possible. He also acknowledged that the market situation does determine what the possible competitive equilibriums are. He denied, however, that the market situation does necessarily determine the future outcome, e.g., which equilibrium is eventually reached. The embeddedness of economic actions, given a particular market situation, in networks of social relations contributes significantly to which of the multiple equilibria eventually ensues. Looking back at this pioneering phase, Granovetter (1988) concluded that better models of the labour market will result from a merger of the economists' sophistication about instrumental behaviour and concern with efficiency, and the sociologists' expertise on social structure and the complex mixture of motives present in actual situations. Granovetter (1985 and 1992) argued that not only economic action of individuals but also larger economic patterns, like the determination of prices and economic institutions are very importantly affected by networks of social relationships. Furthermore, he argued that economic goals are usually combined with striving

clear division of labour between sociology and economy. Both Institutional economics as New economics sociology tries to overcome this disciplinary borders.

for sociability, approval, status, and power as well. He accused standard neoclassical economics of an undersocialized or atomized actor explanation of economic actions.

In an important programmatic work, Zelizer (1988) has argued that the structural approach in market sociology looks at culture with unwarranted suspicion. It prevents fully understanding the role that different types of values and norms play in the market place. Rational actors do not only operate in socially but also in culturally structured markets, which helps them act meaningfully despite the incomplete knowledge in the situation at hand. They do not only adjust their decisions and actions to supply and demand in the market, but also act the way they do because they belong to particular (sub)cultures and are in a specific way located in social structures (Therborn 1991). Earlier Zelizer (1978) showed how difficult it has been to establish a market in life insurance in the United States. The difficulties arose especially because of popular resistance to putting a price on human life. She (1985) also showed how children at a certain moment in time were removed from the labour market; having children got a high emotional value that proceeded over their contribution to household income. But Zelizer (1988) is not advocating a full cultural theory of markets, believing such a theory would not be very effective. Instead she calls for a “multiple markets” model, e.g., the market as the interaction of cultural, structural, and economic factors. In doing so, she seeks to avoid the two horns of Granovetter’s dilemma: at one extreme the oversocialized conception of economic action and at the other the undersocialized one.

Similar argues DiMaggio (1994) sustaining that economic processes have an irreducible <cultural> component, but he alert also against <culturalist> accounts that claim too much or generalize too broadly. He refers particularly to the role of conventions and norms in regulating the quest for economic gain. The notion that the pursuit of self-interest must be restrained by morality formed the very foundations of economics. A society, however, cannot subsist unless the laws of justice are tolerably observed. Once one accepts the position that a minimal commitment to norms of reciprocity and fair dealing is required for markets to operate at all, however, many questions remain unanswered. The first question DiMaggio raises is where normative and legal institutions that regulate market behaviour come from and why they take the forms they do. Why do such norms and conventions vary cross-nationally? Why, for example, have American policymakers worried so much about corporate collusion in restraint of trade (and defined it so broadly) in comparison to their European counterparts? Provisional answers to these questions can be found in the cultural- or judicial political approach in market sociology.

A second major critical point of the structural approach has to do with its failure to properly incorporate a legal- or cultural-political dimension into the analysis. The strength of the structural approach is its focus on social networks, which are at the core of markets to the degree that they reflect social relations between individual and corporate actors. Its major limitation is that networks are sparse social structures, and it is difficult to see how this approach can account for all or most of what we observe in markets. The structural approach contains no model of politics, no social preconditions for the economic institutions in question, and no way to conceptualize how actors construct their worlds. The structural approach does not explain why governments remain important in market society in general and why there appear to be so many "*national capitalisms*" (Fligstein 2001).

The normative constitution of economic fields is also present in many works on social capital (Flap (2002).[23] We have argued in the previous chapter for two main conceptual strands of the social capital approach. The first one focuses on the structural aspect, meanwhile the second one conceived it as coordination mean. This second interpretation focusing the subjective and cultural dimension (Newton 1999, Paxton 1999 and 2002) discusses the relevance of norms, rules and values for the economic transactions. According to the cultural approach, the set of values and attitudes of citizens relating to trust, reciprocity, and willingness to cooperate is highly relevant for the configuration and performance of the respective economic system.

Economists have recently come to argue that the coordination of individual decisions that is necessary to create the wealth of nations does not only have to rely on the lure of market gains or the whip of state authority. In order to achieve coordination one can also have recourse to community mechanisms (Gelauff 2003). Bowles & Gintis (2002) argue, for example, that communities can provide less costly solutions to various principal agent and collective good problems than can markets or government interventions. Social capital theory in its economic shape emphasizes the importance of social relationships among people, but overall of trust and norms of reciprocity to bring about transactions. To achieve complex transactions informal institutions can be helpful. The relations and values embedded in these institutions can offer an intrinsic motivation to adhere to implicit contracts. If people keep to contracts or comply with laws because of the values they cherish and the company they keep there is less need for complicated contracts that provide for all eventualities, for bringing civil actions against transaction partners or for police surveillance and prosecution.

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[23] Similar argues Hodgson (1998: 169) from a new economic institutionalism perspective: "… an institutionalist would stress the need to show how specific groups of common habits are embedded in, and reinforced by specific social institutions."

The counterpart of community at the national level is the civil society. Norms of reciprocity, citizenship, and trust are not only embodied in networks of civic associations, but also positively influenced by them. A strong and vibrant civil society characterized by a social infrastructure of dense networks of face-to-face relationships that crosscut existing social cleavages will underpin a strong and responsive government and a strong and resilient economy (Edwards & Foley & Diani 2001). So, at least, the argument goes. But is it true? Putnam et al. (1993), studying Italian regions, found that social capital matters in explaining the differences in economic and institutional (government) performance. Knack & Keefer (1997) found evidence that trust and civic cooperation have significant impact on aggregate economic activity. Beugelsdijk & Van Schaik 2003) analyzed the relation between social capital and economic growth for 54 European regions. To look at the regional level is important because recently the networks of European steering have widened by the growth of various interregional links. They found that social capital in terms of (active) group membership contributes to regional economic growth in Europe. Social capital in terms of trust appeared, however, to be not related to economic growth at the regional level. Beugelsdijk & Smulders (2003) have tried to further specify the effect of social capital on regional economic growth in Europe by distinguishing bridging from bonding social capital. They argued that bridging social capital, e.g., participation in networks that span different communities, generate trust and protect members against rent-seeking activities. They found that the relationship between bridging social capital and regional economic growth tends to be positive, whereas such a positive relationship does not exist for bonding social capital and economic growth. As mentioned before social capital hasn't only positive but also negative effects.

Oversimplifying neoclassical economic theorists see markets as an exchange of goods and services between supplier and demander, which is regulated in the ideal case of perfect market only by the balance between supply and demand of the respective good or service expressed in prices. This and other economic approaches are taking a mirco-perspective assuming individual or collective actors acting in a social space without social norms beyond the acceptance of property rights and self-interest. Beckert (2009: 250) stressed that the new institutional economics radicalised this assumption "*giving up the notion (asserted since the beginnings of the modern economics) of an <honest merchant>, who acts based on his or her self-interest, while at the same time respecting the property rights of others*." For this reason, market institutions are necessary to stabilize the expectation of the actors avoiding opportunism and the violation of the exchange partners.

On the contrary, economic sociologist framed markets in the broad concept of social action conceiving markets as arenas of social interaction. They represent social structures and institutional orders, which are social constructed in time. Markets are a specific type of economic transaction based on competition. That means, at least three individual or collective actors must exist so that one seller meets two buyers or one buyer meets two sellers.[24] In the neoclassical economics, this relation is termed supply and demand regulated by prices. The suppliers – generally firms – are orienting their performance in relation to the demand evolution. White (1981) put in doubt this fundamental assumption of neoclassical economics. He supposed that in productions markets the basic actors are firms acting in an uncertain environment as well in respect to the supply as in respect to the demand. Firms and markets are acting in both the supply and demand fields. Contrary to neoclassical economics, White assumes that firms are trying to reduce the uncertainties observing the other firms acting in the same product market and which are similar. They observe immediate competitors with similar profiles. "*Markets are tangible cliques of producers watching each other*" (White 1981: 543). The end-users come only indirectly into the picture, as it is easier to observe the competitors as the consumers' preferences.[25]

Markets in the modern capitalist society are legally framed assuring the private property and regulating its use. This is a result of the historical evolution. In the history, there were many markets, without such legal framework. And still today, illegal markets are examples for the absence of such legal property rights. This kind of markets require a higher degree of personal trust, social norms or alternative means to assure the property rights for instance the use of violence. These kinds of market are more instable and uncertain (see Aspers & Beckert 2008). Markets are interpreted as a specific form of coordination of social action, as a "*fully social institutions, reflecting complex alchemy of politics, culture and ideology*" (Krippner 2001: 782).

Becker (2009) points out three main coordination problems: the competition problem. the cooperation problem and the value problem.

a) The competition problem makes reference to the neoclassical market paradox of the competitive market that when the market has achieved equilibrium, the marginal costs equal the marginal returns, which impedes profit beyond the opportunity cost. Knights (1921: 18) stated that "*the primary attribute of competition, universally recognized and evident at a glance, is the*

[24] This consideration goes back to M. Weber (1985: Vol. 1 635) A market may be said to exist wherever there is a competition, even if only unilateral, for opportunities of exchange among a plurality of potential parties."

[25] Benchmarking can be considered as an evidence for this organisational behaviour.

<tendency> to eliminate profit or loss, and bring the value of economic goods to equalitu with their cost." Douma & Schreuder (2008: 35) sustained that based on the theory of competitive markets economic profit would not be possible in the long-run. Economic profit is defined as the part of the profit obtained, which is above the limit that a firm need to stay in the business. In the short run, the firms can obtain profits or loss, but on the long run there is no profit or loss situation (see also Hunt & Morgan 1995) That means, only des-equilibrated markets allows profits. Competition is a basic constitutive for markets, but also undermines the expectation of profits of the firms. Firms are interest in market structure protecting them from undesired competitors. Establishing such favourable market structures, e.g. increasing the barriers of entry, affects negatively the demanders as it increase prices. In so far there is a struggle of interest on market structures or the structure of competition, "*which takes place between market competitors, the state and interest of groups on the demand side over the containment, expansion, shaping and regulation of competition*" (Beckert 2009: 258). Voluntary regulation of competitions (e.g. voluntary standard and quality settings) networks policies of the firms etc. but also state regulations through legislation assuring competition or protecting consumers' rights are means in this struggle about the rules of the game in the diverse markets.

b) The <u>cooperation problem</u> refers to risks that actors run in the market due to their incomplete knowledge about the intentions of the other actors and about the quality of the products. This issue is discussed by the social capital approach under the notion of trust and reciprocity, but there are also other mechanisms based on power and violence to assure cooperation as for instance in the case of illegal markets and the organisations working in these markets.[26] Krauthausen (1998) stressed that such market are functioning similar to legal market, but with a higher and more evident degree of violence. He calls the attention to the fact, that economy and market are generally linked to pacifically and voluntary action, forgetting the aspects of pressure and power.[27] But this aspect became crucial in illegal markets, where the big leaders have a double function regulating the internal and external relations of the<firm>. They dispose of means to corrupt person external to the firm creating so a certain security against the intervention of state agents. And they dispose of the resources for violent action to sanction misleading behaviour of rupture of agreements, betrayal and delation (see Dombois, Rainer

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[26] In a environment characterized by low-trust relations; "*the Italian Mafias and Chinese Triads provide an exchange in social capital and sense of collective identity that the state has historically not provided, and this has enabled them both to gain a worrying level of power and control over their governing states, breeding further success and power*"
Ince, Rebecca (2009: 26) A Comparative Study of Cultural Aspects of Organised Crime in Two Countries – China and Italy – and their futures within a transnational criminal network in Internet Journal of Criminology: www.internetjournalofcriminology.com

[27] „*Das Pragma der Gewaltsamkeit ist dem Geist der Wirtschaft – im üblichen Wortsinn – sehr stark entgegengesetzt*.“ (Weber, M. 1922: 32)

1998). That means violence is always present assuring loyalty in spite of that it has been reduced to a <ultima ratio> for its negative impact on the public opinion.

c) The valorisation problem is, following Beckert (2009: 253), one of the main problems in the constitutions of markets. "*One crucial source of uncertainty confronting market actors derives from the difficulties of assessing the value of commodities*." One fundamental failure of neoclassical economics is that they aren't able to explain the constitution of demand. The demanders of goods and services have the choice in a variety of goods and services with complex qualities. The economic theory fails how the preferences of users arise and how they assigned value to goods. This problem concerns the heterogeneity of products and services offered in the market and the selection from part of the buyer. The distinction between functional and informational value introduced by Japanese social scientist in the 1960 (see Krüger 2009), or between standard and status market (Beckert 2009: 256) refers to the increasing complexity and volatility of products and service preferences. But it concerns also the variety of offers in the same product and service class. Standardised classification could be a mean to compare products in the same product or service class. Even classification to standardize the functional value of simple products can be ambiguous. However, more complex products require also more complex and more contested criteria, which at least must be established through complex political and social processes. (Beckert 2009: 254)

The problem of valorisation becomes more obvious in markets without or with low standardisation for the quality assessment as e.g. arts or wine. It can also be observed in markets, where the informational value of the products becomes important as e.g. in the segment of luxury cars or of fashion products, where the quality of a product seems less relevant then the trade-mark selling the product or if it also used or wore by celebrities. "*Contrary to the assumptions of economic theory, however, there is no evidence that efficient solutions consistently win out, nor can we explain purchase decisions in functionally saturated consumer markets biologically or in terms of objective functional requirements*" (Beckert 2009: 255)

The valorisation is a complex social process, in which standardisation, cultural orientations, norms and social positions influencing the value, which the actors assign to a product or service. This doesn't imply that all actors are assigning the same value to the same product or service, but the individual actor must be convinced about the valorisation of the commodity he wants to buy at least if he isn't obliged to buy the product. Therefore, the valorisation of goods and services is a dynamic process energised by technological or cultural change, advanced or impeded by profit oriented economic actors and strongly influenced by the consumer behaviour oriented to the satisfaction of needs and hopes as well as to the establishment of social distinction (Beckert 2009: 257).

Labour market as differentiated and contested terrain

Similar to the discussion about market, also in the labour market analysis there is the neoclassical economic strands, which considered the labour market as any other competitive market. In the course of time, this type of analysis was refined by complementing approaches. But there is, also a long tradition conceiving the labour market as a social embedded arena of social and economic transactions. This is the common starting point of many approaches in industrial sociology, industrial relations, labour market sociology etc. In the sections above, we have explained the different perspective on the analysis of economic transaction contrasting the neoclassical economic approaches with the new economic institutionalism and the new economic sociology. The central notion is the social embeddedness of economic transactions, what could also be applied to the analysis of the labour market. However, many works insist that we can not talk about one unique labour market. The segmentation theories propose to make a distinction between first and second labour market, but there are also proposals to make a distinction on the line of the qualification required for a job or on the line of economic branches.

That labour market as institutional framed is certainly not a new idea. It is in the heart of the sociology of labour market. But in the economic science, the mainstreaming neoclassical economics dealt with the labour market, however, as any other competitive market, in which the demand and supply is regulated by prices. In the centre of analysis stands the equilibrium between supply and demand, and the determination of wage (price). It is assumed that in the labour market both side demander and providers of jobs have equal bargaining power and that they are acting rational based on perfect information looking for maximising utility. In so far, there is a functional relation between wages and the balance between job offers and demand.[28] In correspondence to the general neoclassical economic approach focusing on prices and the underlying demand and supply conditions, neoclassical labour economics are asking for the determinations of wages and its relation to the labour supply and demand using deductive and abstract methods, with a strong mathematical component (see Boyer & Smith 2000: 200)

In the course of the last decades, the neoclassical labour market theory has been refined introducing the assumption of imperfect informed work forces and work force being differently

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[28] "*… employers and employees have equal Walrasian bargaining power, that there is a functional deterministic relation between wages and labour supply, and demand, that labour market participants have perfect information and act rationally in pursuit of maximising their utility, and that market forces will provide economic efficiency.*" (Mylett 2006: 393)

qualified and having different motivations. Complementary approaches as the <Implicit Labour Contract approach>, the <Job Search Theory>, the <Mismatch Approach>, the <Human Capital Approach> etc. has enriched the neoliberal conduce so that Boyer & Smith (2000: 218) reached the conclusion that "*the stated mission of the neoinstitutionalists – causing simple prices theory to adapt to the unique realities of the labor market – seems to be on its way to be fulfilled. Neoclassical labor economist are now – al long last, some would say – addressing some of the issues that had so consumed the interest of neoinstitutionalists, and they have turned out to be similar to their neoinstitutionslist predecessors in the fundamental desire to understand how employers and employees really behave.*" But other as e.g. Heidenreich (2000: 5) sustained, at the same time, that the neoclassical economic approach continues focusing on the maximisation of utility of the labour supplier and demander and considering the institutional context of the labour market as elements, which are causing the imperfection of this market. Neoclassical inspired approaches take the perfect market as model asking for the factors distorting it. The other strand starts from the assumption of imperfect market asking for its institutional regulation.

Kaufman (2002) criticised the statement of Boyer & Smith using as too broad definition of what is a neoclassical economic approach. The interpretation of the neoclassical approach used by Boyer & Smith is very near to a statement of Beckert "*The combined assumptions of maximizing behavior, market equilibrium, and stable preferences, used relentlessly and unflinchingly, form the heart of the economic approach as I see it*." But meanwhile the neoclassical economics asked "*how demand and supply determine equilibrium prices in competitive markets and how these prices in turn allocate resources to their most efficient use*" (Kaufman 2002: 27), Becker used the price determination and the allocation of resources to explain choices in all life areas, which gave place to talk about the economic imperialism in front of other social science areas. Kaufman (2002) suggest that economist like Solow, Samuleson, Thurow, L. Summers and R. Freeman can not be easily include in the category of neoclassical labour economics on the contrary to the labour economist linked to the Chicago school. Here is not the place to go in depth in this controversy, but it is noteworthy that the economic perspective has increasingly integrated institutional aspects in their analysis. As Solow (1990: p:xvi) pointed out "*Yet in today's preferred style the labor market is usually modelled as just clearing or, more subtly, producing efficient contracts. Bits of realism appear here and there in the literature but have not made much headway. You do not have to be a congenital skeptic to doubt that this sort of map gives a useful picture of the lay of the land*."

Also the new economic institutionalism of labour market can be seen more as an complement as an alternative to the neoclassical approach. Commons (1919: 17), considered as one of the pioneers of the new economic institutionalism considered "*the commodity theory of labor is not false, it is incomplete.*" Similar argues Solow (1990: 22): "*It does not follow from any of this that the ordinary forces of supply and demand are irrelevant to the labor market, or that we can do without the textbook apparatus altogether. It only follows that they are incomplete and need completing.*" Also Granovetter (1988) concluded that better models of the labour market will result from a merger of the economists' sophistication about instrumental behaviour and concern with efficiency, and the sociologists' expertise on social structure and the complex mixture of motives present in actual situations.

However, the broad capital approach, as exposed before, shows that the economic approach focused on supply and demand and wage determination is too limited to the dimension of monetary capital. The transactions can not be limited to its economic dimension. Becker proposed in his human capital approach a broader view but maintaining the assumption of economic rationality and applying it to the various social aspects. But the labour market can not be reduced only on its economic dimension. Bourdieu proposed the other way around seeing economy as a special case of social actions and using in stead of bounded rationality the term of reasonability.

Labour markets are social arena "*in which workers exchange their labor power in return for wages, status, and other job rewards*" (Kalleberg & Sørensen 1979: 351). The employees are looking for adequate candidates for the offered job. On the other side, persons with different competences, characteristics and social environments are competing for vacant jobs offered by diverse employing entities. They are looking for economic opportunities to achieve desired quality of life (see A. Sen). In so far, from the individual perspective the labour market is conceived as an aim per se, but the position in the labour market is a mean to achieve quality of life, but at the same time it could be a constrain to achieve them. If e.g. one desired life quality of persons is to spend the most possible time with their children then the need to work is constraining.

Neoclassical inspired approaches considered that labour markets as any other competitive markets are coordinated by supply and demand determining so the wage and labour productivity. On the contrary, the new institutional approach as well as the sociology of market put more emphasis on the coordination of action and resource allocation through non-market procedures. Patterns of behaviour and thinking as well as the network of social relations are considered constitutive for economic action as they increase the certainty of response and reduce the contingency of action. Besides supply and demand, these mechanisms are important as mechanisms of orientation, coordination and legitimation. They constitute the rules of the game (North 1990).[29]

From a sociological perspective, the labour market can not be compared to any other market. It has substantial structural differences, so that it is doubtful that the paradigm of the perfect market, which conduces to policy strategy to deregulate labour markets, can be applied (Vobruba 2007). In the modern economy, products are produced with the expectation to sell them in a market. Nevertheless the creation of labour forces (birth, education and training) isn't guided by market criteria, but by market external criteria. This means, that the supply of work forces couldn't be regulated by the relation neither in quantity nor in quality (see Vobruba 2007). The paradigm of the perfect market assumes that the participation is voluntary and the actors (demander and supplier) are principal in the same position. But the participation of the employers isn't necessarily voluntarily. In general, they don't dispose of other resource for survival, they must <sell their work force>. On the contrary, the owners of the enterprises have generally options to invert as e.g. to act as entrepreneurs creating work places with the expectation to obtain productive surplus or to invert in the financial market and to obtain financial surplus. This indicates a structural imbalance of power between the labour market actors. And at least, the labour contracts can not be compared with product contracts. The last includes, in general, that the property rights are transferred from one actor to another. The seller hasn't any influence on how the product will be used later. On the contrary, the labour contracts regulate specifically the participation of the workers (sellers) in the use of the work force. And to avoid abuses, there exist labour legislation and legislation on security at the work place. Peck (1996: 75) stated "*the labor market is a complex composite structure bearing the imprints of a diverse range of influences … in the spheres of labor supply, labor demand and the state. Each sphere has its own characteristic structure and dynamic, and each brings with it different tendencies towards segmentation … Segmentation is the outcome of the contingent and dialectical interaction of several causal tendencies.*

An example is the theory of segmented labour markets. A first attempt was made in 1954 when Kerr (1954) published an article about the balcanisation of labour markets. Doeringer & Prior (1971) took up later this idea of separated non competing labour market considering two big

[29] In institutions the rules of a society are formalised constraining, but also facilitating the human interactions. In so far they are also shaping the interpersonal political, social or economic interchange (see e.g. North 1990).

labour market arenas: the firm internal and external labour markets. This approach has a conceptual nearness to the implicit labour contract approach. The firms' internal labour markets are regulated internal norms and regulation. In general, the access is only possible through clearly defined entrance positions. Once accepted in the internal labour market, the employers are protected in front of the competition of <external> employers. They have also opportunities to internal career development and upward mobility which can not be explained by the application of the supply-demand equilibrium. This social agreement is of interest of both the employers and the employees. The last are willing to pay higher salaries and to offer better conditions to assure internal loyalty, good performance and the pertinence in the firm. This is overall the case in economic branches with expansive production technologies and knowledge intensive labour processes, which require certain professional experience. This strand explains the internal labour markets "*in relation to how these met the internal productive requirements of the organisation (such as worker commitment, or a certain level of job stability to recoup the firm's costs of training)"*(Grimshaw et al 1999: 3) Another strands linked it with the interest of the inside-employees to be protected against labour protection, to be protected in front of the outsider willing to accept lower wages and worse labour conditions. Here the role of external conditions like the existence of strong trade unions o mid or long term economic growth accompanied by low unemployment are also stressed (Elbaum 1984; Jacoby 1984; Rubery 1978). It is a process of social exclusion in mutual interest of employers and employees producing the effect of a dual labour market also within the firms introducing a distinction between the nuclear work force, which is necessary for the production process also in periods of crisis, and the potential redundant work force, which will be reduced or incremented in dependency to the production needs of the firm.

Labour market segments	**Internal**	**External**
Primary **"Good Jobs"**	Internal Core Labour market (High firm specific qualifications)	Professionalized Labour Market (high professional specific qualifications)
Sekundary **„Bad Jobs"**	Internal redundant Labour market (general firm-specific qualifications)	Everyman Labour Market (general unspecific qualifications)

Inherent to the segmentation approach based (i) on the organisation difference between firm and market and (ii) on the quality of employment is a four field scheme covering different situations in the labour market:

The concrete configuration of the labour markets and their segmentation depends on the product market, labour supply and demand, systems of industrial relations, the legal context and the history. It includes the pattern of behaviour of the workers as well as the employers and the structure of the collective bargaining system. However, as Rubery & Wilkinson (1994: 33) stresses, "*perhaps the most important institutional forces structuring the labor market are the employment strategies of employers themselves.*"

Meanwhile this approach put emphasis on the patterns of behaviour in the enterprises and economic sectors, others – e.g. Scharf (1997, 1999) and Streeck (2009) - put the accent on the societal framework of regulation establishing general rules of the games in the national labour markets. Scharf i.e related the configuration of the welfare state arrangements taking as examples the USA, Sweden and Germany to the capacity to create capacity to create employment in the service sector: "*The conclusion is that we have not two, but three, distinct models of service employment and welfare-state arrangements - American, Scandinavian and Continental-European. Both of the former are able to provide high levels of employment in the domestic service sectors - the United States in the private sector and the Scandinavian states in the public sector. Both also have their characteristic weaknesses. The downside of the American model is the plight of the working poor, whereas the Scandinavian model has become highly vulnerable as the capacity to tax is eroding for economic and political reasons. The Continental welfare states, by contrast, are not able to expand local services either in the public or in the private sector*." (Scharf 1997)

Streeck on the other side ask for the interrelation of social changes, political strategies and the labour market evolution using the example of the changing family structures and the commodification of the labour market arguing that the progress of market principles to regulate labour transactions "*erodes traditional relations of social solidarity that are essential for the stability and performance of societies*" (Streeck 2009: abstract). This conduced to the paradox that the liberalisation of the labour market increments the pressure that the state intervenes in areas, which are traditionally regulated informally. He put as an example the interrelation between destandarization of family structures, the increasing incorporation of women in the labour market, political strategies and increasing commodifaction of labour market. He stressed that one of the effects of these complex and interrelates phenomena is the decline of the fertility rate in several countries. This leads in some, but not all countries to the emergency of physical reproduction become a public policy matter. "*For example, increases in regional mobility in labor markets and in female labor market participation, as promoted by OECD governments today, are not easily compatible with families assuming responsibility for caring for the growing number of elderly, which governments also promote*." (Streeck 2009: 34)

In so far, the institutional approach is centred on the labour market at the level of sectors and enterprises, strategies of professional closure, legal regulation of labour protection and security and systems of social protection (see Heidenreich 2000). But rarely the institutional approaches in economics or sociology are asking for the interrelation and tension between the different levels of coordination and regulation in the labour markets. Similar to the production regimes (Soskice 1999), which are stressing the tense interrelations between economic policies, configuration of capital markets, relation between providers and users, education and training systems and systems of industrial relations, also the labour market can be conceived as complex systems of interrelations constituting so complex employment systems. (Schmid 1996)

In so far, employment systems aren't open for one factor labour market analysis. Employment systems are complex institutional arrangements and are constituted by the interplay of production system and labour market system. They are consistent functional institutional networks, which are historically configured at sector, regional and national level and which are reconstituted and modified in the daily interactions of the labour market actors.[30]

In the production system, decisions were taken determining the economic activity and growth. These decisions are influenced by the capital market, the research and development system, the system of governance and the regulatory system. The decisions taken in the production system haven't necessarily a direct and immediate impact on the decision in the employment system.

[30] „sehr komplexe institutionelle Arrangements. Sie verbieten eindimensionale Faktorentheorien der Arbeitslosigkeit, sind jedoch gleichwohl keine beliebigen Konglomerate möglicher institutioneller Faktoren. Sie bilden in der Regel einen konsistenten funktionellen Zusammenhang, in anderen Worten eine beschäftigungspolitische Konfiguration, die historisch gewachsen und regional, wie national geprägt ist. Es scheint dabei so etwas wie eine institutionelle Hegemonie zu geben, die diesen Zusammenhalt in den tausendfachen alltäglichen Interaktionen der Gesellschaftsmitglieder gewährleistet." (Schmid 1996: 6)

The decision about how work forces are used in the production are made in the labour market system, which is institutionally composed besides the labour market itself by the structure of households, the social security system, the system of industrial relations and the education and training system:

- The system of private households, which offers alternative to the market regulated employment, generates cultural values determining the labour attitude and implies certain restriction in the access to the labour market;
- The systems of industrial relations in which the different interest of the labour market actors are confronted. The institutional rules (e.g. the labour legislation about collective bargaining) and the power relations determine the structure, the level and the changes of the wages, but also the labour conditions.
- The education and training system, which generates general knowledge, learning capacity and professional qualification. The access to education and training determines in high degree the professional mobility and flexibility and in so far the social mobility.
- The system of social protection, which influenced decision in the labour market by (i) the configuration of the system to compensate people, which are temporary or permanently excluded of the active labour market (disease, unemployment, age etc.), (ii) the legal regulation of the working conditions e.g. protection against dismissal, types of contracts, security at the work place etc.; and (iii) offering employment in social fields, which is not market regulated.

The crucial point of any institutional labour market approach is the definition of institution. Streeck worked out that the institutional labour market economics is using a functional approach considering that <institutions> are solving problems and reducing transactions costs. Under this perspective, institutions are means to resolve problems of coordination, cooperation and allocation of resources and benefits. But in the course of time, the institutions can become dysfunctional in the changing environment. But a mayor critic against the functional interpretation of institutions is that they are contested terrains and results of conflicts of interest.

The segmentation theory stressed the diversity of labour markets making a main distinction between the societal (open) and the firms' <labour market> (closed). The empirical and theoretical analyses of organisation, especially the personal management, have clearly shown the different patterns of work organisation and personal management. There are huge range of works on this issue from the perspective of industrial sociology, human resource management and labour market research. In the organisation theory came up still in the 1960 the terms of

<micropolitics> ((See Burns, T.: 1961/62, Küpper & Ortmann G. 1986 and 1988) and organisations as <contested terrains>. In so far, the <labour market> couldn't be conceived as a homogenous phenomenon but as a complex intersection of multiple open and closed labour markets, which aren't regulated only by the supply and demand principle but by contested institutions.

Here we come back to the consideration of Beckert, that markets are fields of social action, whose major problems concerns competition, coordination and valorisation.

The problem of competition and coordination is highly relevant in the labour market as paid work is for the majority of the population the only source of income. The segmentation theory provides evidences that firms and employees are interested in create favourable labour market structures increasing barriers of entry. But the regulation of competition in the labour market concerns also the social structure of society. On one side, the institutional regulation reduces uncertainties creating stable expectations about the way to use the human, cultural and social capital in the firms and what are the economic compensations. On the other side it is obviously an arena to distribute social opportunities e.g.

- regulating the access to work places and in so far to income;
- regulating the level of income by professional and occupational categories,
- regulating the access to human, cultural and social capital. For instance a long and highly flexible work time schedule makes it more difficult to attend training courses and to maintain or develop stable social contacts

But the labour market also distributed the social risks between the actors, for instance to become unemployed with or without social protection or be under higher risks to suffer accidents at work. The stability of the labour markets depends also on the distribution of the social outcomes in terms of social opportunities and social risks. Beckert (2009) sustained that the social acceptation of the achieved distribution is a precondition for functioning markets.

As our objective isn't the development of a labour market theory, but the development of the theoretical framework to evaluate the social efficiency of university lifelong learning measures, we centred our attention here to the valorisation problem: Beckert pointed out, that the fundamental failure of the neoclassical theory is that it can't explain the constitution of the demand. This problem concerns the heterogeneity of goods and services offered in the labour market, the choice for a product or service and at least the quality of the product or service. He considered that the assignment of value is a dynamic social process framed in institutional contexts. Based on our previous outline of the capital approach, in the labour market the transactions consists in the interchange of human, cultural and social capital for financial capital (wage in form of money). However, human, cultural and social capital are different from financial and material capital as they are attached to the persons and in so far with a limited circulation capacity compared e.g. to money. Becker has mentioned that one mean to reduce uncertainty of valorisation is standardisation. Educational and professional qualifications can be seen as mechanism of standardisation in the labour market providing indicators about the knowledge, skills and competences a title holder disposes. It is a mean to link to education and training system to the economic system through the labour market. Educational and training qualifications are means of stratification assigning social positions and the potential social opportunities in the respective labour market segments.

The educational and professional qualification forms part of the institutional context, which regulates the labour market. But on the firms' level exist uncertainty about the criteria on which decision are taken concerning to the selection of personal. There are ongoing discussions about (i) the criteria of selection and (ii) the requirements to obtain the qualifications. These expert disputes are changing over time and are different between countries (see Segalla et al 2001 and Eymard-Duvernay & Marchal 1997). Professional certificates are a mean to reduce this uncertainty, but they are not the only criteria of personal selection. However this discussion is a strong indicator of the social dispute about (i) what can be considered human, cultural and social capital and (ii) what the concrete value is assigned to the different capital forms.

Capital in Transitional labour markets

Most of labour market specialists agree that we have to move from a static towards a dynamic perception of the labour market: job creation and job destruction are at the heart of its functioning (Davis & Haltiwanger & Schuh 1996). People go from one job to another, jobs shift from one sector to another, the job structure in a given firm changes too. These dynamic concerns imply a widening of the analysis of the decisions affecting work and employment; they typically depend on the connexion between labour markets and the various institutions of the social protection system, and on the connection between labour markets and the macroeconomic functioning. So we have to consider <trajectories> or <transitions>, not situations at a given point of time, and their interaction with the overall economy.

<Transitions> means steps in individual trajectories: change from one situation to another within a set of given states related to work, e.g. being employed, or inactive, unemployed, self – employed, etc.. The debate on the determinants of <transitions> is still open to diverging analytical frameworks. Some authors stay inside the traditional market analysis framework, and refer to traditional supply and demand equilibrium, to the stickiness of wages etc. They introduce incentives considerations and connect in this way the labour market to the social protection system. Other analysts introduce an explicitly dynamic perspective such as the <matching theory> of the employment relationship. They also introduce individual incentives, and take into account dynamic externalities (e.g. Boone and van Ours, 2004). Last, other, wider perspectives consider that institutions may play positive roles as well as negative ones beyond individual incentives effects. They focus on the "variety of capitalism" and try to capture a more complex and global view of the interplay of firms' strategies, workers' behaviour and institutions' framing and incentives (e.g Hall and Soskice (eds) 2001, Amable 2005).

The TLM approach converges with this last perspective. One important idea leads to the TLM policy-oriented view of transitions: the trajectories of workers are interdependent. It is necessary to extend the reasoning to the whole set of <transitions> which can be accomplished by any worker: not only the transitions from one job to another and from unemployment to employment (or the reverse), but also the transitions between non-paid activities (such as childrearing, household activities, benevolent and militant activities), education and training, inactivity, as well as employment and unemployment. And the stake becomes to ensure some collective coordination among them.

The TLM approach classically identifies five main <transitional> fields (Schmid 1995): within employment, between education and employment, between unemployment and employment, socially useful activities and employment, and inactivity and employment. A desirable state of affairs regarding employment and transitions is to limit or avoid <bad> transitions leading to poverty and exclusion, and to develop <good transitions> leading to social integration, decent income and favourable career prospects. TLM may be defined as the systematic and bargained management of transitions in order to reach or approach this state of affairs. The key tenet is that transitions, precisely because they connect very different spheres such as training, domestic activities, self employment, etc., have to be managed in a coordinated way: my mobility depends on your mobility.

One of the problems of this approach is that transition implies changes form one place to another, but this perspective must be expanded also to changes in the environment in so far that e.g. technological changes in the economic branch and at the work place implied the need to change the work behaviour, competences, skills and knowledge with the objective to preserve the job. In so far, labour market transition includes here also the adaptation to changes in the workplace or in the labour environment. For the classification of transition phases, we take up a long discussion in the labour market sociology and distinguish between the internal and external labour market perspective[31]:

Table 3 **Situation of labour market transitions**
Internal Labour Market - Adaptation to changes at the individual workplace - Personal development - Vertical professional development: Up-wards professional carrier - Horizontal professional development: From one workplace to another at the same hierarchical level
External Labour Market - From unemployment to employment - From one employment to another employment - From one employment status to another

[31] This isn't a closed list; it is open for the addition of other situations of adaptation.

The TLM approach proposed to support institutionally this labour market transition to reduce the respective labour market risks. Only the whole segment of institutional supported transition periods are considered transitional labour markets. Institutional support for labour market transitions can be conceived as a kind insurance tool to protect from labour market risks using, besides monetary instruments, mechanisms to increment the stock of human, cultural and social capital avoiding that an undesired event will affect a citizen, to mitigate beforehand the negative impact of such an event or to cope with the negative impact after the occurrence of the undesired event.[32] In so far, institutional support does not mean only (monetary) compensation for the damage, but also proactive measures to avoid that the damage occurs or to limit its impact.

A given transition may not be <good> or <bad> by itself but depends on the set of opportunities it allows to reach and on the individual capacity to use them. For example, a short term labour contract may be a stepping stone towards a stable situation, or be part of a series of unstable and precarious experiences. An unemployment spell may become a <critical> transition when it is undergone by a low-skilled worker in a depressed area: it could become the beginning of an exclusion process, especially if it brings poverty and is combined with family disruption. Some basic principles of transitions management have been identified, discussed and reformulated. Here is a well – accepted list (Schmid& Gazier 2002):

- The first is <empowerment>: transitions must be managed in such a way that individuals gain an increased power over their life and work trajectory.
- The second is solidarity: it is a constant trait of unemployment insurance that the <good> risks (stable and skilled workers) should pay for the <bad> ones (precarious and low-skilled workers) in a single unemployment insurance programme. The reason is that the latter, the most in need for an Unemployment Insurance, are unable to build it alone. The same line of reasoning applies to the management of all transitions.
- The third is the sharing of responsibilities. Co-financing is a priority wherever possible, in order to develop incentives for every stakeholder.
- The fourth is the search for efficiency through decentralised management by objectives.

In a nutshell, TLM are first a proposal of a Labour Market Policy reform, following the four principles set out above. They foster the appropriation by social partners of labour market policies, which should become part and parcel of wider local – regional bargains about

[32] Hereafter we use the term <mitigate> for the proactive measures and the term <cope> for the reactive ones.

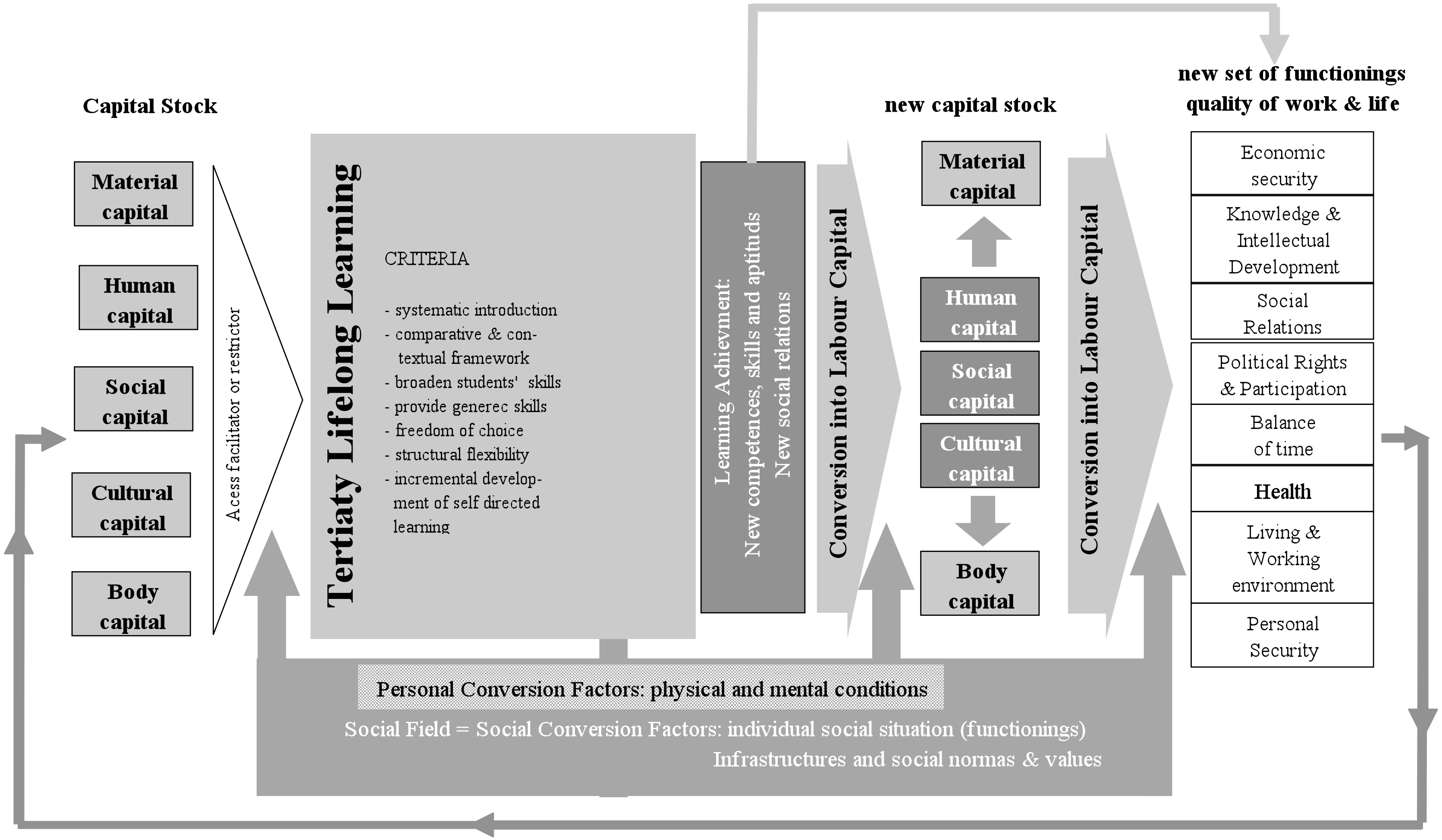
transitions opportunities. However, a second and complementary aspect of TLM has been developed: a reform proposal of the employment relationship. When workers switch from a part-time to a full-time job into a given firm, when they suffer from unstable hours or enjoy free choice about holidays, they undergo <bad> transitions or enjoy <good> transitions as well as if they leave unemployment for employment or leave a firm for another one. TLM is a systematic way of managing risks and opportunities stemming from the very act of working and become a reform of the whole employment relationship, inside the firms and on the labour market. The main channel for conveying this reform is an enlargement of the bargaining process in industrial relations (Gazier & Schmid 2001). Typically, social partners have to bargain over <time saving accounts>, <wage insurance devices>, as well as over new mobility rights. Another important aspect of this labour market risk management system is the empowerment of the individuals by the increasing of the human, cultural and social capital stock through the provision of lifelong learning opportunities, which includes also funding mechanism to facilitate a social equity access.

Lifelong learning provides the learners with new resources, which aren't necessarily recognized by the labour markets as capital[33]. This is a second step and depends on the concrete configuration of the labour market. The labour market or the labour market segments are as social fields or contested terrains in which, through complex social bargaining processes, the social status of a person is defined – precisely his occupational status. These social fields could also be interpreted as complex webs of social conversion factors allowing the conversion of the resources in the hands of the individuals into capitals and defining their value.

Under the labour market perspective, the outlined broad capital approach allows to measure the social efficiency of institutional measure to support labour market transitions asking for the convertibility of human, cultural and social resources in capital in different labour market segments. Taking up the metaphor of capital as resources in the economic field: labour market conduced to the consideration that the labour market is considered here not as an aim by itself but as a mean for the individuals to achieve quality of life. In other word, the ultimate objective isn't to bring the people back into the labour market or to maintain them in the labour market, but to facilitate resources so that they can achieve the quality of life they want to achieve to.

[33] It is important to underpin that the intention behind the learning process could be reduced only to the acquirement of new human, cultural or social capital. Lifelong learning provides learner with new resources, which later could be converted in diverse capital forms, that means resources positively valued in the labour markets. But this conversion must not be the interest of the learner to participate in the learning process or the interest of an institution to offer learning opportunities.

Figure 2: Tertiary Lifelong Learning to change the individual capital stock and quality of work & life



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