



# Human Capital and Social Capital: What's the difference?

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I would like to take a step back and review some of the basic ideas surrounding the burgeoning field of social capital. Many people I have spoken to feel excluded from the discussion about social capital because it is a relatively new term, it is about apparently intangible things and is rarely described in ways that connect it with real life. Abstract notions such as 'norms' and 'networks' do not help those entering the discussion relate the ideas to everyday activities. Many consider that social capital is 'old wine in new bottles' – another word for, say, community development or a sound learning environment. In addition, many people are confused about the differences between social capital and human capital. Is there a difference? Why does the difference matter? This commentary is an effort to address these matters. I will then close with a discussion about the differences between human and social capital in relation to adult learning. Readers can then enter the discussion and start to critique the ideas and practicality involved, and a new debate can emerge if needed.

Social capital is the cement of society's goodwill - it creates a cohesive society. The networks, trust and shared values of social capital bring to life our human values, skills, expertise and knowledge. Social capital results from effective communication. Social capital provides the social infrastructure support for our lives in a web of elastic networks related to home, work, learning, leisure and public life. Social capital constructs the meaning around the visible picture we present to the world. It tells the world who we are and what we are like. Through social capital we define who we are, what we do and why we do it. Interactions that create social capital give our lives meaning, and in a real sense they weave the fabric of our lives. Social capital is a term that refers to the social values (norms), networks and trust that facilitate a group's purposeful action. Social capital encompasses the norms and networks facilitating collective action for mutual benefit, as Michael Woolcock says. Another writer on the subject (Portes) observes that, 'Whereas economic capital is in people's bank accounts and human capital is inside their heads, social capital inheres in the structure of their relationships'.

It is the quality of the **shared values** of the participants that determines the effects of social capital

and holds groups together. Shared values and social norms (the tacitly agreed-to social rules we all usually abide by, such as language, dress and manner codes) are at the core of what makes us the same, and what makes different groups of people different. For example, dress codes vary from one social situation to another, as do manners and speech. These vary even more significantly across cultures. Those shared values that we work with in our close family, neighbourhood and community experiences help shape that 'sense of sharing' and 'belonging' - aspects of our identities that are crucial for us to feel wanted and valued members of our societies. For healthy communities and members, these 'bonding ties' of close group relationships need to be balanced by links with the values and norms outside our immediate groups, through 'bridging ties'. Shared values are the crystals around which networks grow. They can make the difference between good and bad networks. Anti-social, aggressive or embittered values by themselves will lead to unproductive, negative networks and interactions. Shared values based on individual worth and collective endeavour will be more likely to be productive, positive and lead to wellbeing.

**Networks** link people to each other and to their communities and society. Bad networks promote interactions that are restricted and only inward-focused. The resources of knowledge and information they draw on are poor and the interactions are typically narrow in terms of the interpersonal identities that inform them. What's more, they seldom link with networks outside the well-used and local ones. Good networks, on the other hand, build on the strength of their internal bonding ties and draw on an array of external knowledge and information resources as well. They display variety in both their character and content. Good networks take nourishment from sources outside the local networks.

**Trust** is an important dimension of social capital. Trust underlies and contributes to the quality of interactions between people. I think all of us would agree that trust leads us to the expectation that arises within a community of regular, honest, and cooperative behaviour, based on commonly shared norms. Trust is certainly the critical component of any social cohesion. Trust seems to be everywhere but nowhere. Trust underlies all positive social interactions – it's what makes them work as a

positive force. Trust operates at several levels. There is the trust that forms when people find things in common to talk about, and this first step may lead to the next. People make frequent mention of the role of trust in their first steps towards learning. Trust seems to be the substance that provides the reward for taking the risk of the first step – both in learning and in social relations. Trust is above all learned. When people don't trust, they don't learn, nor function effectively in society.

**Social cohesion** is used to refer to the ties between people in groups and communities that cause a bonding through common interests. It is frequently pointed out in the press that Western societies seem to have lost a proportion of their social cohesion, symptomized by conflict, breakdown in family structures, intergenerational communication and so on. Strong social cohesion within one group can be likened to group 'solidarity', and these 'bonding ties' can be detrimental if they are not balanced by suitable links to external information and knowledge through 'bridging ties'. So bonding ties cause the communication between people that builds a sense of cohesion or solidarity in a small group or community. Bridging ties are those interactions through networks that link a smaller group or community's solidarity with external information and knowledge. In addition to the quality of the interactions is the impact of those interactions on the wider community and society. This impact can take several different forms, such as impact on health, impact on safety, impact on employment, on creativity, education and training, on the environment and so on. Therefore it is the development of trust that determines the impact of individuals on their communities.

### **How the difference between human & social capital relates to adult learning**

Human capital includes the skills and knowledge we gather in formal and informal learning. Social capital, built through meaningful interactions between people, facilitates the learning and use of these skills and knowledge. Social capital therefore promotes active and sustainable learning. A learning environment poor in social capital will concentrate on skill and knowledge acquisition in a top-down fashion, will underplay the importance of trust and interpersonal issues such as self confidence, and assume learners know why they are there and are self-motivated. Signals of a strong social capital learning environment include: that it is connected both to its community and outside sources, that it develops interpersonal trust and self-confidence that provide a platform for further action, that it encourages informed decision-making working from commonly identified values, and that it has a clear purpose for each stage.