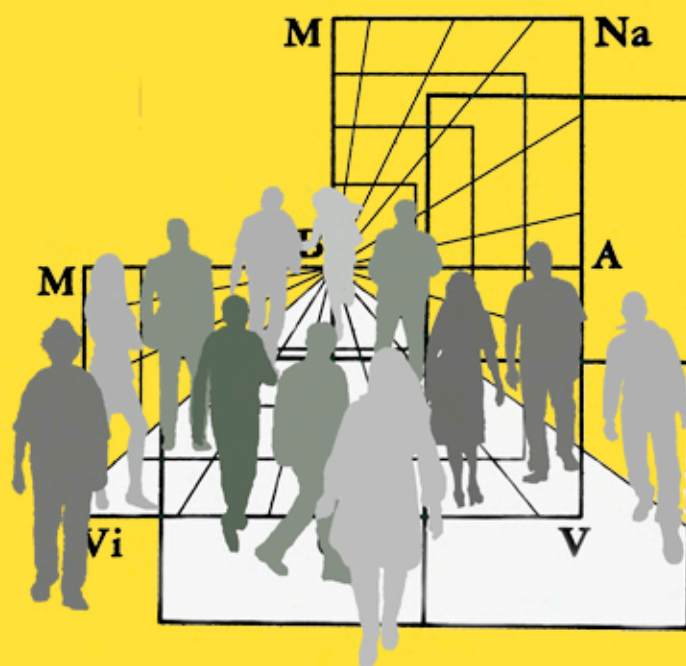


# Social Effectiveness of Tertiary Lifelong Learning

## Theoretical Considerations



**Karsten Krüger and Néstor Duch**  
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# Content

<b>0. Summary .....</b>	<b>1</b>
<b>1. Transitional Labour Market as Social Risk Management .....</b>	<b>5</b>
1.1. Active Ageing in the Risk Society .....	5
1.2. Social Risk.....	11
1.3. New Social Risks .....	19
1.4. Social Risk Management: Activation Policies .....	22
1.5. TLM Approach as a Tool of Social Vulnerability Management .....	27
1.6. Managing Social Vulnerability .....	39
<b>2. Measuring Quality of Life.....</b>	<b>44</b>
2.1. Approaches to Measure Quality of Life.....	45
2.2. Capabilities, Functionings and Conversion Factors.....	47
2.3. Defining Social Quality of Work through Capabilities.....	56
2.4. Social Vulnerability and Quality of Life.....	68
<b>3. Conversion of Capabilities into Capital.....</b>	<b>71</b>
3.1. Labour Market Relevance of Tertiary Lifelong Learning.....	71
3.2. Forms of Capital.....	74
3.2.1. <i>Human Capital</i> .....	75
3.2.2. <i>Cultural Capital</i> .....	81
3.2.3. <i>Social Capital</i> .....	85
3.3. Are Human, Cultural and Social Resources Forms of Capital?.....	94
<b>4. Labour Markets as Contested Terrain .....</b>	<b>99</b>
4.1. Social Embeddedness of Economic Transactions.....	100
4.2. Labour market as Differentiated and Contested Terrain .....	110
4.3. Capital in Transitional Labour Markets .....	118
<b>5. Measuring Social Effectiveness of Tertiary Lifelong Learning.....</b>	<b>123</b>
<b>6. Literature.....</b>	<b>139</b>

# Tables

	Page
<b>Table 1:</b> Typology of Social Risks I	21
<b>Table 2:</b> Typology of Social Risks II	21
<b>Table 3:</b> Shift in Central Tendencies from Welfare to Enabling State	24
<b>Table 4:</b> Models of Activation Policies	25
<b>Table 5:</b> Typology of Social Risks III	39
<b>Table 6:</b> Typology of Labour Market Risks	41
<b>Table 7:</b> Institutional Factors for the Management of Social Vulnerability (Universities)	43
<b>Table 8:</b> Objective Living Conditions and Subjective Well-being	46
<b>Table 9:</b> Capabilities, Definitions and Sub-Capabilities	53
<b>Table 10:</b> The Central Human Capabilities by Nussbaum	58
<b>Table 11:</b> Dimensions of Sustainable Quality of Life proposed by Robeyns & van der Veen	59
<b>Table 12:</b> Dimensions of Quality of Life (1/2)	60
<b>Table 13:</b> Dimensions of Quality of Life (2/2)	61
<b>Table 14:</b> Lists of Societal Desirable Capabilities of Functionings	62
<b>Table 15:</b> Examples of Classification of Job Quality Dimensions	64
<b>Table 16:</b> Links between Well-being Dimensions and Quality of Work	66
<b>Table 17:</b> Forms of Capital: Capsule Definitions	74
<b>Table 18:</b> Definitions of Social Capital	86
<b>Table 19:</b> Situation of Labour Market Transitions	120
<b>Table 20:</b> Model of Labour Market Dangers, Risks and Vulnerability	130
<b>Table 21:</b> Links between Well-being Dimensions and Quality of Work	134



# Figures

	Page
<b>Figure 1:</b> Demographic Changes in the EU-27 from 1985 to 2009 in % of total Population.....	6
<b>Figure 2:</b> Activity rates by Age Groups (%) in 2000, 2005 and 2009 .....	7
<b>Figure 3:</b> Employment rates by Age Groups (%) in 2000, 2005 and 2009 .....	8
<b>Figure 4:</b> Vulnerability of Citizen in Social Risk Situations .....	18
<b>Figure 5:</b> The Chain of Social Vulnerability Management .....	38
<b>Figure 6:</b> Causal relations between Resources, Capabilities and Subjective Well-being .....	46
<b>Figure 7:</b> Resources, Capabilities, Functionings and Conversion Factors .....	51
<b>Figure 8:</b> Radial Graphic of Functionings .....	54
<b>Figure 9:</b> Quality of Work and Employment Model .....	65
<b>Figure 10:</b> Dimension of Quality of Life and Work .....	67
<b>Figure 11:</b> Interrelation between Social Vulnerability and Quality of Work and Life .....	69
<b>Figure 12:</b> Dimensions of Social Capital .....	88
<b>Figure 13:</b> Good and Bad Jobs in External and Internal Labour Market Segments .....	114
<b>Figure 14:</b> Scheme of the impact of LLL on Work and Life Quality .....	125
<b>Figure 15:</b> Tertiary Lifelong Learning to change the Individual Capital Stock and Quality of Work & Life ...	137



## 0. Summary

The project “Tertiary Higher Education for People in Mid-life” (THEMP), co-funded by the Lifelong Learning Programme of the European Union, addresses one of the main challenges of an **aged knowledge society**: *How can European society ensure a constant upgrading of the skills of the working population and so prevent, mitigate and cope new and old social risks?*

THEMP focuses on a specific social group, people in mid-life, defined as those older than 45 years old but younger than 65. This age group is increasingly exposed to risk of exclusion both in the labour market and lifelong learning. Our project assumes that the inclusion of this age group in higher education is, and will be, one of the main challenges of education and training systems all around Europe. However, from our research of discussions on higher education in the European Union, it seems clear that the inclusion of mid-age and older workers in tertiary education hasn't been a main priority of higher education policies. Moreover, taking into account recent reforms in pension systems, demographic changes and the lack of highly qualified workforces in the European Union, this topic will become more and more relevant in the education and training strategies of the future. Insofar as THEMP will go into unknown terrain, it is advisable to frame the issues within a wider perspective of the analysis of the social effectiveness of tertiary lifelong learning.

Tertiary Lifelong Learning (TLL) is considered as a key strategy to develop more inclusive and responsive universities. Opening up higher education to mid-life learners, designing flexible pathways from Vocational Education and Training (VET) and from professional experience to higher education, creating flexible learning arrangements that reconcile family-work life and learning and adapting innovative learning methods in higher education are challenges to be faced in the near future, resulting from aging in a knowledge society. Higher education is now carried out by a wide range of institutions within the EU. Although we are aware of the differences between national higher education systems

and the inconsistencies between them, this project will exclusively study the contribution of universities.

THEMP therefore focuses on the education and training mission of the Universities and suggests measures to be taken by these institutions to expand their educational and training activities beyond their traditional student intake by aiming at a wider range of citizens<sup>1</sup> and learning environments.

This statement indicates also that we consider universities to have not only an education and training function in modern society, but also a pre-eminent social function. This argument continues the long and important discussions in Europe and elsewhere about the role of higher education in modern society. In the 1970's, Parsons & Platt [1973] discussed the social function of higher education under a systemic perspective. They highlighted the importance of higher education in the modernisation process of US-American society. More recent discussions have pointed to aspects of equity and social justice within higher education [see among others Brennan & Naidoo 2008: 287]. Zajida et al. [2006: 13] addressed this issue, investigating how higher education can “*contribute to the creation of a more equitable, respectful, and just society for everyone?*” This concept constitutes a very broad field of study and needs to be limited for a small research project such as THEMP.

This book presents the consistent theoretical framework within the THEMP project to measure social effectiveness based on three main approaches:

- Transitional Labour Market (TLM) approach (Schmid)
- Capability approach (Sen)
- Capital approach (Bourdieu & Becker)

The book is based on the elaboration and the discussion of three discussion papers. This allowed us to revise the original proposal and to progress towards a consistent theoretical concept. The discussion papers can be consulted together with a synthesis of their content at [www.themp.eu](http://www.themp.eu).

The concept of the transitional labour market approach (TLM) appeared at the end of the 1990's and the beginning of the 2000's, offering an innovative concept to design societal labour market strategies. It takes into account the changing societal context, which is linked to a higher degree of

---

<sup>1</sup> We will use here the term ‘client’ to underpin the fact that we don't follow one single solution in the design of higher education policies: the public management approach. The use of the alternative term ‘citizens’ indicates that they are the owners of public education systems and that we are concentrating on adults. One of the main distinguishing characteristics of higher education systems is that it is addressed, in principle, to adults instead of children (defined here as persons younger than 18 years old). It is the only educational system in which the teachers and learners are both adults. VET-systems also include persons younger than 18 years on the learner side.

uncertainty and complexity in labour markets in the European member states. Such an approach includes elements of the discussion on the risk society (Beck) and maintains similarities but also considerable differences, to such ideas as the "third way", "activation policies" and "investment state". It delivers a conceptual framework for designing labour market policies by advocating a conceptual basis for the management of potential social and economic risks.

The following theoretical outline starts from the discussion of such social risks, outlining then the strategic proposals of TLM to design labour market policies and stressing the possible role of higher education in social risk management. Within TLM two main research strands can be distinguished: a) the life course perspective and b) the social risk management perspective. The life course perspective allows us to define standard situations, which influence workers' life courses in the labour market, and includes the risk of social and economic exclusion. Identifying these transitional phases allows us to identify the institutional role of tertiary lifelong learning (TLL) that will mitigate associated social risks.

However, the TLM-approach contains gaps relating to the objectives of public interventions. In its first conceptual outline it focused on full employment, considering full integration in the labour market as the ultimate objective of social and employment policies. So it seemed difficult to see how it was different from alternative strategic proposals as the <social investment state>, in spite of its clear orientation on the individual as the subject of public intervention. However, in the course of its theoretical development, elements of social justice were introduced. We support this development, considering that the ultimate goal of public intervention must be the citizens' quality of life, while maintaining a focus on labour markets as the proper social field from which to obtain the resources needed to achieve quality of life.

Therefore, in the second chapter, we examine the social justice approach (SJA – see i.e. Rawls [1999], Dworkin [2000] and particularly Sen [1999]) as an appropriate concept for measuring the social balance of education and training policies, especially those in the field of higher education. It allows us to fine tune an analysis of the risk situation and its possible solutions, and to include citizens as the main subject of analysis.

In European Post World War II society, education was always the major way of achieving equity in social opportunities. But it is widely questioned whether or not these policies have achieved the proclaimed objective. This especially affects access to higher education. Opening higher education to new social groups is considered as one of the main objectives of those European educational policies, which aim to facilitate better life opportunities for a wider range of citizens. The capability approach delivers a theoretical framework to measure educational achievement in terms of quality of life and social equity. However, this approach does not satisfactorily explain how capabilities are converted into functions or quality of life.

To resolve this problem, in the third chapter we come back to labour markets, asking how capabilities are converted into human, cultural and social capital that is well valued in labour markets. More focused on the issue of social effectiveness of tertiary lifelong learning, we are examining how learning results are converted into the sort of facilitating capital that learners could achieve to maintain their desired quality of life. Based on a critical vision of the market concept of TLM we propose to integrate the notion of <capital> into the theoretical framework, thus contrasting the approaches of Bourdieu [1979; 1983 and 1988], Becker [1994], Coleman [1988] and Putnam [1993a and 1993b]. With reference to Bourdieu's field theory, we consider labour markets as social fields in which different types of capital (i.e. economic, social and cultural) are used.

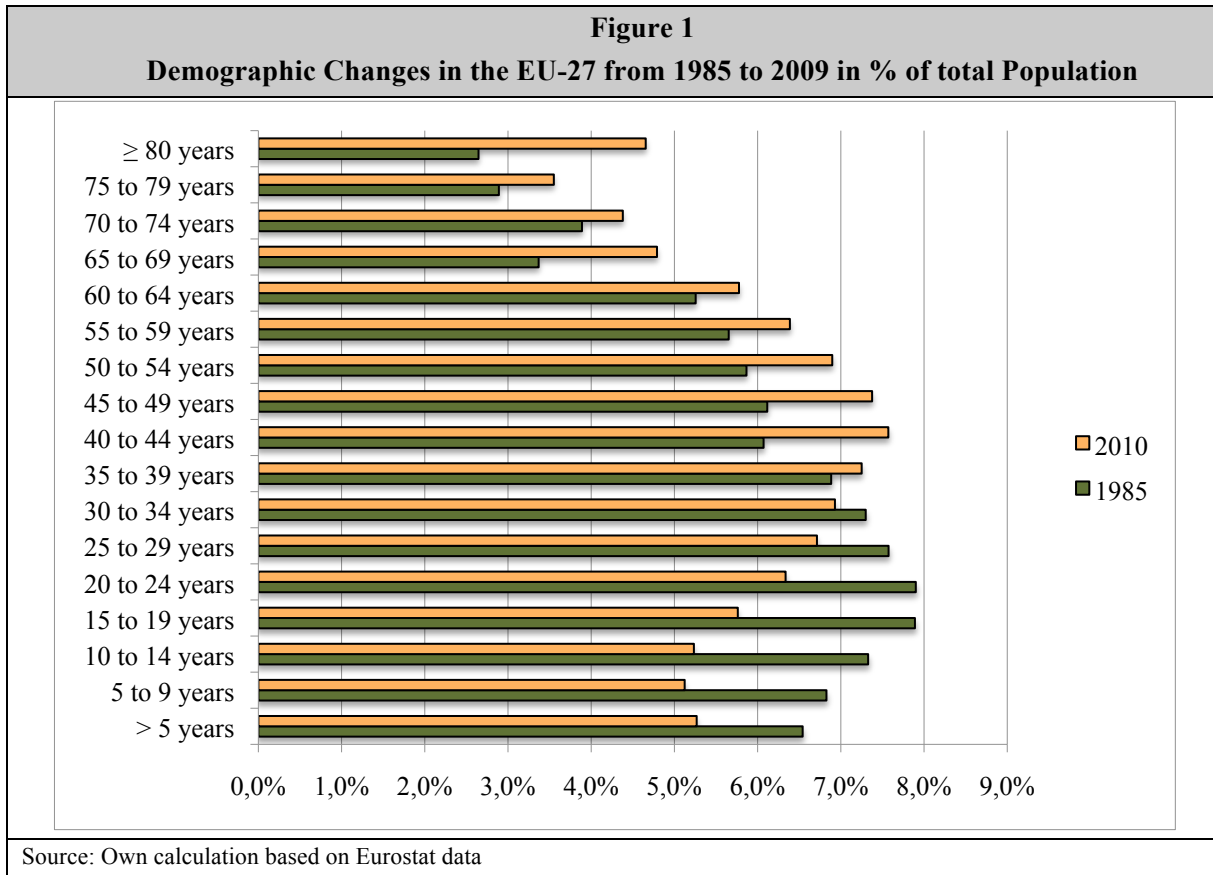
The proposed theoretical framework will allow THEMP to develop tools and instruments to measure the social effectiveness of Tertiary Lifelong Learning programmes in general, and more specifically those designed specifically for mid-age workers. The proposed concept of social vulnerability management first addresses the question of how the European Union and its member states are facing the social risks, emphasising strategies of activation or social investment. Later we go into depth to the discussion of social risks based on the revision of relevant social risk approaches, making a clear distinction between social danger, social risks and social vulnerability. This allows us in the last chapter, to expose a coherent concept of social vulnerability management in situations of labour risk, using as a basis the measurement of social effectiveness in tertiary lifelong learning programmes.

# **1. Transitional Labour Market as Social Risk Management**

## ***1.1. Active Ageing in the Risk Society***

Since the 1960's, European society has experienced a profound demographic change due mainly to an increased life span and lower of birth rates. An increasingly older population is changing the structure of the labour market, and this not only has an impact on the nature of goods and services by increasing the demand for health products and care services, but also causes change in welfare systems [see McQuaid et al. 2010: 3].

The changing balance between younger and older people causes tension in the financing of public social security systems. In the 2000's, EU-member states reacted with pension systems' reforms, delaying the retirement age and extending active working life. Despite this, in all EU-countries employment rates of people older than 50 years are lower than the overall employment rates, even allowing for differences between member states. Along with the delaying of the formal retirement age, this phenomenon could be conducive to higher risks of social exclusion for older people. The extension of the retirement age and tougher conditions for early retirement underline the need to design strategies for improving the active participation rate of workers older than 45 years. Only by creating opportunities for them to remain within the labour market under suitable labour conditions can they obtain benefits at this stage of their life as well as achieving quality of work and life once they are retired.

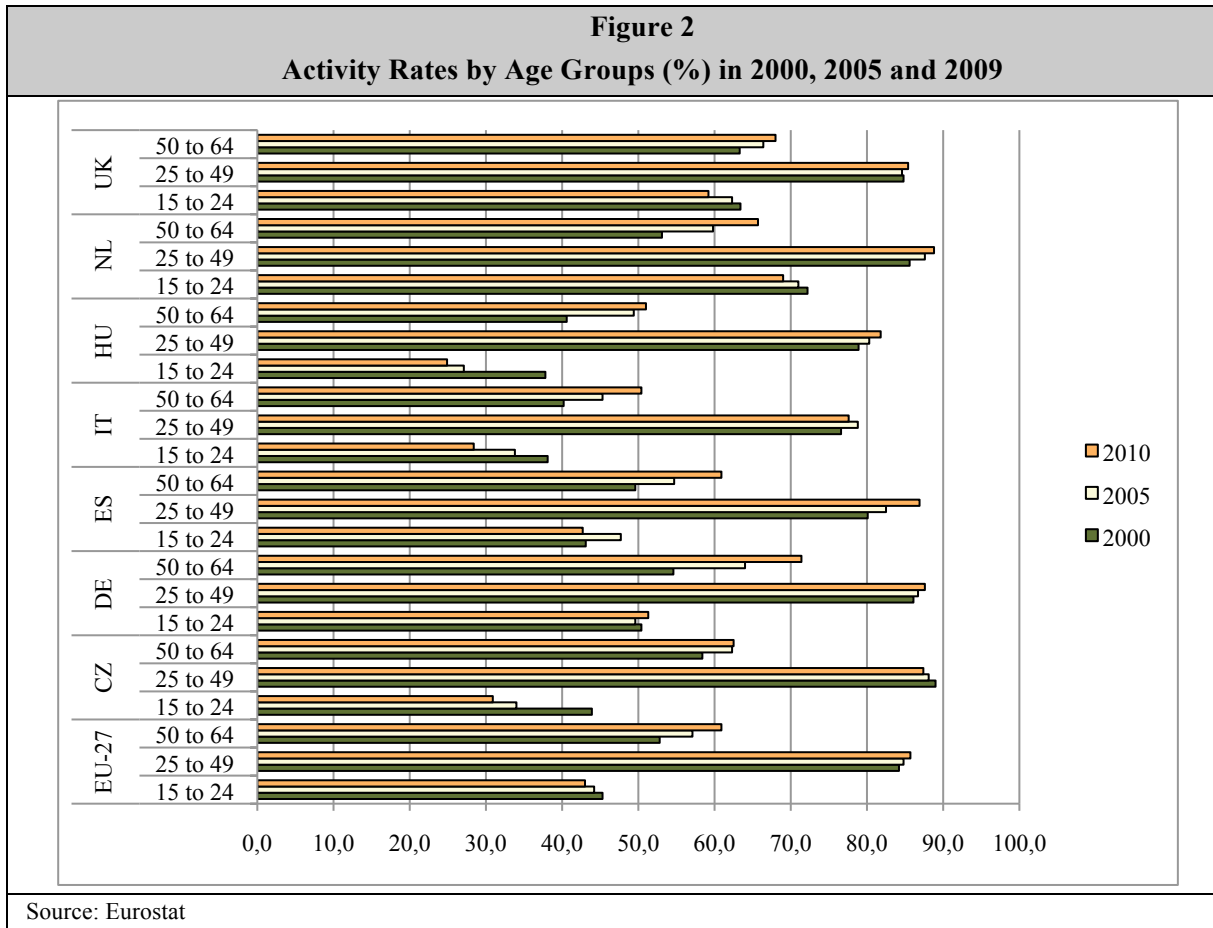


To reduce this potential social tension, active ageing has become one of the major concerns of the social and employment policies of the EU. Maintaining older workers in the labour markets is crucial for the sustainability not only of welfare systems, but also of the labour market itself by presenting a solution for the shortage of qualified workers [see Jepsen & Hutsebaut 2002: 213]. The EU strategy in the first decade of the XXIst century was focused on the reduction of early retirement mechanisms and on deferring retirement age in order to prolong the working lives of European citizens.

The Lisbon strategy itself has addressed this phenomenon as one of the main challenges of the EU in relation to the modernisation of social protection systems. At the Stockholm meeting 2001, the European Council proposed the target of achieving 50% of people older than 49 in employment. And in the renewed Lisbon strategy [EC 2005], the goal of including people older than 55 in the labour market was set, stressing the need for the creation of employment for older people. The effect of these employment strategies can be observed in the increase in the employment rate of the population between 15 and 64 from 62,1% to 64,1% form 2000 to 2010. More relevantly in the case of older people, the employment rate grew more for the age cohort between 55 and 59 years old, passing from 50,3% to 60,9%, and for people between 55 and 64 years old the rate grew from 36,8 to 46,3% in the



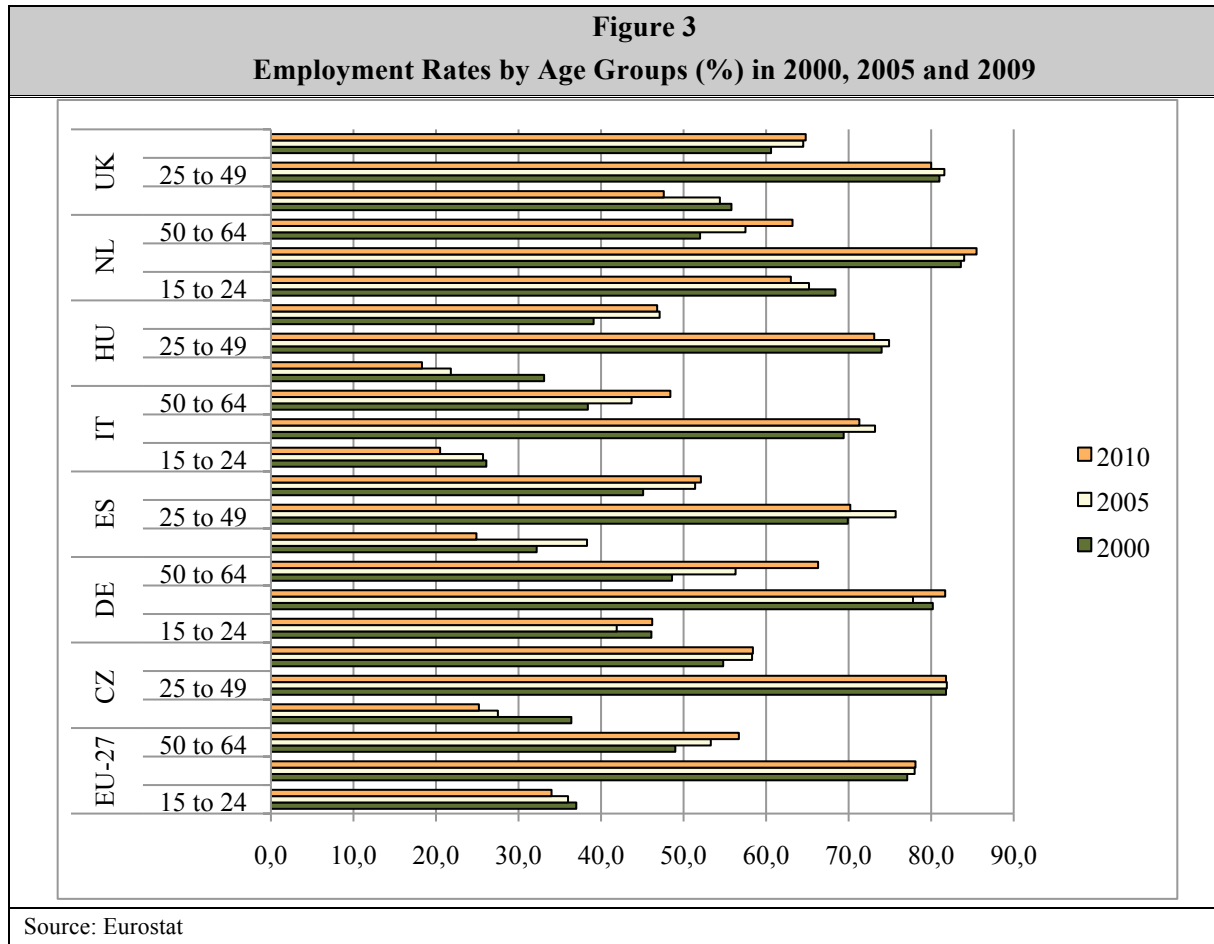
same time. Nevertheless, total employment rates for these two age cohorts remain low in 2010 with around 69,5% and 54,6% respectively for men and 52,9 % and 38,6% for women. In 2010 an EC-Commission Staff Working Paper [2010: 8] states: “*Pension reforms in the majority of Member States are already raising the labour market exit age, but much can still be achieved in this area.*”



Starting with the Lisbon strategy and within the framework of the European Employment strategy, the European Union has therefore designed strategies to promote the employment of older workers, recognizing the need to adapt working conditions and work organisation to the health and needs of older workers<sup>2</sup>, as well as improving access for older people to lifelong learning provision. It is also recognized that older people are exposed to higher risks to loss their employment, in periods of

<sup>2</sup> “More flexible working time and work organisation is needed, in order to encourage, for instance, more part-time working as an alternative to retirement, and to improve access to lifelong learning for older workers” EC-Commission staff working document. [2010:5].

economic crisis, and that provision should be made for their quick return to employment. In other words, strategies to fight age discrimination must be developed and put in place.



In the new political strategy Europe 2020, the Commission again mentions ageing as one of the main challenges, particularly in:

- The accelerating demographic change caused by the retirement of the baby boom generation, causing the working population in the EU to decrease from 2013-14.
- The increasing numbers of retired people older than 60 years.

Both trends combined will increase the tension in European welfare regimes [see EC 2010: 7]. To achieve a “*smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion*”, the Commission considered it necessary to increase the employment rate of the population aged 20-64 from the current 69% to at least 75%. This requires an

increase in the participation rate not only of women and older people, but also of migrants [EC 2010: 10f].

This plan to address aging is framed in the long-term strategy of the modernisation of the European Social Model and the European welfare regime. The activation policy model has a double source. In the economic crisis of the early 1990's and in the new approach to social policies promoted by the so-called <Third Way><sup>3</sup>, it tried to foster a new perspective between economic liberalism and traditional Keynesianism by proposing radical change in welfare regimes, It did this by promoting greater social inclusion and by trying to end poverty transfer between generations. It also promotes the necessity of a better prepared working population in face of the changing work conditions of globalised economies [see Jenson 2009].

The <Third Way> promoted a change from the traditional welfare state to a social investment model. While the first model is based on compensatory aid in case of poverty, unemployment etc, the second model tries to prevent the emergence of social need through proactive social investment in education and qualifications. This is a reaction to the abandonment of the dominant Post World War II policy strategies, which were oriented to the reduction of labour market uncertainties. But from the 1980's onwards, and accelerating since the breakdown of communist regimes in Europe, these policies changed to a re-commodification<sup>4</sup> strategy, again increasing labour market uncertainties. Under this variation, social policies were combined with employment policies and focused on proactive measures instead of compensation strategies to mitigate immediate difficulties [see Palier 2006: 114]. Giddens himself used lifelong learning and the involvement of the state in the social economy as examples of social investment strategies [see Perkins et al 2004].

The social investment state also promotes the re-orientation of social policies to include children in order to prevent future poverty. Based on the evidence that most cases of adult poverty affects people who have grown up in poor and unemployed families, social policies must be focused on children and their education in order to prevent future social exclusion and to increase their opportunities to access employment. Since the objective is to develop a qualified and flexible labour force [see Palier 2006] able to adjust to change in labour markets and prevent social exclusion, the

---

<sup>3</sup> This expression was coined by A. Giddens in 1998 and adapted quickly by European politicians

<sup>4</sup> De-commodification and re-commodification are terms used e.g. in the welfare regime approach proposed by Esping Anderson. It starts from the consideration that markets see labour as a mere commodity. Decommodification is then the strength of the social entitlements that protect citizens in certain circumstances (e.g. unemployment, illness, motherhood or age) from market dependency. Recommodification means the limitation of social entitlements that have resulted from decommodification.

approach in respect of adults, promotes lifelong learning. The social investment approach advocates the participation of citizens in their own learning and underpins self-responsibility.

This approach is also a reaction to the emergence of new social risks, which were not envisaged in the traditional welfare approach focused on passive social protection for unemployment, health and retirement. It is based on a vision of an active society and an active citizenship, which tries to deal proactively with present and future social risks [see Jenson 2006: 1]. The combination of former passive social protection mechanisms focused on old social risks with the more recent proactive self-responsibility model – focused on an increase in employment rates – ensures the likelihood of future funding for traditional social programmes. The objective is to maintain or increase state income through (labour) taxes, and to reduce costs for welfare programmes by a reduction in the number of beneficiaries, for instance of unemployed people, of persons in early retirement and through the delay of the retirement age.

In the following pages, we will outline the basic dimensions of an alternative approach to the social investment state concept. It is based on theories of social risk and introduces a distinction between social risk and social vulnerability. Through this focus on social vulnerability we place the citizen at the centre of attention and hence we prepare the ground for a fine-tuning of the measures to prevent, mitigate and cope with social risks.

## 1.2. Social Risk

In the sociological discussion of the last decades, new keywords are regularly coined around which discussions rotate. Examples of these are: the post-industrial society, the post-modern society, the information society, the knowledge society and the learning society. Among these, the notion of a risk society also occupies a prominent place. This notion was coined in 1983 by the sociologist U. Beck, but <risk> was a component of social science before this time. Zinn [2004a] distinguished four main strands of the debate around risk:

- The debate on the risk society [Beck 1986], which is framed in a broader discussion about a new modernisation phase called reflexive modernisation. It puts increasing uncertainty in the centre of the debate as the distinctive feature of modern society, and includes the concept of risk to convert uncertainty into manageable future perspectives.<sup>5</sup>
- The cultural theory of risk, which considered risk perception as culturally biased [see Douglas 1985 and Douglas & Wildavsky 1982]. It creates notions like risk culture and focuses mainly on the issue of identity.
- The Governmental approach refers to the work of Foucault [1991] and to the institutionalised organisation of political power. It deals with the complex configuration of institutions, procedures, discourses, rational calculations and tactics to exercise political power.
- The development of a specific notion of risk by the social system theory [see Luhmann 1991] relates risk to decisions taken at the social system level.

The origin of the words <Riziko> (Czech), <Risico> (Dutch); <Risk> (English); <Risiko> (German), <Rischio> (Italian) and <riesgo> (Spanish)<sup>6</sup> is unsure, but etymology traces it back to Italian maritime traders of the middle age [see Gottschalk-Mazouz, [2002], and to the Latin term <resecare> that is <to be shipwrecked> and to the Greek <rhiza>, which means reef. Ingles [1991] suggested a more plausible origin in the Greek word <riskos> in the sense of <a money chest> adapted into Arabic as <rizq> with the double meaning of <wealth> and <a windfall dependent on the gods and fate><sup>7</sup>. From the Arabic it comes to the Spanish word <arisco>. This word appears in documents in the 14<sup>th</sup> century

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<sup>5</sup> P-L. Bernstein [1996: 1] considered that what defines “*the boundary between modern times and the past is the mastery of risk: the notion that the future is more than a whim of the gods and that men and women are not passive before nature*”. Managing risk implies organising the future and taking decisions on actions among several alternatives.

<sup>6</sup> In Hungary it is <kockázat>.

<sup>7</sup> Also the Real Academia Española relates the Spanish term “riesgo” with the classic Arab term rizq, which means what brings the providence (lo que depara la providencia).

characterised by looting and banditry [Ingles 1991: 69]. During this time, according to Ingles, the Spanish term meant (voluntary) danger, hazard or peril, and it appears later in the 15<sup>th</sup> Century in Middle High German. The modern understanding of “risk” has its origin in the Mediterranean culture of the 16<sup>th</sup> century and this has then spread into the rest of Europe [Ingles 1991: 69].

Mairal [2009] described the historical changes in the use of the term <risks> in Spanish society without mentioning its possible Arab origins. An analysis of historical documents shows that the notion was already used in the 14<sup>th</sup> and in the 15<sup>th</sup> centuries in some Spanish documents,<sup>8</sup> but in the sense of discord, strife or conflict.<sup>9</sup> However, in the second half of the 15<sup>th</sup> century, the meaning changed to ‘contingent harm’. Following Mairal [2009], this new interpretation was consolidated by the increasing ocean traffic to America and the voyages to discover and conquer the Americas. It appears for example in a contract between Christopher Columbus and Antón Marino to evaluate possible harm to the King of Spain<sup>10</sup>. Like many other innovations of this time, risk calculation came from overseas navigation in the second part of 15<sup>th</sup> century, used first by sailors and traders and later in mathematics and by lettered people, which were at that time in a minority [see Mairal 2008: 4]. At the same time Pascal and de Fermat, resolving a puzzle posed by Luca Paccioli in the 15<sup>th</sup> century, laid the ground for probability theory, which is now the basis for mathematical and insurance risk analysis.

These etymological traces show the origin of the modern risk concept in specific historical and cultural contexts. Risk is clearly differentiated from danger or catastrophe. Risk is always a social construction preventing undesirable events<sup>11</sup>. As Beck pointed out, this doesn’t reduce risk to a “*product of probability of occurrence multiplied by the intensity and scope of potential harm.*” Calculability is also socio-culturally constructed and applicable only in specific cases, while such a focus on probability and calculations has transformed itself over time [Zinn 2004a: 7].

On the other hand, Luhmann [1991] made a clear distinction between danger and risk, based on the difference between a social system and its environment. Where uncertainty, which could be harmful, is caused by the environment of a social system, then this is a danger which must be addressed. Where such uncertainty is caused by the social system itself, then we talk about risk. In

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<sup>8</sup> Yet when fifteen years were passed when they should willingly give the lands to their Lord the King, risk and strife grew up among them and they wasted the lands that they ought to have kept faithfully and at peace, fighting amongst themselves & doing much evil. In *Crónica de Veinte Reyes* [1325] cited by Mairal.

<sup>9</sup> Also Antonio de Nebrija in the first Grammarian of Spanish language gave <risk> the mean of <conflictus> and <certamen>.

<sup>10</sup> “Contrato de Cristóbal Colón con Antón Mariño” of the year 1498. In: Varela & Gil [1992]

<sup>11</sup> “*There is no objective risk accessible beyond social interpretation, rather there are hybrids of nature/culture ... which cannot split off on one or the other side*” [Zinn 2004a: 5].

other words, if the uncertainty is caused by a decision made by the system (or individual), then we are describing risk, and in all other cases, danger.

This consideration implies that risk is future oriented, based on preventing future misfortune by using the knowledge of the past and the present. Present risks are linked to past decisions and risk perception is one of the bases of decision making. It includes, therefore, not only the predictions of undesirable, but also desirable, events or, in economic terms the expectation of future gains or losses. Risk is not only preventing undesirable events, but also anticipating possible advantage.

The increase in complexity has produced a major degree of uncertainty in modern society.<sup>12</sup> The conversion of uncertainties into certainties uses, as one of its main strategies, the definition of risk. Risk is affected by decisions made at both the individual and the system level, based on a pre-perception of the consequences of that decision. This point of view permits the distinction of risks at both the level of social systems and actors. Decisions taken in the domain of a differentiated social system, for example the financial system, are producing risks not only for the financial system itself, but also for other social systems viz. the political system, the manufacturing system and even for people. This observation necessitates a more precise terminology for societal analysis. A poor performance of the financial system implies dangers for businesses and for citizens, for example, credit shortages or increasing interest rates. However, if companies and citizens can appreciate this danger, taking it as an element of their decision-making process, this danger then converts into risk also for both. Risk is, therefore, related to knowledge, but bounded knowledge.

Beck [1990: 51] predicated a new dimension of the risks in contemporary society compared to conditions at the beginning of industrialisation. Many risks, such as poisoned food (e.g. BSE), global infection diseases (e.g. SARS) or technically linked catastrophes (e.g. Chernobyl or Fukushima) are no longer confined to specific locations or to specific populations. The point of Beck's proposal is that there is an expansion of certain risks to the whole population without discrimination, which, according to him, is a direct consequence of the capitalist industrialisation process.

Critics of Beck's approach argued that he concentrated too much on technical and environmental risks, and on the intended or unintended negative consequences of industrialisation. But Beck [2006: 333] maintains that the nature of social relationships and inequities in modern society leads to the point where *"some people have a greater capacity to define risks than others."* Even more relevant is the fact that some decision-makers have a greater capacity to influence the distribution of risks by

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<sup>12</sup> Here is not the place to discuss the changes of uncertainty in European society from the Middle Ages to the present day, but it seems that modern industrialisation has increased uncertainty in society compared to the Middle Age, but not in a linear way. For instance, the European Post World War II full employment period was characterized by a higher level of certainty compared to both pre-war and the period after the breakdown of the state-socialist regimes.

minimizing their own risks and maximizing those of others. In modern society, the position of a citizen or a group of citizens is not measured only by the distribution of wealth and their quality of life, but also on their exposure to the risks they take, or to their vulnerability.

Beck mentioned risks related to:

- Change in labour markets of modern production systems increase uncertainty;
- Change in social institutions such as families, and in sexual conventions and class consciousness, which have had historically an important role in reducing uncertainties. These changes nowadays tend to increase uncertainties;
- Change in the perception of scientific rationality as an objective truth;
- and to the *irreversible endangerment of the life of plants, animals and human beings*" [Beck 1990: 53].

Other works have adopted these arguments emphasising the social risks linked to changes in the labour market and new patterns of behaviour in modern society. For instance, the approach of new social risks has assumed a societal perspective, taking into account such major developments as globalization, business uncertainty, the mistrust of expertise and social reflexivity [see Taylor-Gooby 1998]. To this we can add other trends such as ageing, changing family structures and the general increase of levels of education. These societal transformations are caused by the changing behaviour of citizens and technological innovations, but at the same time they have consequences for citizens, affecting their everyday life and their behaviour. Alternatively, Transitional Labour Market approach (TLM) focuses more specifically on the new risks that arise in (European) labour markets. The increasing uncertainty in labour markets caused by a variety of factors such as the deregulation of working conditions, increasingly globalised economic competition among others, and exacerbated by changing life patterns (e.g. an ageing society with more care needs, two bread-winner families, etc) increases the frequency of transitions between one labour status to another, e.g. from employed to unemployed to employed or from unemployed to employed to self-employed to entrepreneurship. All this voluntary or obligatory transition implies more risks but also more opportunities.

The distribution of risks is a complex process where intended and unintended effects are combined. This can be illustrated by a typical situation in most of the contemporary European nation states: recent parenthood and related labour market risks. We explain it by two scenarios:

- I. A 25 years old man and woman have recently become parents. Both worked in different enterprises at workplaces with similar remuneration. For the childcare, the couples decide to organize it with the help of relations (grandparents). Generally, this implies a higher degree of



care work and housework by the mother despite the support by the grandparents. This situation could have negative consequences at her workplace, for instance: a) losing income through fewer opportunities for extra work; and b) losing promotion opportunities in the company due to reduced possibilities of continuous training. But it could have also negative consequences for her status as a mother: a) less attention paid to the children; and b) stressful situations leading to anxious behaviour at home.

- II. In the same situation, the couples take the decision that the wife will opt out of the company to care for their child full-time. This implies, for the woman, individual income loss and the loss of work and life opportunities. It increases also her dependency on the husband.

In both situations, the woman has taken a decision knowing how her labour market position will probably change in the prevailing social environment of discrimination against young mothers. That means that her decision involves individual risks in addition to the already well-known social risks.

This decision is taken in a particular social context. And previous and present individual decisions haven't influenced its development, for example legislation on post-natal maternity leave or the offer of childcare services or the quality of such services. Despite this, the mother is exposed to a socially dangerous situation created by the decisions (or non-decisions) of the political system for legislation on maternity leave, high quality childcare and/or the recognition of the value of motherhood for professional promotion. And this situation is also exacerbated by society<sup>13</sup> at large, which hasn't been interested enough in regarding labour market protection of young mothers as a high priority in their agenda. However, so long as she perceives this consequence, and she takes it into account in her decision, the social danger converts to social risk.

This example shows the limited responsibility of women in a specific labour market situation caused by recent motherhood. The social environment determines the degree of social risk that women run when they decide to have a child.

Research of the literature on risk shows the following common understandings about what risk entails:

- It is related to uncertainties in the social environment. The notion of a risk society means that social uncertainties have increased in modern industrial society.

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<sup>13</sup> Naturally, the mother is a member of society, but the influence of a single citizen in societal culture isn't high. That means that society as a whole will not change in a case where individuals are proposing better labour market protection of young mothers in general.

- Risk analysis is one strategy among others for reducing uncertainty and for increasing certainty.<sup>14</sup>
- Risk analysis is oriented towards the anticipation of future events in everyday life or in specific social contexts. That means that actions affecting desirable outcomes or mitigating undesirable ones can be taken.
- Risk is linked to bounded knowledge. If the knowledge about a situation and its future development is complete, accessible and reliable, then decision making implies no risks. However Douglas & Wildavsky [1982:5] introduced a second element, which is an individuals' consent about what is to be decided. "*Risk should be seen as a joint product of knowledge about the future and consent about the most desired prospects*".
- Risk is, by its nature, a social construction, referring principally to the <outside world>.<sup>15</sup>
- Risk is affected by decisions and interventions. "*Risks presuppose human decisions*" [Beck 2006: 333]. It is linked to effective decision making among the different options in order to produce desirable outcomes.
- Therefore, risk isn't only focused on the negative impacts of decisions or of undesirable events, but also on positive impacts and desirable results by estimating risk against possible benefits.

The risk approach presents a differentiated perspective on the responsibilities of people and organisations to resolve social problems. If the distinction between danger and risk is to be properly applied, citizens are only responsible for their own life course decisions insofar as they can calculate the risks inherent in their decision. But this not true of social danger caused by decisions taken by others, as for example by a company's management or politicians, where it is not possible to estimate the probable negative impact. Therefore, we must distinguish, from a citizen's standpoint, between at least three types of situations, based on two variables, <knowledge of the situation> and <decision-making capacity>:

- Individual risk: In this category we include the personal risks related to decisions made by individuals e.g. to exercise an extreme sport. The individual isn't obliged to exercise this type of sport, is aware of its dangers and can estimate the related risks. Such a person is well aware that an accident can happen that will hospitalise and maybe even injure him for life.

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<sup>14</sup> "It is interpreted as one strategy among others to transform uncertainty regarding future expectations to a (rational) manageable entity" [Zinn 2004a: 3-4]. See also Das & Teng [2004].

<sup>15</sup> "*Risk is understood as socially constructed but there is a world 'out there' even though we have no direct access to it. Risks are socially constructed and objective at the same time*" [Zinn 2006: 282].

- Social risks: As we have seen, personal decisions are made within a particular social context. When extreme sportspersons make their decision to participate in their sport, they are aware of social discrimination against invalids in modern society, and that they have practically no influence on such societal behaviour. But since this is a well-known situation, the intended or unintended consequences of the personal decision constitute a social risk.

Another example in modern European society is the higher social risk of becoming unemployed and inactive in the labour market, a situation which women face more frequently than men. Also, people older than 55 face a similarly higher risk of exclusion from the labour market. This risk isn't related to any individual decision but to a socially existing situation derived for example from a national decision to offer legal facilities for early retirement. It is also related to the fact that companies, as well as public administrations, prefer to hire younger workers. Further, employed people with an immigrant background tend to be exposed to social risk, thus denying them the same labour and life opportunities as indigenous nationals.

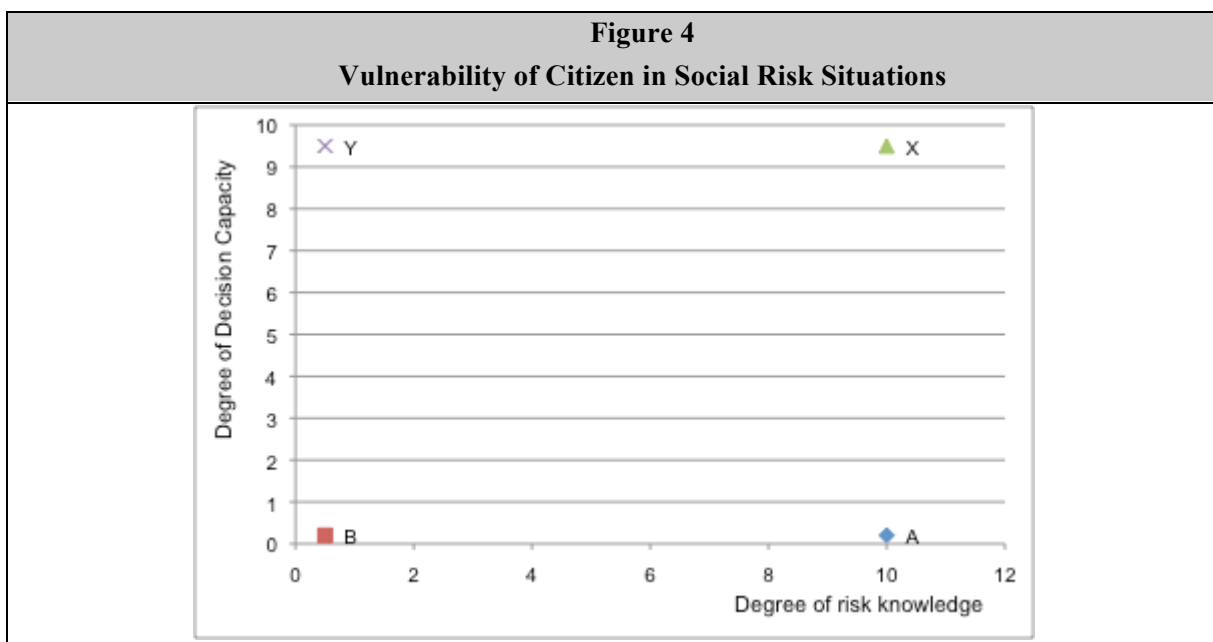
- Social danger: Regarding the difference between danger and risk, we must include here also the category of social danger. This refers to the circumstances in which individuals are exposed to situations over which they have no influence, nor have they the ability to mitigate their negative impact because of a lack of awareness of the repercussions, nor an incapacity to act, as during an economic crisis. For instance, a worker is employed in a company of a well-run branch, which is in a critical situation due to inappropriate management decisions. The workers were ignorant of the management decision, when it was taken, and its potential consequences. They had, therefore, no way of preventing the consequences.

Political decisions, or the absence of them, can also create situations of social and economic crisis. The difference between social risk and social danger lies in the fact that the first can calculate by individuals, while situations of social danger appear suddenly and cannot be foreseen, and therefore cannot form part of their decision-making.

The Social Risk Management approach developed in several World Bank papers at the beginning of the millennium suggests another distinction, i.e. using the terms risk and vulnerability as the key concepts. Individuals, households and communities, all are vulnerable as they become exposed to multiple risks, which may be natural or man-made or a combination of both [see Holzmann & Jorgensen 2000: 3]. This approach uses a broader definition than the sociological one and defines it in forthright terms such as the loss of income or more broadly as welfare or well-being. For instance, Holzmann et al [2003] discussed several definitions of vulnerability as (i) the probability of becoming poor or poorer in a set period of time; (ii) the probability of losing consumer capacity; or (iii) the difference between expected household consumption and real consumption. They described the

definition proposed by the World Bank as “the coverage of poor or vulnerable groups with adequate risk management instruments across the life-course” [Holzmann et al. 2003: 8].

Apropos this definition, we can make a distinction between risk and vulnerability of a citizen on the above-mentioned lines of <knowledge of a risk situation> and <capacity for decision-making>. Social risk is based on decisions taken within the social system. That means that the influence of an individual citizen on these decisions and on the given social context is very low. People are aware of these risks in different degrees. They are vulnerable to them according to their capacity to analyse the risk, and this is related to their <knowledge of the risk situation> and their <capacity for decision-making> in order to prevent or mitigate them.



The critical factor is, however, the capacity for decision-making or, in the terminology of social risk management, the disposability of management instruments. We can take the previous example of two women (A) and (B), who gave birth. If they have few alternatives to respond to the social risk of gender discrimination, their actual vulnerability will not change substantially, even if they knew about this risk. In the extreme case that they have no decision alternatives whatsoever, it is not describing social risk, rather it is social danger.

But knowledge of social risks will probably improve their potential to develop decision-making capacity in the future.<sup>16</sup> And taking an example of two citizens (X) and (Y) with a high decision-

<sup>16</sup> A situation of social risk, in which the individuals have no decision capacity (or no action alternatives) must be denominated, from the individual standpoint, as social danger.

making capacity but different knowledge of social risks, we can conclude that a higher degree of risk knowledge improves the potential quality of the decision.

### ***1.3. New Social Risks***

The concept of new social risks emerged in the discussion on welfare state reform at the beginning of the 2000's. It reflects changes in the social makeup of European states, to which social policies must respond. Taylor-Gooby and others (see WRAMSOC-project web: [www.kent.ac.uk/wramsoc/index.htm](http://www.kent.ac.uk/wramsoc/index.htm)) has coined the term with particular reference to the contexts of an aging society, the increasing incorporation of women into the labour market and increasing uncertainty in labour markets, which distinguished post-industrial society from industrial society. Taylor-Gooby and colleagues made a distinction between the reform of the European welfare state caused by retrenchment due to fiscal pressure and the requirements that social policies should contribute to economic development and the modernisation of the welfare state, thus providing potential relief for people in new social risk situations and meeting the new ambitions of people [Taylor-Gooby 2005: 5]. The change from an industrial to a post-industrial society has been accompanied by the emergence of new social risk groups different from the traditional users of social protection mechanisms<sup>17</sup>.

This phenomenon is typified not only by a marked earning inequality, but also by increasing labour market instability. The risk of poverty now affects even more social groups than in the post-war period. Moreover, changes in demographic structures (aging) as well as changing family structures (two-earner couples or single-parent families), have resulted in new challenges for reconciling work and family life [see Bonoli 2004: 2].

The impact of these new social risks is different from country to country, but it can be observed in most European member states. That means that, in a period of retrenchment, the welfare state will need to adapt to the needs of social protection emerging from the knowledge society. Bonoli [2004: 4]. defined the new social risks "*as situations in which individuals experience welfare losses and which have arisen as a result of the socio-economic transformations that have brought post-industrial societies into existence: above all tertiarisation of employment and the massive entry of women into the labour force*". New social risks affect groups which are not covered adequately by the traditional mechanisms of welfare regimes. Bonoli listed the following social risks:

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<sup>17</sup> "... that clearly do not belong to the traditional clientele of the post-war welfare state and yet are experiencing welfare losses." [Bonoli 2004: 2].

- Reconciling work and family life
- Single parenthood
- Having a frail relative
- Possessing low or obsolete skills
- Insufficient social security coverage.

On the other hand, Esping-Andersen [2000] established a typology that helps to analyse changes in social risks [Schmid 2006]: universal risks; group (or class) risks; life course risks; and intergenerational risks. The problem with such a classification scheme is that the categories it addresses are quite different from each others. For instance, the category of group (or class) risks includes such diverse social factions as miners and single mothers, which seems to be more a gender-related life course risk than a class risk. From our point of view, it is necessary to distinguish clearly between the risks related to social class and other social distinction criteria such as ethnic groups, gender groups or religious groups, which can't be integrated easily into traditional social categories (see table 4). It is also important to make a clear distinction between risks related to the social conditions of such social groups on the one hand, and the risks related to life-style decisions taken by individuals on the other. The reasons lie in the fact that social groups can more easily develop a group consciousness<sup>18</sup> than can for example single mothers or fathers.<sup>19</sup>

For an analysis of how social risks affect social groups, it is also necessary to consider the time dimension in relation to intergenerational risks. This last dimension may be seen as transversal to all other risk categories, as it requires an analysis of the stability of social risk mechanisms (see Table 1).

These categories often overlap, taking as an example a young lowly qualified single mother: This woman – usually coming from the underprivileged, undereducated section of society – is more affected by specific social risks, being more likely to be unemployed, and perhaps also prone to some specific disease related to her social status and profession. She is affected by gender risks (receiving a lower income compared to a male worker in the same situation even when she is in work).

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<sup>18</sup> This statement has resonance to the well-known discussion about class consciousness.

<sup>19</sup> We don't want to go into a discussion of whether life-course decisions are also influenced by social status, however it seems obvious that it is more difficult for these kind of social groups to develop a group consciousness.

<b>Table 1</b> <b>Typology of Social Risks I</b>	
<b>General</b>	
To <i>Universal risks</i> all people are exposed in a similar way, as for instance death or disablement in old age [see Esping-Andersen 2000: 3]	
<b>Social dimension</b>	
<i>Class risks</i> are those risks, which are bundled into an identifiable social class defined along the lines of income, education and profession.	
<i>Gender risks</i> are typical for a particular gender groups. Gender studies mainly take into account only the two basic categories: women and men. But noting that gender studies propose a social construction these categories it can be assumed that, within the broad category of female and male, a distinction between these groups along the lines of sexual behaviour can be made, especially if homosexuals are suffering discrimination in society. This implies a differentiation between heterosexual females, heterosexual males, homosexual females, homosexual males and transsexuals.	
<i>Ethnic risks</i> are typical for ethnic groups within a given society as for instance Indians in the USA, the Sinti in Europe or the Arabs in France.	
<i>Religious risks</i> are risks, which relate to a social group with a common religious belief.	
<i>Age risks</i> are risks related to a specific age group as i.e. the people older than 50 years, who face, at least in the EU-member states, a higher risk of exclusion in labour markets, but also from learning opportunities. It may also include younger people, who must overcome barriers to entry into the labour market and who are often working in insecure working conditions.	
<b>Temporary Dimension</b>	
<i>Life course risks</i> are related to particular stages in the course of life [see Esping-Andersen 2000: 3], and to critical life course decisions as for instance to be a mother or father or to care for dependent relatives.	
<i>Intergenerational risks</i> are transmitted from parents to children. This refers not only to cases of genetic and disease transmission, but also to the fact that educational attainment is strongly influenced by parents' educational background. For example, school dropout is strongly correlated with growing up in a single-parent family. [see Esping-Andersen 2000]	

Additionally she is subject to intergenerational risks in the probable case that she is coming from a disadvantaged family (low qualification level). And finally she is exposed to life course risks having decided to become a mother (interruption in work possibilities) and chosen to live alone with her child (which implies higher needs to reconcile work and family life).

<b>Table 2</b> <b>Typology of Social Risks II</b>	
Personal life - family life:	relations, place of living, shifting identities, etc.
Work:	changes concerning workplace, enterprise, sector, employment status, economy
Society:	changes related to city, country, Europe, planetary community – and growing intercultural behaviour at all levels

We can also construct a typology of social risks in relation to the level of social life making a rough distinction between family life, working life and society in general (see table 2).

Social risks can be linked broadly not only to limitations in access to life opportunities, but also more directly to the greater possibility of falling into poverty because of limited access to employment opportunities and, even more specifically, to the type of employment which offers adequate life perspectives. Sommer-Harris [2006: 4] pointed out, that under this perspective “*the new social risks are not so much ‘new’ in substance. It is still a matter of the distribution of misfortune: poverty, illness etc. What is new is the distribution of these risks*” and the causes of the risks.

#### ***1.4. Social Risk Management: Activation Policies***

The introduction of the concept of risk in social analysis and into the design of social policies has consequences, since it promotes the transformation of social danger into social risk. This encourages a redistribution of responsibilities and of risk management tasks between individuals, families, companies and the state. Compared to the post war period, it increases the risk exposure of individuals and provokes the search for “*new forms of solidarity or collective insurance systems.*” [Schmid 2005: 3].

Therefore, the concept of the risk society and new social risks is central to the debate on the position of the citizen in European society and the associated reform of the European Social Model and its welfare regimes. These debates revolve around the distribution of risk responsibilities between state agencies, social actors and citizens. It is linked to the debate about neo-liberal and Keynesian inspired social and economic policies. In the 1990’s this debate turned around a new approach inspired by the works of Giddens, Beck and others and which became known as <Third Way>. It tried to open new connections between neo-liberalism and traditional Keynesianism, assuming deep structural change in the European society. It proposed a deep transformation of the European welfare regimes. One cornerstone of this strategy is promoting the ideal of a better prepared working population, which can face the constantly changing work requirements in globalised economies. The state must invest in people, offering opportunities to up-date their knowledge, skills and competences so that they can act in labour markets in a globalised economy, which are demanding more and higher qualifications, but offering less job security. One objective of the <social investment state> is to have a qualified and flexible labour force [see Palier 2006] able to move in the labour markets. It promotes lifelong learning to prevent cases of social exclusion. The social investment approach advocates, the reinforcement of the citizens as actors in the markets and underpins self-responsibility.



Jenson & Sant Martin [2006: 11] called this new paradigm of social policies LEGO™ referring to the famous toys, to underpin that the new social policy strategies are “*building blocks of a possible emerging social architecture*”. Another bonus is the fact that the new paradigm puts education and learning at the centre of the strategy, thus promoting future benefits from the investment in learning [Jenson 2006: 33]. Education and learning are seen as the main routes to achieve flexibility and adaptability of citizens in a constantly changing environment<sup>20</sup>. The new paradigm is based on three principles:

- lifelong and lifewide learning
- future orientation
- active labour market participation that will benefit everyone<sup>21</sup>

And it comprises a mixture of public investment in new types of policies and the delegation of responsibilities to families and individuals.

Another label to describe shifts in social and educational policies is the <enabling state>, proposed by Gilbert & Gilbert [1989]. This entails strategies to enable citizens to develop an independent and autonomous life [see Allmendinger & Nikolai 2010 and N. Gilbert 1999]. The enabling state approach is market-oriented [see N. Gilbert 1999: 21), reinforcing the link between social rights and social obligations; and advocates the fostering of social inclusion through active participation in the labour market. Similar to the social investment state approach, it emphasises the virtues of employment, the enhancement of human capital and the adaptability of the employed and unemployed to changing labour market requirements<sup>22</sup>. The different models of activation policy have in common the combination of the retrenchment of the state and the promotion of the responsibility of citizens to care for themselves and others. There is a widespread impression that European welfare regimes are witnessing a general re-orientation, abandoning the paradigm of social protection typical of the continent’s former welfare regime [see Brettschneider 2008: 20] in favour of the paradigm of

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<sup>20</sup> The “*discourse of constant learning, knowledge acquisition, involvement, and engagement captures a good deal of thinking about the knowledge-based economy of the present as well as the need to invest now to ensure collective advantage in the future. Therefore, the LEGO™ name serves our purposes in two ways. It is a metaphor, describing convergence around the basic building blocks of a possible emerging social architecture. It is also an ideal-type, capturing the key features of the future-oriented, investment-centred activation strategy currently advocated as a blueprint for welfare state redesign*” [Jenson 2006: 8].

<sup>21</sup> see Jenson [2006]

<sup>22</sup> “*The heightened emphasis on employment-related measures in the Enabling State has been accompanied by the development of social provisions aimed to enhance human capital and to help the unemployed adjust to modern labor market requirements*” [Gilbert 1999: 23].

social investment. Its intention is to cut back ever-increasing social spending on traditional welfare programmes and to invest in more productive social spending by empowering the population under risk and promising social and economic benefits in the future [see Brettschneider 2008: 20]. This means investment, especially in education, training and family policy.

Weßels [2000], returning to a prognosis made by Scharpf in 1987, pointed out that the design of the European Monetary Union has had a great influence on the wide acceptance of this new approach. The institutionalisation of global monetary policies in Europe through the introduction of the Euro and the strategies of the monetary union have radically reduced the margin for Keynesian demand pushing<sup>23</sup> and applied pressure to change the orientation of the social policies.

Gilbert [1995] summarises these changes in the policy strategies as followed:

<b>Table 3</b>		
<b>Shift in Central Tendencies from Welfare to Enabling State</b>		
Welfare state	-	Enabling State
Expanding social rights	-	Linking rights to obligations
Focus on direct expenditures	-	Increasing indirect expenditures
Transfer in the form of service	-	Transfer in cash or vouchers
Delivery by public agencies	-	Delivery by private agencies
Social provisions for consumption	-	Social provisions for investment
Reducing economic inequality	-	Restoring social equity
Social Support	-	Social Inclusion
Universal Entitlement	-	Selective Targeting
Unconstrained Benefits	-	Use of incentives and sanctions
Decommodification of labour	-	Recommodification of labour

Source: Gilbert 1995: 22

Central to this is a conceptual change of the relationship between citizens and the state, based on the switch to a model of active citizens as autonomous, self-confident and highly qualified persons, who feel responsible for their own development and able to adapt flexibly to changes in the economic and social environment [see Pfau-Effinger 2006: 4].

<sup>23</sup> At the European level, an anti-cyclical fiscal policy is virtually impossible because the EU's budget is too small. This calls for more coordination between European monetary and national fiscal policies. National fiscal expansion would be crippled not least by European monetary shortage. Even less likely is the coordination between European monetary policy and national wage policies.

Ullrich [2004] distinguished between two conceptions of activation policies:

1. The social-liberal model advocates the empowerment of individuals, thus increasing their ability to act in market driven environments. It is focused on the reinforcement of human capital through educational and qualification policies. Keywords are ‘self-responsibility’ and ‘employability’. Ullrich [2004: 146] indicated that the central core of this model is the market, which will determine the best mechanism to provide social benefits. The model tries to prepare people to participate in market development, providing them with the required cognitive capacities. Economic aid isn’t considered to be a sufficient way of reinforcing the capacity of citizens to play their part in a market driven society.
2. The community and cooperative model, which proposes economic and legal prioritization of support through communities and families. This includes traditional measures to support families and traditional welfare organisation, self support associations and groupings of affected people, as for instance patient groups in hospitals or parents groups in schools.

<b>Table 4</b>		
<b>Models of Activation Policies</b>		
	<b>Activation by the state (Active activation)</b>	<b>Retrenchment of the state (passive activation)</b>
<b>Market</b>	Social-liberal model: Providing resources as qualification, vouchers etc. (positive freedom)	Libertarian model: Market dominance (negative freedom)
<b>Community</b>	Community model: Promotion of new sense of community and families (new subsidiarity)	Conservative model: Dominance of traditional community institutions (old subsidiarity)
Source: Ullrich [2004: 146]		

In this concept, activation methods try to redefine the interrelation between state and citizen taking into account market forces. However, the former model seems more relevant for the labour market since the second model is more relevant to other social policy areas. On the other hand, we can observe that activation policies for the retrenchment of state intervention in the area of social and labour market policies are already in place.

Pfau-Effinger [2006] distinguished five social areas, where activation policies have had an impact: the labour market; the social security system; social services; family responsibility and civil society. Focusing now on the labour market, these strategies substitute passive measure of financial aid by activating methods for re-entry of the unemployed into the labour market and also measures to help people at risk of unemployment to adapt their qualifications to the changed requirements. These

are based on two principles [see Pfau-Effinger 2006]: workfare, which stresses the obligation of the citizens for their re-entry in the labour market, and enabling, which describes the state policies that support citizens in their efforts to become reintegrated in the labour market.

In the mid-2000's, such a policy orientation was criticized because of its limited success in creating new working opportunities [Halvorsen & Jensen 2004, Larsen 2001 and 2004, van Oorschot 2002]. The reduction in the unemployment rate is perceived to relate more to the "*reduction of the number of those who were counted as unemployed*" [see Pfau-Effinger 2006: 6]. This calls attention to the concept of social risk and social danger. Citizens can take steps to prevent some risks of social exclusion, but there are unavoidable social dangers such as the closing of enterprises caused by, for example, wrong management decisions or cash flow problems provoked by the financial crisis.

An environment of major change in European and global society - deindustrialisation, innovations in information and communication technologies and their use, higher education levels, globalisation, the reduction in state finances - has provoked a concomitant change in the direction of social policies from decommodification to recommodification. The new approach assumes the capacity of the citizen to flexibly adapt to a constantly changing environment and to make their own decisions on how to deal with it. This requires priority to be given to activation instead to passive measures of social protection [see Almendinger & Nikolai 2010]. Re-training and the obtaining of new skills, competences and qualifications are the main instruments<sup>24</sup>.

Social investment approaches are focused on the labour market. It is assumed that an improvement in employment rates<sup>25</sup> [Palier 2004 and 2006] will reduce costs for traditional mechanisms of social protection, and will increase public revenue through increased labour and consumer taxes. Apropos education and learning activities, the social investment approach focuses on the generation and accumulation of human capital by citizens [see Nelson & Stephens 2009]. Similarly with economic capital, the development of human capital is seen as important for functioning markets and communities, contributing to the greater autonomy of citizens [Ullrich 2004]. Consequently, the main way to solve social problems related to an aging society is by increasing employment, and particularly encouraging the active participation of people older than 45 in the labour market. Lifelong learning policies become even more important in dealing with aging workers in a knowledge society and higher education has an important role to play in this.

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<sup>24</sup> "The key force in human capital development obviously has to be education. It is the main public investment that can foster both economic and civic cohesion" [Giddens 2000: 73].

<sup>25</sup> "As a consequence of such efforts to address challenges to strategies for ensuring retirement and employment income, ways to increase the employment rate have become a generalized response" [Palier 2006: 113].

One of the main activation strategies is the implementation of lifelong learning concepts. Jakobi [2009] pointed out that this notion was first used at the International conference of Adult Education in 1960 as “permanent education”. Later in 1969, Olof Palme proposed the idea of <recurrent education> at an OECD ministers meeting. The International Labour Organisation (ILO) was also using this term around the same time. But in that period, these terms only played a minor role in public discussion. Today it is considered to be the key concept guiding not only educational policies but also social policies at national and international levels [see Papadopoulos 2002: 39].

One of the reasons for its success was that lifelong learning not only fits well into an active learning approach, but also it provides an overarching guiding vision in political discourse on the knowledge society. In the 1980’s the central vision of the EU was the information economy/society, but in 2000 the ‘Lisbon declaration’ launched a conceptual change towards a knowledge economy/society. This change of focus enriched the vision of an information economy/society by proposing the use of the new technologies as the main driver of social transformation, and emphasising the need to adapt the skills structure of the working population towards technologically driven change. The speed of change in the globalised society drives a continuous updating of skills and competences in order to support economic and social development. In consequence, education, training and learning must expand to cover the whole life-course of everyone. This transformation is perceived as critical for the economic development of the European Union.

In consequence, the debate on lifelong learning has changed, now highlighting its crucial place in technology and knowledge driven social and economic policies, and thus underpinning its economic relevance and sustaining the discourse of individual responsibility for one’s own life and career development [see Jakobi 2009, but also Kallen 2002, and Tuijnman & Boström 2002]. Lifelong Learning became more and more attractive for policy makers and stakeholders by promoting a constantly up-dated work force in reaction to constant changes in the socio-economic environment. For this reason, it has become an important transversal objective of the European employment strategy [see Jakobi 2009].

### ***1.5. TLM Approach as a Tool of Social Vulnerability Management***

The Transitional Labour Market (TLM) approach was developed by a group of social researchers early in 1990 and was supported by two European projects: "Social Integration by Transitional Labour Markets (TRANSLAM)" from 1996 to 1998 and a European thematic network funded by the 5<sup>th</sup> Framework Programme of the European Commission. The project title was <Managing Social Risks through Transitional Labour Markets> [tlm.net – website [www.siswo.uva.nl/tlm](http://www.siswo.uva.nl/tlm)]. TLM offers a model

to implement social risk management in the labour market [Schmid & Schömann 2004: 19]. It has strong policy orientation, encouraging policy makers to reduce the social risk inherent in labour market transition through institutional support which engages both employers and employees. Labour transitions are critical stages in a person's life course, as for instance in school to work transition, transitions from one employment to another after a period of involuntary unemployment, reintegration into employment after maternity leave. The institutional regulation of labour transitions is called <transitional labour markets> [Brzinsky-Fay 2010].

Gautié & Gazier [2003] suggested that the TLM approach has the potential to be “a <second generation> social-democratic model” as an alternative to the social liberal models proposed by Giddens and others, known as the <Third way>. Both concepts share some assumptions, but they differ substantially. In the opinion of Gautié & Gazier [2003: 12] and simplifying the differences, the <Third Way> focused on the markets, proposing mechanisms that would adapt citizens to markets, whereas TLM tries to adapt markets to the citizens<sup>26</sup>.

But there isn't a high disparity between the two approaches. TLM is complementary to the European social investment strategies proposed for improving the employment situation. Auer & Gazier [2008] affirms that TLM forms, together with flexibility, flexicurity and capabilities, the main agenda in the fields of employment and social policy. These different standpoints represent a continuum of political options, with flexibility in the labour markets at one end and capability development at the other. In between we have the concept of flexicurity, which demands flexibility in the labour market and organisation of work but based on bargaining between social partners in order to enrich the concepts and to apply social compensations. TLM shared aspects of flexicurity, but emphasises the responsibility of political institutions to prevent or mitigate social risks in more flexible labour markets. The capability approach promotes issues of social equity and justice in labour market policies [Auer & Gazier 2008: 6]. The advantage of TLM is that it offers a perception of the different stages through which a citizen can pass during a modern working career. It sees the labour market as a complex system emphasising the interdependencies with related concerns such as education, policy, families etc.

The approach was first formulated by Schmid and Auer.<sup>27</sup> Schmid outlined its basic principles in an early paper in 1998, suggesting “a new employment strategy for Europe to be combined with an innovative and qualitative growth strategy co-ordinated at the European level” [Schmid G. 1998: 34] He believed that growing de-standardization of employment would lead to the impossibility of

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<sup>26</sup> “In a simplified way, one could assess that whereas the ABW intends to equip the people for the market, on the reverse, the TLM approach is a program to equip the markets for the people” [Gautié & Gazier 2003: 12].

<sup>27</sup> Schmid G. [1995 and 1998] and Schmid G. & Auer, P. [1997].

achieving the objective of full employment in its traditional sense. Although stable long term employment has been a major characteristic of the European Post World War II period, at least for the male population, it has become an obsolete ideal and may never be achieved in the future.

It is obvious that this approach is centred on two notions: <transition> and <market>. Transition means to go from one point to another. However in the first phase of the approach's development, full-time long-term employment is taken as the reference point. Therefore transition would be the intermediate period between two full-time employments as for instance in maternity leave, training courses or periods of unemployment. In this early stage, the declared objective is to continue to achieve full employment, but redefined as an average of 30 work-hours weekly over a life cycle. The actual working time would oscillate around this figure depending on local economic and social conditions and the personal situation of citizens.

The periods in which working time varies substantially from the recommended 30 hours standard are <transitional employment> phases. Where these intermediate periods are sustained by institutional arrangements, this forms part of the <transitional labour market>. These, for example would be periods of “*short-time work, temporary part-time work, further training and retraining, sabbaticals, parental or career leaves*” [Schmid 1998: 5].

An alternative interpretation, now accepted more widely, defines transition as ‘any sequence of an occupational career’. This will act here as the starting point for our project. Understanding <transition>, in the sense of passing from one stage to another, includes the need to define the ‘somewhere’ to which the transition should lead. [Gazier & Gautié 2009: 3].

The second key word is <market>. This term approximates to the earlier approach of the internal labour market (ILM) [Doeringer & Piore 1971], which is interpreted as a means to decommodify labour [Gautié & Gazier 2003: 3]. In ILM, working conditions (wages, working time etc.) are not determined by market processes, but by internal bargaining procedures. The wage is based on job classification (and permanency) and not on productivity in the work place.

Decommodification is a strategy to reduce uncertainty, which had been a characteristic of capitalist society until the Second World War. The rise of communism and the disaster of fascism forced nearly all West European and North-American states to prioritize strategies to reduce uncertainty in public life [Crouch 2008: 4]. The means by which this has been achieved has been different from country to country as have the impacts. Such strategies produced a double self-reinforcing effect: working families' lives became more stable and predictable, which make them more confident consumers, thus reinforcing both manufacturing and service markets. However, these policies led in the Post-War-Period to legislation for the protection of workers in several ways:

- Standard employment forms;
- The legal protection of workers against arbitrary dismissal or redundancy;
- Social insurance arrangement to protect workers from radical income decline produced by unemployment, sickness, disability and age;
- Demand labour market policies to weaken fluctuation caused by an economic crisis

The last three decades have witnessed a radical change in this area. Globalisation and sectoral change in employment, manifested in the decline of industrial work and the uncertainty of new more unregulated markets, induced a policy change, abandoning the principles of protection from labour market vicissitudes.

The ILMs have therefore eroded in Europe causing to a greater or smaller extent the recommodification of labour, accompanied by increasing uncertainty in the labour market.<sup>28</sup> This blurring of the boundaries between market and company isn't only due individuals to greater flexibility in external labour markets, but also to internal company reorganisation processes in the last three decades, introducing market-like mechanisms within the companies. Therefore vocational careers are even more based on “*hybrid forms of coordination and of reproduction*” [Gautié & Gazier 2003: 16].<sup>29</sup>

In the early stage of the concept's development, transitional labour markets “*are defined as institutionalised arrangements which allow or support the change of the employment status or the combination of labour market work with other socially (and to some extent even economically) useful activities.* [Schmid 1998: abstract]. This arrangement could comprise not only a combination of work time reduction with lifelong learning activity, but also a temporarily limited public funding for contracting specific risk groups. It should also function as a labour market buffer, incrementing transitional labour markets in recession periods and reducing them in periods of favourable economic conditions

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<sup>28</sup> Crouch [2008: 5] illustrated this change making reference to works of Davies & Friedland [1993 and 2007] “who in 1993 were able to remark ... that employment law is primarily about protecting workers from insecurity, have more recently (2007) declared that, at least in the UK, this has changed: employment law is now about fitting workers to the exigencies of the market and maximising labour force participation”.

<sup>29</sup> Anyhow, the revision of the relevant papers on TLM shows an insufficient reflection on the notion <market>. A link to recent development in the sociology of economy and the discussion about the constitution of markets, as well as the integration of the Bourdieu's capital approach will enrich TLM (we come back to this issue later in the chapter about the capital approach).



Critical labour market events include the transition from school to work, from one enterprise to another, from one job to another, from one working status to another (e.g. from employed to self-employed), from one working time regime to another, from family work to gainful employment and the transition into retirement. Here we can also add the transition from work to training activities and the return from them. There are four characteristics of transitional labour markets:

- a combination of remunerated employment and social activity that has no immediate value in the labour market;
- a combination of wages, subsidies and other incomes;
- access to transitional employment regulated by law, collective bargaining or privately;
- through institutional regulation, temporarily (co-)financing employment or other useful activities instead of unemployment subsidies [see Schmid 1998: 9].

In line with the ‘flexicurity’ concept, the transitional market approach also tries to combine greater flexibility in the individual’s management of work and life using institutional arrangements to support the transitions. In the 2000’s, Gazier & Gautié [2009] as well as Brzinsky-Fay [2010] separated the development of TLM into two main strands:

One strand, developed for instance by Anxo & Erhel [2006], focused on the life course. They considered that the life-course perspective has been a constant reference point in TLM but with scarce theoretical foundations. To fill this gap, Anxo & Erhel established common principles between the life course and the TLM approach. The life course approach is different from the life-cycle approach developed by neo-classical theorists such as G. Becker.<sup>30</sup> In contrast to the economically focused life cycle approach, it starts from the assumption that individual trajectories couldn’t only be explained by individual decision or choice, but via decisions and actions embedded in the social-economic structure. Social structures are facilitators and constraints at the same time [Gazier & Gautié 2009: 6]. “... *individuals’ life trajectories as lifelong development embedded in a social structure*” [Anxo & Erhel 2006: 8]. In line with the theory of Giddens, social structures as norms, traditions, institutions etc are at the same time conditions and constraints in an individual’s life course.

Kohli [2007] considers that age is central to any consideration of the life course perspective, since it is always a major influence both over time (temporalization) and in response to significant events like marriage, parenthood etc, which are elements of “*a chronologically standardized*

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<sup>30</sup> An example of the life-course approach within TLM is Anxo & Erhel [2006]

<normative life course> (chronologization)” [Kohli 2007: 255]. This is reinforced by focussing upon individuals when analysing their social life (individualisation).

The labour market is a crucial element when organising the life course into periods. This indicates that the life-course perspective is operating at two levels viz: sequences of positions and sequences of life periods. But Kohli considers that its interrelation with the traditional conception of social class is of special interest within life-course analysis. Far from disappearing it seems that some class differences still strongly influence patterns of life-courses in the post industrial knowledge society [see Kohli 2007: 261].

Time is another crucial criterion for comprehending the interrelations between life-course patterns and social structure. “*Changes in social structure and in norms over time partly reflect the coexistence and successions of different cohorts*” [Anxo & Erhel 2006: 10]. Anxo & Erhel illustrate this standpoint by citing increasing female labour market participation. But it is equally feasible in the context of this book to explain it in terms of the decreasing labour market participation of older persons. During the economic crisis of the 1970s, a social consensus was slowly forged in favour of early retirement. For companies, early retirement represented an inexpensive way of modernising their work organisation. The trade unions, too, favoured this process as an indicator of social justice and progress. Governments perceived the exclusion of older age workers from the labour market as an easy strategy for reducing unemployment and resolving socio-economic crises. The general consensus on the benefits of early retirement had a powerful effect on the perceptions of the population as a whole, since they saw it as a social right. Furthermore it reinforced the perception that older workers are obstacles to the competitiveness of companies.

There is another consideration. The life-course perspective implies that the position of an individual in the labour market varies during his lifetime according to institutionalized social conventions (social norms, patterns of behaviour etc). It is possible to identify other particular social situations influencing an individual’s labour market position, as for instance marriage, having children, increasing the number of children, age of children, living with ascendants or descendents etc.<sup>31</sup> The life-course perspective also considers the impact of socially-charged differences in, for instance, gender, ethnic background, religious background, sexual orientation, health, disability (eg blindness, deafness) and mobility limitations.

Regarding this, TLM concludes that the actual circumstances, in which people live and work are dependent upon past decisions, transitions, opportunities and constraints. The personal history of citizens matters, and influences their future options [see Anxo & Erhel 2006: 11]. Anxo & Erhel have

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<sup>31</sup> “Family formation and young children have a strong gender differentiated impact on labour market participation and working time patterns” [Anxo et al. 2005: 14].

argued that it has major consequences, since the actual transitions are not the result, or the absence, of monetary incentives to work, but are affected by a complex interplay of different institutional factors. And to change the institutional system it is necessary to have a vision of the system as a whole. The modification of one single system parameter will not necessary lead to the desired transformation of the system as a whole, but it could have unintentional consequences on other parts of the system [Anxo & Erhel 2006:11].

The other strand focuses on social risk management. This has two consequences for the development of the concept. It goes into more detail about the various stages of risk management and asks for the distribution of risks and possible gains (which will be described in the following chapter on social justice). In several papers, Schmid advanced arguments for the design of a modern social risk management system based on the provision of insurances. In addition, both the World Bank and OECD have developed schemes for social risk management to modernize social policies in the globalised world.

However, the design of social risk management strategies must first define its objectives. The Japan International Cooperation Agency [JICA, 2005] defines risk as “*probability of degradation/aggravation in the future wellbeing*” of people. And its relationship to the vulnerability of people is defined as “*the situation with a substantial downturn in the wellbeing of people or substantial threatening of their daily lives because of their inability to deal with risks when they face threats*”.<sup>32</sup> By adopting a sociological stance on social risk, this definition of risk only takes into account the dimension of knowledge about dangerous situations related to the possible loss of future well-being. The reference to vulnerability, defined as incapacity or low capacity to anticipate the situation, introduces the dimension of decision-making. But as was previously stated, vulnerability also includes a modicum of knowledge. Decisions can only be made based on specific knowledge of the circumstances. This doesn’t mean that such knowledge must be objectively true or even that it is rational. The major issue is that people believe in the reliability of their knowledge and use it in their decision-making.

In our opinion, we can refine the definition by asserting that social risk is inherent in socially constructed situations, which implies the possibility of future losses of well-being for individuals or groups. The vulnerability of people in such a situation depends upon the reliability of their knowledge and their capacity for decision-making. In this sense, the aim of social risk management to reduce the vulnerability of citizens and social groups must be to increase their knowledge in critical situations,

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<sup>32</sup> The definition used by the World Bank in Social Risk Management approach is more linked to its strategies against poverty in the world: “vulnerability is defined as “... *the exposure to uninsured risk leading to a socially unacceptable level of well-being.*” [Hoogeveen, et al. 2005: 3]

and their decision-making or action capacity.<sup>33</sup> This implies, on the one hand, the development of instruments to detect risks and vulnerable social groups and, on the other, the development of adequate measures to reduce vulnerability.

The Social Risk Management approach distinguishes between the period before the undesirable situation has become reality and the period after. The ex-ante measures aim “*to prevent the risk from occurring*” [Holzmann 2001: 7], where as ex-post measures are coping directly with the risks. In addition, a third type of measure, anticipating the risk, is under consideration. None of these measures are designed to avoid the undesirable situation, rather to reduce its negative impact. In pursuit of this, three strategy types are considered:

- Prevention strategies i.e. implementing measures before a risk event happens and trying to avoid a situation in which the peoples’ welfare is affected. As a means of preventing the risk of skill obsolescence, Schmid [2005: 4] proposes lifelong learning. Alternatively, companies can opt for a strategy of constant product innovation in order to prevent the obsolescence of products and services.
- Mitigation strategies also implement measures before the undesirable event takes place. In the labour market, such measures can be a combination of specific company know-how and the multiple skills recognized in the broader labour market, while regional administrations can design strategies to enable people to switch from one employment to another. Schmid [2005: 4] also cites the possibility of creating ‘income stabilisers’, which can take the form of short-term wage compensation or universal social insurance systems as risk mitigation strategies.
- Coping strategies are implemented after the undesirable event has taken place and are focused on relieving its adverse impact on well-being. Examples for coping risks are unemployment insurance, the development of well-functioning labour market mediation services, using savings, borrowing and public and private transfers [Hoogeveen et al. 2005: 8].

These strategies outline a variety of measures. Documents explaining the World Bank approach make a clear distinction between informal arrangements, market based arrangements and public arrangements. But when discussing the difference between individual risks, social risks and social dangers, we propose a distinction between the levels of how such measures are designed and which people are taking decisions. These are:

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<sup>33</sup> The social risk management proposed by both the World Bank, and TLM, is focused on the reduction of vulnerability but not to the reduction of social risk as such.

- Micro level: individuals and households
- Meso level: Regional governments, enterprises, social actors, training and education facilities such as higher education institutes;
- Macro level: National state governments
- Global level: Supranational agencies like the UN, World Bank, International Monetary Found, UNESCO etc.

The proposals of both the World Bank and TLM are not so much based on social risk management but on social vulnerability management, since citizens have only a low level of influence on decision making at the level of social systems (political or economic systems and companies). For this reason, we prefer the term <Social Vulnerability Management>.

The TLM approach has developed an innovative proposal to deal with structural changes in the labour market, putting emphasis on the state's responsibility to design and to support the transition from one labour market position to another. This should be a major characteristic of the modern labour market. But TLM is also normative, maintaining that the European Social Model should focus on the empowerment of individuals, thus increasing their decision-making capacity [Anxo & Erhel 2006: 2]. And using <social risk> as a case in point, it affirms the responsibility of public institutions and enterprises in social risk management.

The integration of the life-course perspective introduces age and gender dimensions into the debate. In addition, other factors, such as ethnic origin and religion need to be taken into account. However, the TLM approach still lacks such a theoretical foundation in spite of the risk management oriented works of Schmid, and it lacks the facility to mitigate or avoid risks. This may be because (i) this discussion isn't linked to modern sociological debate on risk and (ii) there is insufficient linkage between life-course and risk management perspectives. This project focuses on the specific life stage of people older than 45 years, developing a specific scheme of social risk affecting especially this age group, and proposing measures whereby tertiary lifelong learning can prevent and/or mitigate the risk. Moreover it concentrates only on tertiary adult education.

In a discussion paper, Lassnigg [2006] outlined a framework for the anticipation of skills needs in transitional labour markets. He focused on the institutional education and learning strategies that support the transition between labour market situations. Lassnigg referred to Schömann [2002] on the transition between the education and training system and the labour market, and proposed that both systems should operate according to their own dynamic. The regulation of the transitions between both must take into account these dynamics by creating flexible linkages that are easily modified to take change into account [Lassnigg 2006: 3]. His aim was to develop a system of anticipatory risk

assessment measures linked to education and training. He assumed that risk assessment implies that education and training should be viewed within a strong labour market perspective. The balancing of skills and demand for the labour market is central to his proposal.

One tactic to improve the balance between supply and demand of skills would be to devise a better linkage between education and training systems and the labour market. However individual choice in education is constrained by the nature of the training and education system and the availability of training and education opportunities [see Lassnigg 2006: 7]. Formal education and training systems are, generally speaking, slow to adapt, relying on an institutionalised content and qualification structure established over time through bargaining processes that have a built-in obsolescence.

Generally, transitional labour market policies should be at the junction of both social and labour market policies. But under the perspective of learning as a means of social vulnerability management, we are at the junction of three areas: social policy, labour market policy and learning policies. At the institutional level, this means that they have the task of coordinating three different social systems based on the following principles [Schmid 2002: 238-240]:

- Institutional diversity, meaning that the efficient management of social vulnerability can only be achieved through cooperation between a variety of actors from diverse social systems with diverse decision-making processes.
- Institutional complementarity, meaning the achievement of a satisfactory level of complementarity between measures designed in different environments to improve the capacity of institutions, individuals, enterprise and political organizations that manage social risk.
- Institutional congruency is an important aspect of vulnerability management for the structural matching of learning opportunities and the human, cultural and social capital needs to be offered individual learning choices [see Lassnigg 2006: 8].

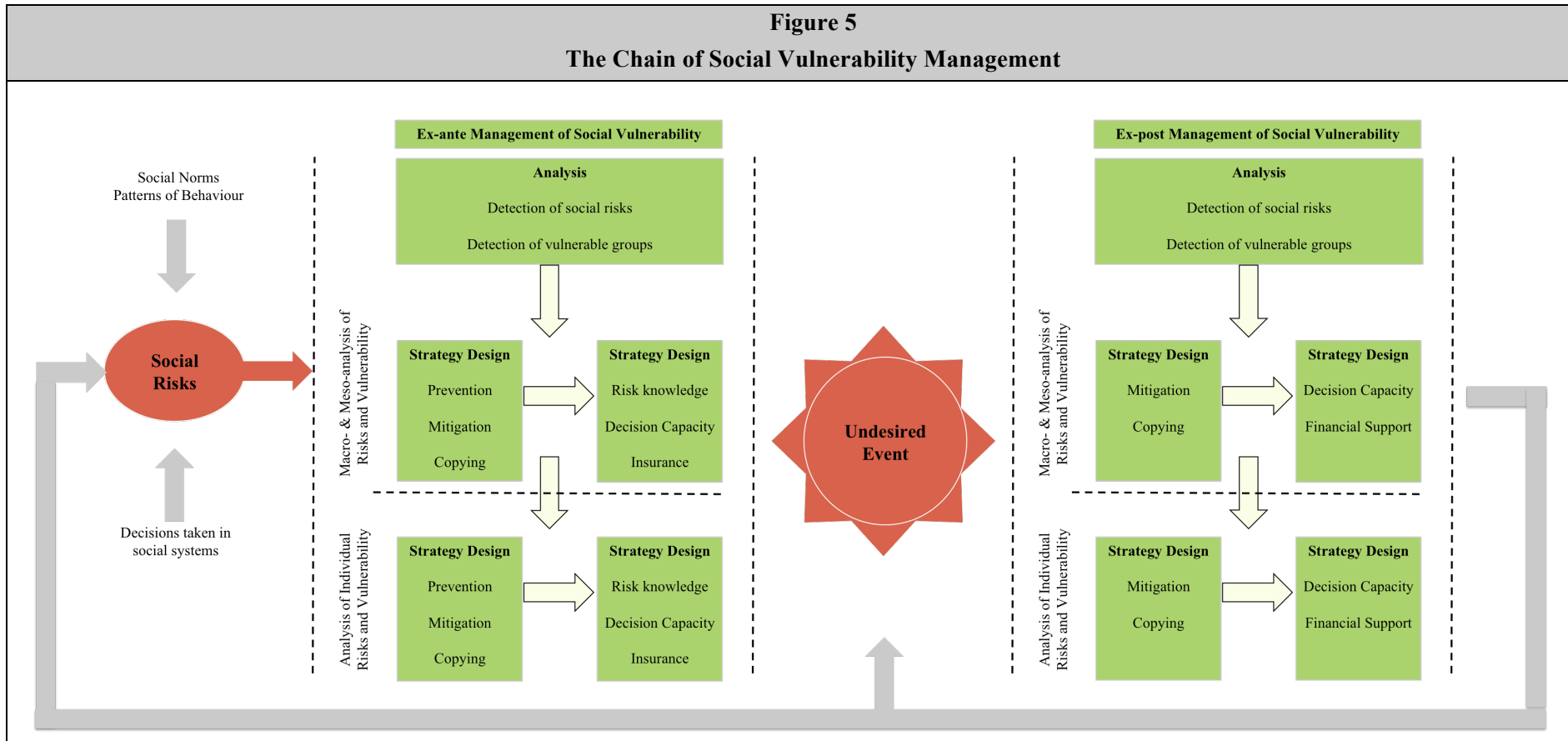
This proposal is oriented to matching skill supply with demand, and thereby creating employment. The focus of this discourse and the view of Schmid [2005] on social risk management, centres on the well-being of citizens and on the management of their social vulnerability. However, the contribution of Lassnigg proposes other dimensions for an analysis of the parameters of social vulnerability management systems and their relationship with tertiary lifelong learning.

First, we must discover which institutions are involved in the design of tertiary lifelong learning provision and the degree to which they are networking with the social actors to design and to carry out their lifelong learning programmes. Further, we should find out how much the tertiary lifelong learning providers are addressing social and/or employment policies, and whether or not they have

created, with other organisations, a collaborative system to support citizens' acquisition of human, cultural and social capital. Additionally, we should discover:

- a) Whether the lifelong learning strategies maintain the <principles of individual autonomy and empowerment> that provide citizens with proper information on risks and learning opportunities in general and the implications of transition from one labour status to another, in particular..
- b) Whether <principles of equity> are followed in the sense of facilitating equal access to learning resources in tertiary lifelong learning institutions. This also includes funding for individual participation in tertiary lifelong learning programmes.
- c) Whether the <principle of efficacy and effectiveness> includes the sustainability of programme funding and that of other resources. One aspect of this would be to measure if the results of lifelong learning programmes included the management of vulnerability, and, if so, if those goals were achieved. Another is to discover whether the input of resources provided for lifelong learning measures are "*sufficient to reach the negotiated goals*" [Lassnigg 2006: 8].
- d) What is the time horizon of the measures: Are they short, mid or long term and are they put together in an ad hoc way or highly planned?
- e) How the tertiary lifelong learning fits into a recognised national social qualification framework. A strictly company oriented lifelong learning programme, for example, will probably reduce the risk of the dismissal of workers, but it may only have a limited impact on their general ability to make decisions.

**Figure 5**  
**The Chain of Social Vulnerability Management**





### 1.6. Managing Social Vulnerability

As a starting point for the elaboration of a concept of social vulnerability management we have alluded to the sociological discussion on social risk, in which risk is defined as a socially constructed situation with probable negative impacts on the well-being of an individual or a group of individuals. Social risk is distinguished from individual risk by the low capacity or incapacity of individuals to avoid a risk situation. For instance, a woman cannot change the incidence of gender discrimination in society, but she can take action to prevent, mitigate or cope with its negative impact. Conversely, a person, who decides to participate in extreme sport is aware that there is a possibility of a serious accident with probable long-term negative consequences. Thus the risk he is taking is entered into freely<sup>34</sup> in spite of the fact that such a sporting activity is socially constructed. The same can be said about people who decide to holiday in a highly insecure country, thus running a personal risk to be kidnapped, robbed or murdered.

Based on the work of Esping-Anderson, Schmid and also Taylor-Goody and others we defined the following typology of major social risks

<b>Table 5</b>	
<b>Typology of Social Risks III</b>	
<b>General social risks</b> (social constructed, the citizens have knowledge about the situation and can take into account in their labour market decisions)	
<u>Class risks</u>	e.g.. family of unqualified workers
<u>Gender risks</u>	e.g.. women, including sexual orientation e.g. homosexual men
<u>Ethnic risks</u>	e.g.. being a non-indigenous person
<u>Religious risks</u>	e.g.. being Muslim or Buddhist
<b>Age risks</b>	e.g. 45 years old or older
Health risks	e.g. Chronic disease
Example: more than 45 years old lesbian with a chronic heart problem coming from a family of unqualified workers with immigrant and Islamic background	

On the other hand, we distinguished social risk from social danger through the individual's knowledge of probable negative impacts: The impact of the current financial crisis can be taken as an example. It had, and still has, a seriously negative effect on the life of many European citizens. The majority of European citizens had no previous knowledge of the outcome of such an unforeseen event, and were

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<sup>34</sup> This example allows us to point out again, that many risk situations have negative and positive sides. The person, who enters into high-risk sports, is aware of the possible negative impacts but considers there to be possible individual benefits.

therefore unable to take measures to prevent or mitigate its repercussion. This is therefore a general situation of social danger. The same syndrome also affects individuals, for example, in cases of labour market discrimination of young mothers: There is a difference between a woman who is aware of this kind of discrimination and one who is completely ignorant of it. In the first case, the woman can take steps to mitigate or cope with the social risks, a course of action which is not possible for the second woman, who is, from her individual perspective, in a situation of social danger.

We will limit our analysis to the social risks in the labour market. More recent discussions of the new social risks starts from the assumption that the labour markets have changed considerably in the last decades, thus increasing their structural complexity and provoking a new paradigm of uncertainty. Economic structures in many countries have changed increasing e.g. employment in the service sectors. The stereotype of the male breadwinner family has been eroded by the increasing number of female employees. Full-employment and even stable employment in one company or in an economic branch, is now no longer guaranteed. The labour history of working people is ever more characterised not only by transitions from one work situation to another, but also from employment to unemployment and to employment again, and from one employment status to another (employee, employer, self-employment and false self-employment. In this unstable work scenario, education levels and initial vocational training become even more important.

The labour market is characterised by the replacement of unskilled and low-skilled workers by highly skilled workers in highly skilled jobs. Highly skilled workers normally have a better chance of staying in the labour market. They have a significantly greater employment rate and a significantly lower unemployment rate. Employment in general has become more unstable and transient because of the increasing deployment of temporary contracts, part-time work and self-employment, including false self-employment. But the general expansion of the population with a higher education degree, and the increasing uncertainty in all labour market segments<sup>35</sup> implies that even this segment of the working population is vulnerable and will become more vulnerable in the future. The increased uncertainty of the labour market is accompanied by the diversification of the methods used to protect employees against risk. These strategies are now more oriented towards the re-integration of unemployed workers and the adoption of means to adapt the qualification of the unemployed to labour market needs and assisting their re-entry into work.

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<sup>35</sup> As examples we can cite Spain and Italy with their high degree of precarious working condition which apply also to high educated workers [see NESOR report 2009]

<b>Table 6</b>	
<b>Typology of Labour Market Risks</b>	
<b>Labour market dangers</b> (socially constructed, but the citizens have low knowledge about it and cannot take preventive measure prevent)	
Financial crisis:	Break down of the financial system
Economic crisis:	Inflation or deflation
Companies crisis	Accompanied by adjustment measure i.e. reduction of personnel, salary reduction, flexibilisation of work time etc.
<b>Labour market risks</b> (socially constructed, the citizens have knowledge about the situation and can take preventive measures)	
Obsolescence of an industry	Close down of a whole industry as in mining or ship building)
Temporary industrial crisis	Accompanied by adjustment measure i.e. reduction of staff, salary reduction, flexibilisation of work time etc. industry wide
Companies crisis	Accompanied by adjustment measure i.e. reduction of personal, salary reduction, flexibilisation of work time etc.
Obsolete Competencies	Professional competences became obsolete due to technical innovation, insufficient demand of products and services (i.e. shoeshine boy) or prohibition (i.e. plastic workers)
Quality of work situation (See EF)	Unstable work situation, i.e. fixed labour contracts Irregular work time i.e. night work and working on demand.
<b>Life course risks</b>	
Care needs	Family situation: Dependents care
Time options	Sabbatical year or similar Part-time options
Learning decision	Within the company Outside the company
Illness	Frequencies Duration
Labour Mobility	Work place change within the company, same location Work place change within the company, other locations Work place change same region Work place change other regions

It is evident that labour markets have changed substantially in the last three decades through increasing deregulation, mobility, flexibility and uncertainty. In parallel, the social structure of European society has changed with respect to family structure, the position of women, demographic structures and general cultural values. These changes have been incorporated into our understanding of new social risks and of the transitional labour market. In the political field, the response has been the promotion of a new concept of social policy based on the principle of improving the employability of the workers.

A cornerstone in this strategy to reform the European social model is to foster an improvement of the qualification level of the working population and the development of a lifelong learning strategy. The Lisbon strategy has the goals a) to improve the technological innovation capacity of the EU-economy and b) to improve qualification levels in order to increase the number of highly-qualified people. This is considered to be the best way to achieve the strategic objective of more and better jobs. Higher education is crucial for the achievement of this objective, which explains the support given to the reform of national higher education systems in the course of the Bologna process. These objectives are bolstered by a new strategy <Europe 2020>, which emphasises the improvement of the European Union's innovation capacity under a new label <Innovation Union>, and recommends other improvements in education levels such as reducing school drop-out rates and increasing the share of people with a higher education certificate among the 20-64 age group.

We have already discussed the concept of social risk, making a distinction between individual risks, social risks and social danger. However, there is very little literature on TLM that analyses social risks and its typology [see Gautié & Gazier 2003]. With reference to the life course approach, we take the citizen as the unit of analysis, and examine the risk of him/her losing well-being because of changes in labour market status and changing life course situations. As a follow-up to this, we will define standard life course situations (for instance family care needs) and estimate the social risks related to the state of the labour market. This will allow us to determine if lifelong learning in general and tertiary lifelong learning in particular could be an adequate measure to prevent or mitigate social risks. It also allows us to assess the role of higher education institutions – here universities – in pre and post social risk management.

In a second phase, we differentiate between social risk and social vulnerability. Risk is related to knowledge about the possible negative impact of an imminent social situation and to the capacity to make decisions in respect to that impact. We define the capability of decision-making (or action) as social vulnerability in the sense that a person is more vulnerable according to the degree of his incapacity for action. The life course approach [see Anxo & Erhel 2006 and Kohli 2007] argued that a citizen passes through differing life periods, thus enabling us to establish institutional indicators to help define the different phases. These indicators also permit us to recognise different aspects of social vulnerability (see table 2). Within this perspective, we can treat social risks as a dimension of social vulnerability as they affect the citizen's capacity for action.

Such distinctions allow a fine-tuning of the analysis of labour risks to which workers are exposed, combining institutional social risk factors e.g. economic crises (social danger), sectoral crises, company crises and unstable working conditions with vulnerability factors. This mapping of social vulnerability management allows the design of institutional measures to support the transition from one labour market position to another and to prevent, mitigate and/or cope with the social risks of

a loss of well-being. Taking as reference the work of Schmid and the World Bank on institutional social risk management, we outline the possible parameters for the management of social vulnerability by universities.

<b>Table 7</b>	
<b>Institutional Factors for the Management of Social Vulnerability (Universities)</b>	
<b>Dimension of Vulnerability Management</b>	
<b>Dimension</b>	<b>Indicator</b>
Networking	Public Administration Social Actors Enterprises
Recognition	Integration in Official Curricula Integration in ECTS Certification procedures and status
Equity	Costs Financial support for learners
Time dimension	Property
Assessment	Provision of individual assessment Integration in general provision of labour market assessment
Recognition of prior learning	Procedures of recognition of prior learning (APEL)

Our methodology for measuring the social effectiveness of lifelong learning takes as its point of departure the social vulnerability of people in a social risk situation, especially in relation to the labour market. The vulnerability of a person is determined partly by his risk awareness, but above all by his decision-making capacity in such a situation. The measurement of the social effectiveness of tertiary lifelong learning is focused on the impact on the labour market position of the students, but quality of work takes precedence over labour market considerations as the ultimate criterion. However, what is missing until now in this conceptual discussion is a reference point from which the probability quotient of negative or positive impacts on individual working lives can be obtained, and the criteria used to determine the decisions which people make. This requires a refinement of this methodology through indicators to measure <well-being>.

## 2. Measuring Quality of Life

Consistent with activation and social investment principles, the European lifelong-learning strategy is centred on the improvement of employability through stimulation strategies. We propose an alternative approach based on a combination of TLM, the capability approach and capital approaches. The objective is to have a methodology to define standard situations of social risk and to measure social vulnerability. This allows the development of innovative instruments and tools to measure social quality of lifelong learning in terms of employability and quality of work and life.

According to R. Salais [2005], the capability approach proposed by A. Sen provides an alternative perspective to the present EU-strategy: *“This conception is opposed, point by point, to the dominant conception of public policies, as expressed, for example, in the Lisbon strategy or the European Employment Strategy. The aim of the latter is to maximise a quantity or an overall ration (e.g. the rate of employment), and every possible means is acceptable, even if it means sacrificing the quality of life of a part of the population or increasing inequalities”* [Salais 2005: 4].

Schmid also underpinned this aspect of social justice in a recent publication on the Transitional Labour Market (TLM), making reference to the ideas of Rawls, Dworkin and Sen. Social justice is closely related to quality of life and beneficial access to life opportunities. In the following section, we discuss in more detail the capability approach, believing that it offers the possibility to enrich our concept of social vulnerability management. It also suggests the activation of conceptual relationships with European projects, such as, for instance, the European System of Social Indicators (EUSI) and a variety of different projects to measure quality of work and life such as the conceptual framework of the European Foundation. This includes also European 7<sup>th</sup> Framework projects such as walqing (Working and Life Quality in New & Growing Jobs - [www.walqing.eu](http://www.walqing.eu)) or CAPRIGHT (Resources, rights and capabilities: in search of social foundations for Europe – [www.capright.eu](http://www.capright.eu)), both expressly using the capability approach to make proposals on quality of life and work.

## ***2.1. Approaches to Measure Quality of Life***

The quality of life concept gained popularity in the 1960s as a function of the general movement towards social indicators. It was, and is, an alternative to the measurement of the improvement of material living standards. In contrast to the prevalent concentration on measuring the economic dimensions of welfare, social indicators are focused on such aspects of life as health, housing, neighbourhood and social relations [Berger-Schmitt & Noll 2000: 8]. Several authors e.g. Berger-Schmitt & Noll [2000]; Robeyn & van der Veen [2007]; and Vesan & Bizzotto [2011] distinguished three main approaches to quality of life research: the resource based method, the subjective well-being method and the capability method. Berger-Schmitt & Noll [2000] and Vesan & Bizzotto [2011] add the basic need approach of Allardt. Berger-Schmitt & Noll [2000] to these, and also make reference to a German approach rooted in the social indicator movement:

- a) The Swedish <level of living> concept was developed in the 1960s, referring to “*individual command over resources such as money, property, knowledge, mental and physical energy, social relations and security that individuals exploit to control and consciously direct their living conditions*” [Erikson 1989: 9; but also 1993; 72-73]. This notion also takes into account the environment in which individuals live, since it can influence how resources could be used, and the citizens' theoretical margin of action [Berger-Schmitt & Noll [2000:9].
- b) The concept of subjective well-being is rooted in the North American tradition of social psychology. It defines well-being or personal welfare in terms of needs satisfaction. According to this perspective, well-being isn't a matter of the disposition of resources, rather the exploitation of their usefulness in order to achieve satisfaction (or happiness) [see Vesan & Bizzotto 2011: 5].
- c) Also Allardt & Uusitalo [1972] in the comparative <Scandinavian Welfare Study> considered resource-based strategies too limited and espoused the basic need approach of J. Galtung. Allardt distinguished three categories of basic need:
  - *Having* which refers to material and impersonal needs. It includes resources like income, wealth, housing conditions, as well as working conditions.
  - *Loving* which refers to the needs of social relations e.g. emotional relationships with relatives, friends and general integration into social networks
  - *Being* which concerns the need to be integrated and to participate in society. This includes political participation, doing meaningful work, leisure pursuits, enjoying nature, and the possibility of personal development.





We will discuss then how this approach could be translated into initiatives that measure the quality of life and work.

## ***2.2. Capabilities, Functionings and Conversion Factors***

The capability approach doesn't measure the well-being of the citizens in terms of material criteria, more the freedom of citizens to make good quality decisions about aspects of their own life.<sup>36</sup> The starting point is the assumption that, in a developed society, each person tries to take advantage of real life and work opportunities according to his legitimate expectations [see Salais 2005: 1]. That implies the orientation of political action towards the aim of increasing the breadth of freedom of choice in the life one wishes to lead. Freedom is usually considered to be the fundamental objective of political action and is, therefore, a central criterion for policy development and the progress of society: A society progresses when the degree of freedom increases, so enabling citizens to make their own life choices.

Sen [2009/10] explains the idea of freedom as the ability to choose by quoting the example of a person called Kim, who decides to stay at home on a Saturday. In situation (A) he can achieve this desire. In two other possible situations a group of people may interrupt in his house and oblige him to leave his house (situation B) or may oblige him to stay the whole day at home (situation C). Therefore, in situation (B) Kim's freedom to decide is seriously affected. However, it seems that situation (C) doesn't affect his decision as he has decided to stay at home this day anyway. While it may not impinge upon his freedom to decide in the same way as situation (B) does, in essence the same restriction is imposed. That means that the opportunity to choose within the constraints of this interpretation of freedom, is more important than the result of the choice. Thus capability doesn't mean concrete action and its result, but the potential of action and, overall, the potential to carry out alternative actions. Freedom is not only conceived as an aim, but also as a means [Sen 2009/2010: 50]. Scholtes [2005] takes, as an example of this duality, the freedom to bargain in the marketplace. Freedom to bargain is a valuable means of improving individual liberty, and thus it may be a concrete political objective. But it is only desirable insofar as it contributes to the overall freedom of all citizens.

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<sup>36</sup> “*Capability is thus a kind of freedom: the substantive freedom to achieve alternative functioning combinations (or, less formally put, the freedom to achieve various lifestyles)*” [Sen 1999: 75].

In the capability approach, there is a distinction between commodities (or resources), capabilities, functionings and conversion factors:

Commodities or utilities are the material and non-material resources available to individuals. It includes not only financial resources, but also available technologies and tools, as well as non-material resources such as skills, competences and attitudes. The capability approach rejects the measuring of equity and social justice based only on resources or utilities because it “*excludes non-utility information*” [Robeyns 2003:9]. It is especially critical of the economic tendency to use income as the main indicator for well-being. Sen [1990: 112] considered that “*the informational bases of justice cannot be provided by comparisons of holdings of means to freedom (such as <primary goods>, <resources> or >incomes>)*”.

The term capability expresses the tangible dimension of an individual’s freedom to design life choices by combining different functionings - defined as <doings> and <beings> [Sen 1990: 113], which the individual understands to be the basic values for his life trajectory. Capabilities are what people really <can do> and <can be>. As each human being is different and lives in differing environments, each person will need different resources to achieve the same level of functionings. Sen defines the link between capability and functioning as follows: “*A functioning is an achievement, whereas a capability is the ability to achieve. Functionings are, in a sense, more directly related to living conditions, since they are different aspects of living conditions. Capabilities, in contrast, are notions of freedom, in the positive sense: what real opportunities you have regarding the life you may lead*” [Sen, 1985: 48]. A functioning is what an individual has achieved using his capabilities in specific socio-economic contexts. Capabilities are the potentials which individuals or groups of individuals have (beings) and functionings are the already achieved states of living (doings). Functionings are not simply resources, but the results of the use of capabilities and the exploitation of available resources [see Eiffe: 2008:3]. Capabilities are the potential of the individual to achieve well-being [Robeyn & van der Veen 2007: 43], while functionings are the realisations of options and thus are the constitutive components of well-being.

Clark [2005] proposed further to make a distinction between a functioning and a set of functionings as well as between capability and a set of capabilities. Clark selected the term functioning as the angle of the approach, defining it as an achievement of a person: what she or he manages to be. That means it reflects both the present level of the person, and the ideal or goal to which he aspires. This refers, for example, to the goal of an individual to be <adequately nourished>, and the present level of the person is the progress he or she has made in reaching that goal. A set of functionings is the n-tuple describing the combination of functioning (doing and being), which a person wants to achieve. Therefore, we can distinguish between the end goal of the functionings and peoples’ existing functionings.

A capability is then the potential of individuals to achieve some functionings. And a set of capabilities is, therefore, the person's variety of abilities that will be deployed to achieve different functionings (or a set of functionings) [Clark 2005: 4]. We have therefore three levels of individual action:

- a) The capabilities, which are the abilities to achieve certain functionings.
- b) The achieved functionings: We must emphasise that a capability (X) doesn't always correspond to a particular functioning (n) or to a set of alternative functionings. To achieve the functioning (n), the individual must activate a set of capabilities (1), (2) and/or (3). And it is also possible that an individual can achieve the same functioning by combining other capabilities. Functionings can also be contradictory. For instance, for many people the achievement of a certain material living standard might involve running the risk of deteriorating their health. Or the decision to increase their education level could mean a temporary income loss, diminishing their current living standard as a result.
- c) The ideal functioning is the standard by which an individual measures his real functioning or his well-being?

The capability approach doesn't measure well-being or personal welfare in material terms, but in the opportunities given to, or taken by, citizens to achieve well-being. However, the extent to which an individual can transform capabilities and functionings into real well-being depends also on other factors i.e. the so-called conversion factors. Assuming that two persons have equal sets of capabilities, the route to achieve functionings will not necessarily be the same. Irrespective of individual decisions on which functionings they try to attain, they do not have the same potential to convert their capabilities into functionings because of the different environments in which they live. There are external factors influencing the conversion of capabilities into functionings [see Bartelheimer et al 2008: 24]. These conversion factors are mainly, though not entirely, structural factors. Following Robeyns [2003] we distinguish three types of conversions factor:

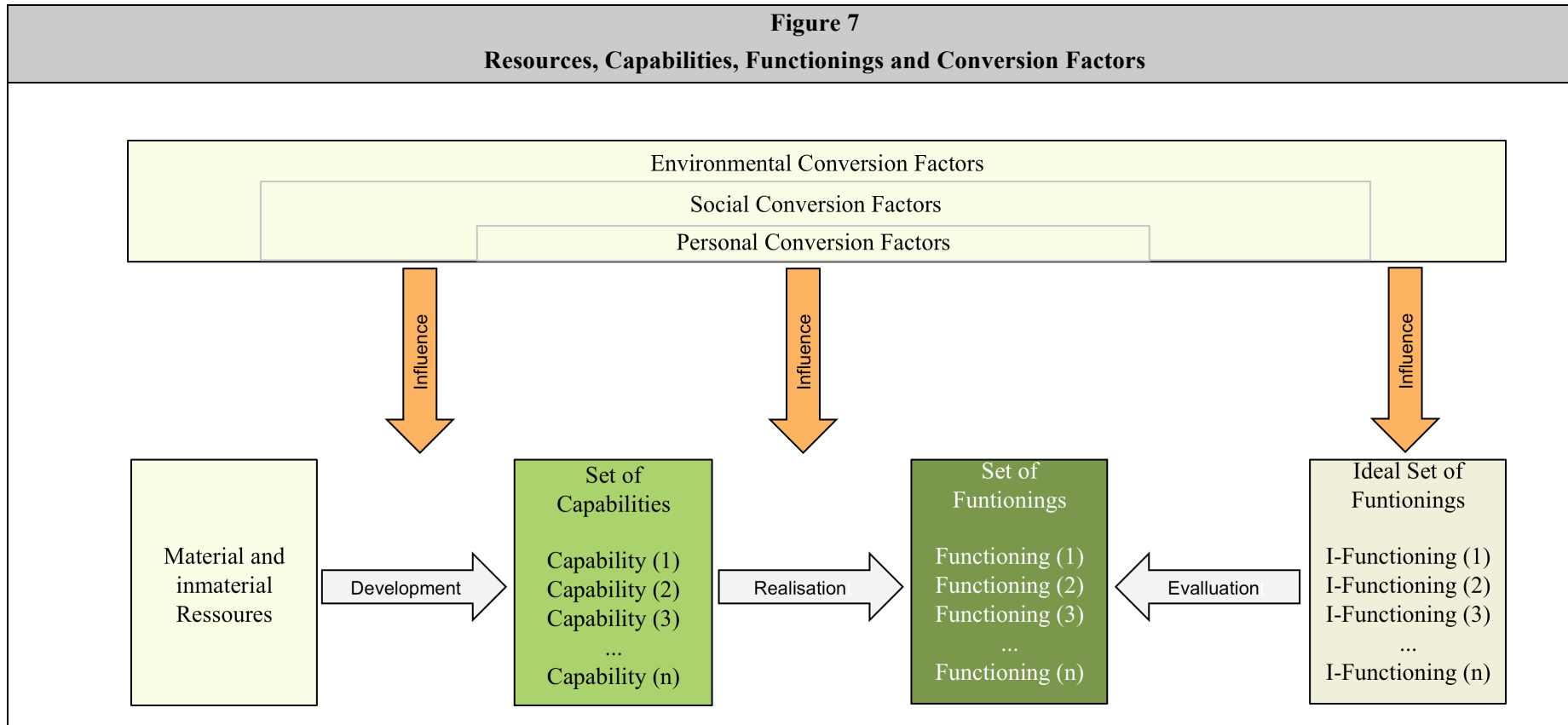
- Personal characteristics, such as mental and physical conditions e.g. physical incapacities that influence the capability, in different degrees, of a person to profit from resources.
- Social factors include a number of types of social setting, such as social norms (e.g. gender roles, norms of behaviour, religion, culture etc.), social institutions (e.g. laws, organisational procedures, political rights, public policies), and power structures (e.g. organisational structures, political hierarchies).
- Environmental characteristics, including not only infrastructure, resources, and public goods, but also the natural environment such as climate, that are also important in the conversion of resources to capacity and the acquisition of functionings.

Personal, social and environmental conversion factors influence the three areas of action. The capabilities of an individual are certainly influenced by his physical and psychological make-up, and by social and environmental factors, for instance the existence of a well-developed school, and higher education, or health systems and access to them. These also influence the ability of an individual to activate his capabilities in order to achieve the desired functionings. Personal, social and environmental factors also influence the decision on what functionings an individual wants to achieve (the preference structure), and what is the ideal state of the art of this particular functioning (see following figure).

From a sociological standpoint, one central question of the capability approach concerns how social and environmental conversion factors allow the individual to use his capabilities, and how they facilitate or impede the efficient conversion of the capabilities into functionings. The following figure illustrates how conversion factors influence the development of sets of capabilities, starting from a given set of resources and their exploitation in sets of functionings. The conversion factors also influence the set of ideal functionings on which individuals (as well as society as a whole) evaluate their development.

Our main topic of interest is to evaluate how the tertiary lifelong learning system is in a position to allow a wide range of people to develop their capabilities and realise their chosen functionings. In particular, we look into the design of the tertiary lifelong learning system to see if it can support people in mid-life in the transition from one labour market situation to another.

**Figure 7**  
**Resources, Capabilities, Functionings and Conversion Factors**



The temporal dimension must also be taken into account, in the sense that not only do achieved functionings have an impact on available resources (e.g. skills development increases the non-material resources of the individual), but also on conversion factors (e.g. increasing the social prestige of the individual or group of persons with an ethnic minority background could reduce the degree of discrimination). In other words, it is a dynamic process. But the time dimension doesn't play a role in the main activities of the capability approach. It seems that the transformation of resources into capabilities and the realisation of functionings takes place only in the present, without reference to the past or to the future. The resources and conversion factors are considered as a given without history, and the functionings are chosen and lived in the present time. But as we noted before, new functionings can be converted into resources to improve the capability set and to achieve new levels of functionings. For instance, an individual can decide to invest financial and time resources in tertiary lifelong learning to achieve a higher education degree. This functioning will later become a resource for seeking a better job in the labour market. But it is also possible that the transformation and realisation process will not produce the expected results, and the individual's set of functionings will lose value (e.g. allocation of time to tertiary lifelong learning activities means less time spent with the family and in social life, thus potentially initiating a divorce and the loss of social contacts by the end of the learning process). In other words, both capabilities and functionings could lose their value. Therefore, decisions taken by an individual always implies certain risks.

Not only are resources and conversion factors influencing the achievement of functionings, but also the chosen and achieved functionings are influencing the resources and conversion factors in subsequent decision-making processes. This introduces a dynamic perspective of capabilities, which can be explained through an education and training example. An individual can decide on a particular function (e.g. education and training) to strengthen a particular kind of resource (e.g. human capital) or a woman can opt to invest time and human capital resources in the feminist movement in order to change the incidence of gender discrimination (a social conversion factor) through political activity. But this on-going dynamic feedback process can also have a negative impact on the capabilities of the individuals concerned. The positive feedback process in capability development and the achievement of functioning is in many ways a basic assumption of education policies as well as of lifelong learning policies.

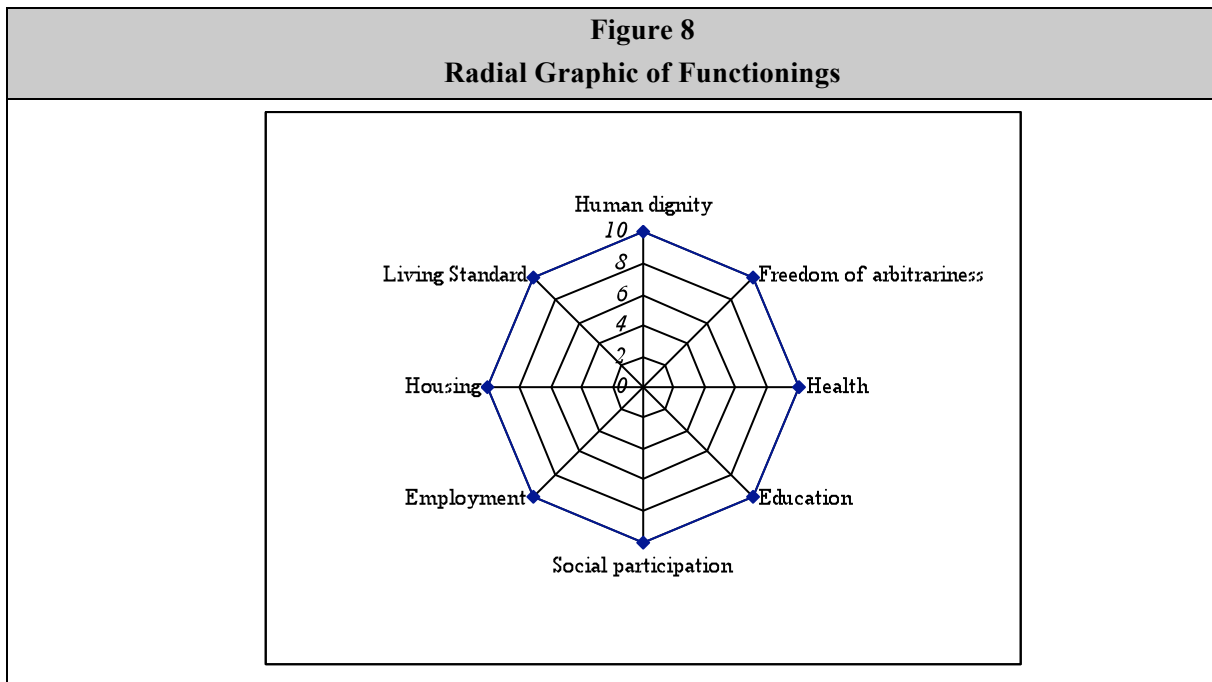
A second question concerns the interrelation between the different elements, and how the different capabilities are reinforcing (or weakened by) each other? Freedom has been defined as the capability of a person to achieve certain functionings. Well-being is measured by comparing an ideal with the existing state of functioning. But as we have seen before in the example of freedom as an objective, particular dimensions of capabilities can also be considered as a commodity or resource. For instance, a higher education level can be considered as a capability by which the individual can

achieve higher income, a higher degree of social integration, better health etc. On the other hand, a higher income also encourages individuals to improve their education level, to achieve better health etc. The concept of sets of capabilities and functionings seems to be a way of resolving this problem if these sets are not treated as identical sets. Neither sets of capabilities or functions nor individual preference structures are harmonised, they are full of internal contradictions.

We can take as an example the system of capabilities, definitions and sub-capabilities proposed by Eiffe as a reference. He established 8 capabilities, each with its corresponding definition, and defined at least 2 sub-capabilities for each meta-capability (see table 9).

<b>Table 9</b>		
<b>Capabilities, Definitions and Sub-Capabilities</b>		
Human dignity	The ability to live a life in dignity and respect.	a) Personal integrity b) Ability to force one's rights
Freedom from arbitrariness	The ability to live without arbitrary interventions in everyday life	a) Freedom of movement b) Political freedom
Health	The ability to lead a healthy life	a) Health state b) Access to health systems
Education	The ability to being educated formally and personally the way one wishes to.	a) Formal education b) Personal development
Social participation	The ability to have social contact and be part of the community	a) Participation in community b) Political participation
Employment	The ability to have employment or to pursue activities one is interested in instead.	a) Access to employment b) Informal employment
Housing	The ability to have sufficient living space and appropriate living conditions.	a) Living space b) Living satisfaction
Living Standard (material)	The ability to participate in economic growth and to be satisfied with one's economic status.	a) Subjective well-being b) Economic participation
Source: Eiffe: 2008:12		

These eight main capabilities can be visualised in a radial graph describing the effect that each may have on the increase in educational capability (at a higher formal educational level).



We can reformulate this notion by using the terms capability and functioning: The increase in the educational capability of an individual will have positive effects on achievable functionings and on other capabilities.

A third task is to define socially desirable functionings, how they are defined and how they are applied without diminishing individual freedom. Salais [2005: 4], for example, criticised the European Employment Strategy derived from the Lisbon Strategy as focused on quantity and simplistic statistical processes to the detriment of the qualitative aims of employment, such as quality of life and reducing inequality. From the standpoint of the capability approach, this may confuse the intention of the strategy with well-being. But the main problem lies in the fact that the political decision to establish ideal employment-based functionings doesn't take individual choice into account. And many regulations on unemployment insurance include "*the combination of incentives and penalties to force individuals in return to work restrict, rather than widen the range of freely accessible choices*" [Salais 2005: 7]. Actual employment strategies, based on the resource oriented concept of employability, are prioritising the objective of achieving employment without considering of the quality of work and life or the freedom of choice of the citizen. The aim of the Lisbon strategy (and many national strategies) is to reduce the expectation of jobseekers in respect to income, working time and job security and to increase their mobility.

By basing employment strategies on the capability approach, the perspective changes and offers links to the concept of social vulnerability management. The problem isn't then only to find a job for



an unemployed person but to find a job relevant to his capability, allowing the person to choose which functionings he wants to develop. It must be based on an analysis of the resources at the disposal of the person, and a consideration of the different conversion factors. This includes personal, social and environmental factors. From the individual's point of view, the services provided by a local mediation service is a conversion factor that can restrict or open up opportunities for the development of capabilities, e.g. by offering training programmes, co-funding training participation, counselling on professional careers and the achievement of functionings e.g. through the stimulation of labour demand in the region.

Apropos our proposal of social vulnerability, we assume that the increase in the educational capability of an individual will increase his knowledge of social risk and will improve his freedom to decide in which area he or she will invest efforts to achieve a higher level of functionings. In other words, increasing educational capability reduces the degree of vulnerability of the citizen. In the previous example social vulnerability management would provide awareness of the risk situation as well as a possible means to prevent or mitigate risks and thereby enhance the citizen's action capacity.

The capability approach allows us also to conceptualize situations of social risk. Social risks mean fewer possibilities for an individual to achieve chosen functionings compared to other individuals in another social risk context with the same resources at their disposal. The difference relates to conversion factors e.g. gender or ethnic discrimination or changes in the economic structure that make particular professional competences obsolete. But the notion of social risk also implies that an individual can calculate the risks of losing functionings, and look for a means to prevent or mitigate the risk. The extent of this capacity depends on social conversion factors, the means provided by society e.g. in the form of tertiary lifelong learning programs, financial support to participate in tertiary lifelong learning and the incentivisation of occupation change. Therefore, the capability approach doesn't delegate all responsibility to the individual and considers the institutional context. It supports the relevance of institutional preconditions for the active and effective participation of citizens in social life. It doesn't reject market approaches but, contrary to neo-liberalism, it also relies on active societal mechanisms *"for the sharing and distribution of social risks arising from the operation of markets. [...]"* [Deakin 2005: 20]

Apropos the capability model, we consider the role of conversion factors as crucial for transforming capabilities in functioning in working life. The socio-economic environment either enhances or impedes active participation in the workplace, access to sustainable employment, access to education and training facilities and the development of a satisfactory work-life balance [see Bartelheimer et al. 2008: 24]. Critics of the capability approach maintain that the interrelationships between the field of capabilities, commodities and functionings are less developed and this precludes analytical potential. Dean [2009] argued that the capability approach considers individuals in isolation

without taking into account their interrelations with and dependency on other human beings. She also criticised it for not giving enough consideration to the social relationships that characterise capitalism. *“Individuals can be free neither from hegemonic controls over their participation in the public realm, nor from the direct or indirect consequences of the exploitation of human labour”* [Dean 2009: 5].

The concept of social vulnerability gives prominence to social relationships, strengthening the focus on social conversion factors. Social risks are negative conversion factors which restrict the capability and functioning development of individuals. The distinction between social danger, social risk and individual risk introduces differing levels of responsibility for social development in modern society.

Considering the higher education system as an important conversion factor, we ask, how an adequate configuration of tertiary lifelong learning provision could improve the education capabilities of citizens older than 45, thus increasing their liberty to choose functionings (skills and competencies) and the possibility to achieve them. This question also includes the extent to which the present state of higher education systems, lifelong learning programmes in general and tertiary lifelong learning programmes in particular helps or impedes capability development.

The current premise assumes that a higher education capability will enable individuals to improve their achievement in different functionings (which also includes improving existing functionings), and mitigate their exposure to social risks. In a nutshell, an increase in education capability could reduce the social vulnerability of citizens by affording an enhanced awareness of the social risks to which they may be exposed, and offering a higher capacity for taking action in order to prevent, mitigate and cope with negative impacts.

As we explain in the course of this chapter, the capability approach contrasts with the resource approach, which focuses on the improvement of employability without taking into account the quality of employment which citizens may want to take up. To design policies to increase the labour capabilities of citizens it seems necessary to have a point of reference to measure the success of the programmes. We will discuss this issue in the next chapters, taking as reference the work done on quality of life and quality of work based on the capability approach.

### ***2.3. Defining Social Quality of Work through Capabilities***

Many writings on the capability approach acknowledge the problems of measuring capabilities. In a publication on the transitional labour market in the sector of social economy, Nicaise et al. [2005], for instance, concede the relevance of this approach for TLM but considered it difficult to measure capabilities: *“Whereas such functionings can to some extent be measured, capabilities cannot, because*

*they all include potential combinations of functionings, not only the observed functionings*” [Nicaise et al. 2005: 7]. They referred to Dworkin’s resource approach which assumes that individuals accumulate more capabilities when they have access to more resources. They suggest a broad interpretation of resources in the sense of capital: material, human, social and cultural. But Robeyns & van der Veen [2007: 32] argued, in a critique of the resource oriented approach of quality of life, that <resourcism> runs the risk of confusing means with ends. That signifies that the disposition of such resources does not mean that the citizen has achieved a better quality of life. Also Sen [1992: 52] himself acknowledges these difficulties: “*In fact the capability set is not directly observable and has to be constructed on the basis of presumptions*”. This means to relate well-being to achieved and observable functionings instead of to capability sets.

There are some works on the transformation of resources in capability<sup>37</sup>, but it seems that the main way forward is to put the focus on the functionings in order to measure peoples’ well-being. In the following pages, we will refer to some of the main research papers on the definition of well-being dimensions that aim to develop a frame of reference for measuring the social effectiveness of strategies to reduce social vulnerability through lifelong learning. In these we can distinguish two main questions:

1.) Can we define basic functionings, to which all human beings have the right? Under this heading, there exist some publications on the dimensions of such functionings. One famous example is the work of Nussbaum, who established a list of basic dimensions (see following table 11). Another is the Human Development Index, which is however not a clear example of the capability approach in spite of the collaboration of A. Sen in its creation at the beginning of the 1990s.<sup>38</sup> Here we can also include the pioneer study of Sen on health and education.

Some basic functionings, e.g. to be healthy are not dealt with here as it can be assumed that nobody deliberately opts to be ill.<sup>39</sup> That means such relevant functionings can be unequivocally linked to capabilities. But in respect of other functionings it is practically impossible to relate them to one capability. In the extent that individual freedom of choice increases there is no rule to explain the choice for a particular functioning from an existing capability set.

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<sup>37</sup> See Ruggeri [1999]; Havemann & Bershader [2001]; Burchhardt & Le Grand [2002]

<sup>38</sup> Dean [2009: 4] considered that the capability approach of Sen had only a limited impact in that the “*international establishment never properly embraced his central premise*” replacing it with the concept of human capital.

<sup>39</sup> Except in case of a disturbed individual or collective preference structures.

<b>Table 10</b>	
<b>The Central Human Capabilities proposed by Nussbaum</b>	
1.	<b>Life.</b> Being able to live to the end of a human life of normal length; not dying prematurely, or before one's life is so reduced as to be not worth living.
2.	<b>Bodily Health.</b> Being able to have good health, including reproductive health; to be adequately nourished; to have adequate shelter.
3.	<b>Bodily Integrity.</b> Being able to move freely from place to place; to be secure against violent assault, including sexual assault and domestic violence; having opportunities for sexual satisfaction and for choice in matters of reproduction.
4.	<b>Senses, Imagination, and Thought.</b> Being able to use the senses, to imagine, think, and reason – and to do these things in a “truly human” way, a way informed and cultivated by an adequate education, including, but by no means limited to, literacy and basic mathematical and scientific training.  Being able to use imagination and thought in connection with experiencing and producing works and events of one's own choice, religious, literary, musical, and so forth. Being able to use one's mind in ways protected by guarantees of freedom of expression with respect to both political and artistic speech, and freedom of religious exercise. Being able to have pleasurable experiences and to avoid non-beneficial pain.
5.	<b>Emotions.</b> Being able to have attachments to things and people outside ourselves; to love those who love and care for us, to grieve at their absence; in general, to love, to grieve, to experience longing, gratitude, and justified anger. Not having one's emotional development blighted by fear and anxiety. (Supporting this capability means supporting forms of human association that can be shown to be crucial in their development.)
6.	<b>Practical Reason.</b> Being able to form a conception of the good and to engage in critical reflection about the planning of one's life. (This entails protection for the liberty of conscience and religious observance.)
7.	<b>Affiliation.</b> A. Being able to live with and toward others, to recognize and show concern for other human beings, to engage in various forms of social interaction; to be able to imagine the situation of another. (Protecting this capability means protecting institutions that constitute and nourish such forms of affiliation, and also protecting the freedom of assembly and political speech.) B. Having the social bases of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others. This entails provisions of non-discrimination on the basis of race, sex, sexual orientation, ethnicity, caste, religion, national origin.
8.	<b>Other Species.</b> Being able to live with concern for and in relation to animals, plants, and the world of nature.
9.	<b>Play.</b> Being able to laugh, to play, to enjoy recreational activities.
10.	<b>Control over One's Environment.</b> A. Political. Being able to participate effectively in political choices that govern one's life; having the right of political participation, protections of free speech and association. B. Material. Being able to hold property (both land and movable goods), and having property rights on an equal basis with others; having the right to seek employment on an equal basis with others; having the freedom from unwarranted search and seizure. In work, being able to work as a human being, exercising practical reason, and entering into meaningful relationships of mutual recognition with other workers.
Source: Nussbaum [2003:41f]	

2.) Can we define desirable societal functionings, on which the effectiveness of policy programmes can be measured? Here we can find examples of national social reporting as in Germany, where it is based expressly on the capability approach related to a long sociological research tradition relating well-being to <Lebenslagen>. But we can also add other proposals such as the work on <Sustainable quality of life> presented by the Dutch researchers Robeyns & van der Veen [2007], and also based expressly on the capability approach (see following table).

<b>Table 11: Dimensions of Sustainable Quality of Life proposed by Robeyns &amp; van der Veen</b>		
<b>Capability</b>	<b>Capability-inputs under the control of government</b>	<b>Capability-inputs beyond the control of government</b>
1. Physical health	Time. Money. Natural environment. Health care....	Role in society (for example, employment or care). Innate physical health....
2. Mental health	Role in society (for example, employment or care). Health care. Social relations....	Innate mental health. Education and care within the family. ...
3. knowledge and intellectual development	Education and culture. Media. Time. Money....	Innate intellectual talents. Upbringing. ...
4. Labour	Time. Labour market policies. Social capital. ...	Knowledge and skills. Innate talents. Social class in which one is born. Social network....
5. Care	Time. Money. Public care services....	Social norms. Size of families and households. ...
6. Social relations	Time. Money. Social capital....	Family and social class in which one is born....
7. Recreation	Time. Money. Employment conditions. Sport and cultural policies....	Population density. ...
8. Shelter	Housing policies. Traffic infrastructure. Money (wealth). Financial conditions for housing (rental policies, mortgages, ...)....	Spatial-geographic limitations. Average size of households.
9. Living-environment	Environmental policies. Spatial planning....	External influences on the environment....
10. Mobility	Time. Traffic infrastructure. Money....	Population density. Mobility needs of others. ...
11. Security	Police and legal order. Characteristics of spatial planning. Social capital....	Social norms. Reporting in the media. ...
12. Non-discrimination and respect for diversity	Legislation respecting human diversity. Image of minorities as depicted by the government. Education....	Dominant public morals. Small-scale civil society projects. Social norms. Images created by the media....
13. Political participation	Time. Structure of political organisations. Media. Social capital....	The constitution and the fundamental legal order of the Netherlands and the European Union....

Yet another recommendation has been elaborated by the <Commission on the Measurement of Economic Performance and Social Progress><sup>40</sup> chaired by Joseph E. Stiglitz, A. Sen and J.-P. Fitoussi. The capability approach forms one of the pillars of the report [2007] of this Commission establishing the following nine dimensions to analyse human well-being:

<b>Table 12: Dimensions of Quality of Life (1/2) proposed by Commission on the Measurement of Economic Performance and Social Progress [2007]</b>
<p><b>Health (paragraph 154)</b></p> <p>Health is a basic feature shaping both the length and the quality of people's lives. Its assessment requires good measures of both mortality and morbidity. Data gaps remain significant in both fields. Mortality statistics by age and gender document the risk of death confronting people and are used to calculate the expected length of a person's life.</p> <p>These indicators are today available in all developed countries but remain limited in large parts of the developing world, in particular for adults, and this limits the possibility of monitoring progress in achieving the UN Millennium Development Goals.</p>
<p><b>Education (158)</b></p> <p>A long tradition of economic research has stressed the importance of education in providing the skills and competencies that underpin economic production. But education (like health) matters for quality of life independently of its effects on people's earnings and productivity. Education is strongly associated with people's life evaluations even after controlling for their higher income.</p> <p>Further, better-educated people typically have better health status, lower unemployment, more social connections, and greater engagement in civic and political life. The consensus is that education brings a range of returns (monetary and non-monetary) that benefit both the person investing in education and the community in which they live. Measuring the size of these wider benefits of education is an important research priority.</p>
<p><b>Economic security (180)</b></p> <p>Uncertainty about the material conditions that may prevail in the future reflects the existence of a variety of risks, in particular associated with unemployment, illness, and old age. The realization of these risks has obvious negative consequences for the quality of life of the person affected.</p>
<p><b>Balance of time (160)</b></p> <p>How people spend their time, and the features of people's personal activities, matter for quality of life irrespectively of the income that they generate. They affect people's subjective well-being. The main activities discussed here are paid work, commuting, unpaid work and leisure time. Housing, although not representing an activity per se, is also discussed because it is the setting for a number of personal activities and because of its importance for the quality of life.</p>
<p><b>Political voice and governance (167)</b></p> <p>Political voice is an integral dimension of the quality of life. Intrinsicly, the ability to participate as full citizens, to have a say in the framing of policies, to dissent without fear and to speak up against wrong are essential freedoms and capabilities.</p>

<sup>40</sup> This commission was created on the initiative of the French government under the presidency of N. Sarkozy at the beginning of 2008.

<b>Table 13: Dimensions of Quality of Life (2/2) proposed by Commission on the Measurement of Economic Performance and Social Progress [2007]</b>
<p><b>Social connections (171)</b></p> <p>Social connections improve quality of life in a variety of ways. The effects are both direct and indirect. People with more social connections report higher life-evaluations, and for many the most pleasurable personal activities involve socializing. The benefits of social connections extend to people’s health and to the probability of finding a job, as well as to various characteristics of the neighbourhood where people live (e.g. crime or the performance of local schools). These social connections are sometimes described as “social capital” to highlight the benefits (direct and indirect) that they bring.</p>
<p><b>Environmental conditions (174)</b></p> <p>Environmental conditions are important not only for sustainability, but also because of their immediate impact on the quality of people’s lives. First, they affect human health both directly (through air and water pollution, hazardous substances and noise) and indirectly (through climate change, transformations in the carbon and water cycles, biodiversity loss and natural disasters that affect the health of ecosystems).</p> <p>Secondly, people benefit from environmental services, such as access to clean water and recreation areas, and their rights in this field (including rights to access environmental information) have been increasingly recognized.</p> <p>Third, people value environmental amenities or disamenities, and these valuations affect their actual choices (e.g. of where to live).</p>
<p><b>Personal security (177)</b></p> <p>Assessing personal insecurity requires identifying those external factors that put at risk the physical integrity of each person: <u>crimes, accidents, and natural disasters</u> are some of the most obvious factors. While these elements account for only a minority of all deaths, and they are captured by general mortality statistics, the rationale for having specific measures of their frequency is that they can have a different emotional effect than deaths related to medical conditions. The importance of these sources of insecurity on people’s subjective well-being is reflected both in their efforts to avoid physical insecurity and the large impacts of bereavement on subjective well-being.)</p>
<p>Note: The number after the dimension indicates the paragraph in the report, where the dimension is defined</p>

We will not discuss in depth the methodologies to establish the list nor the concrete functionings included nor the specific indicators proposed to measure the quality of each functioning. But a comparison of the lists of Stieglitz & Sen & Fitoussi and Robeyns & Van der Veen shows a high degree of concurrence. The items mentioned by Nussbaum cannot be so easily linked to the two other lists as they followed a quite different logic. For this reason, we will only use the first two lists in the following.

<b>Table 14</b>		
<b>Lists of Societal Desirable Capabilities</b>		
<b>Nussbaum</b>	<b>Stieglitz &amp; Sen &amp; Fitoussi</b>	<b>Robeyns &amp; van der Veen</b>
Life Bodily health	Health	Physical health Mental health
Practical Reason	Education	Knowledge and intellectual development
Senses, Imagination, and Thought		
Emotions		
	Economic security	Labour
	Balance of Time	Care Recreation
Play		
Affiliation	Social Connections	Social relations
		Non-discrimination and respect for diversity
Material Control Over One's Environment Other Species.	Environmental Conditions	Living-environment Shelter Mobility
Bodily integration	Personal Security	Security
Political Control Over One's Environment	Political voice and governance	Political participation

We can identify eight dimensions to measure the quality of well-being taking the functionings as references: health<sup>41</sup>, knowledge & intellectual development<sup>42</sup>, economic security, balance of time<sup>43</sup>, social relations, environmental conditions<sup>44</sup>, personal security and political participation. As a next step, we will try to establish, in a link between these dimensions and proposals, to measure quality of work.

As our focus lies on the labour market, we will only relate the dimensions to the labour market and specifically to our proposal of the management of social vulnerability in transitional labour

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<sup>41</sup> The same Robeyns & van der Veen expressed doubts about the usefulness of the distinction between physical and mental health. So we preferred one overarching category of health.

<sup>42</sup> The notion of knowledge and intellectual development improved, from our point of view, the description of the integration of formal, informal and non-formal education, training and learning situations.

<sup>43</sup> We preferred the term balance of time as it integrates the relationship between different forms to spent time: working, commuting, time devoted to family responsibilities including household work and care activities; and leisure.

<sup>44</sup> It includes also the issue of mobility mentioned by Robeyn & van der Veen, which regards existing infrastructures as part of environmental conditions, as well as the housing conditions.



markets. We refer to the work done by the European Foundation for the Improvement of Living and Working Conditions as a source.

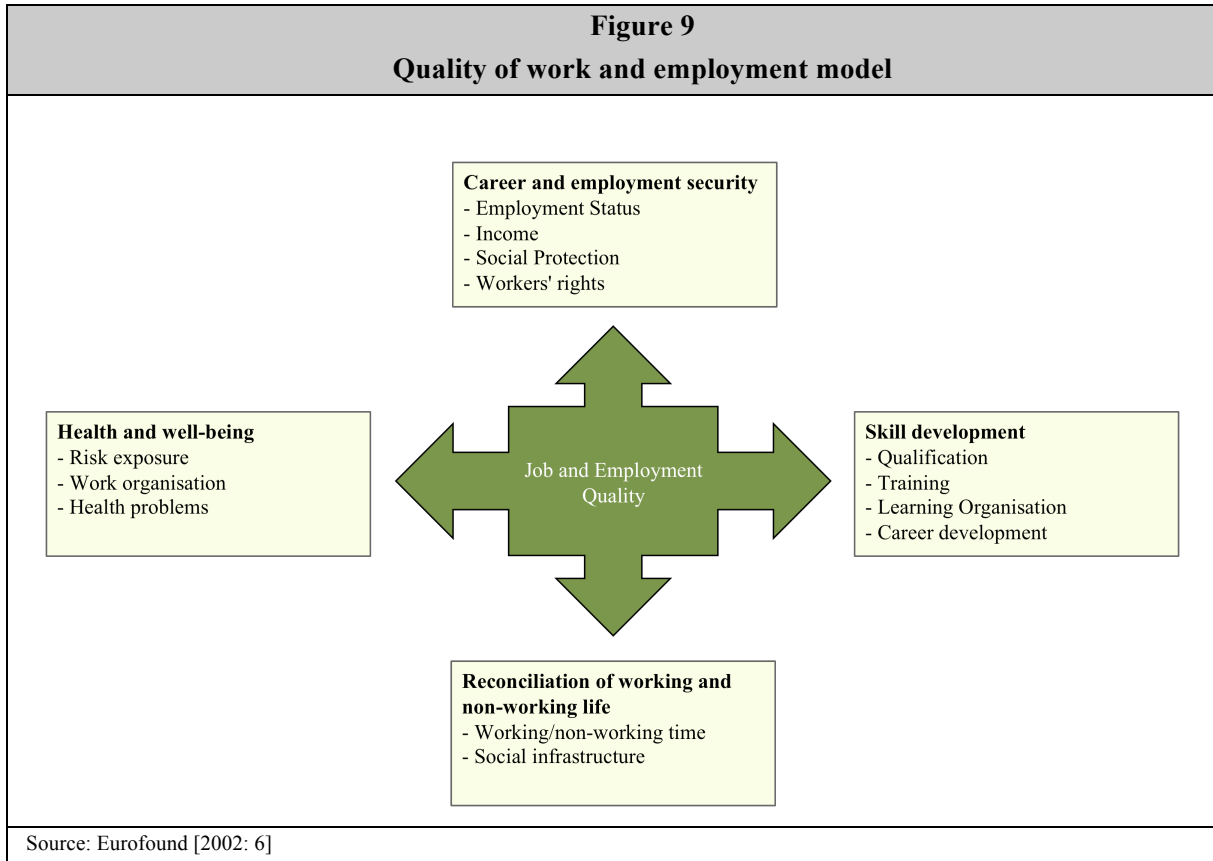
The relevant dimensions are work quality (work organisation), employment quality (wages and payment system, security and flexibility) and empowerment quality (skills and development, collective representation and voice) [see Holman & McClelland, 2011; and Vandekerckhove & Ramioul 2011].

**Table 15**  
**Examples of Classification of Job Quality Dimensions**

<b>Tangian, 2007</b>	<b>EC Laeken Job Quality Index, 2001</b>	<b>Tilly, 1997</b>	<b>Leschke, Watt &amp; Finn, 2008</b>	<b>Green, 2006</b>	<b>Eurofound, 2007</b>	<b>Grimshaw &amp; Lehndorff, 2010</b>
Qualification & development possibilities	Intrinsic job quality	Wages	Wages	Skill	Career & employment security	Work quality
Creativity (job complexity/ possibilities to develop own ideas)	Lifelong learning & career development	Fringe benefits	Non-standard forms of employment	Work effort	Health & well-being	Employment quality
Career chances (in the enterprise)	Gender equality	Due process in discipline	Working time & work-life balance	Job discretion	Skills development	Empowerment quality
Possibilities for influence & initiative	Health & safety	Working hours & flexibility	Working conditions & job security	Pay	Reconciliation of work & non-working life	
Communication & transparency	Flexibility & security	Permanence	Skills & Career development	Risk & security		
Quality of management /leadership	Inclusion & access to the labour market	Upward mobility	Collective representation	Job satisfaction		
Industrial culture	Work organisation & work-life balance	Control over the work process				
Assistance from colleagues	Social dialogue & employee involvement					
Meaningfulness of work	Diversity & non-discrimination					
Working time	Economic performance & productivity					
Work intensity						
Physical strains						
Emotional strains						
Job security						
Income						

Source: Holman & McClelland (2011: 7)

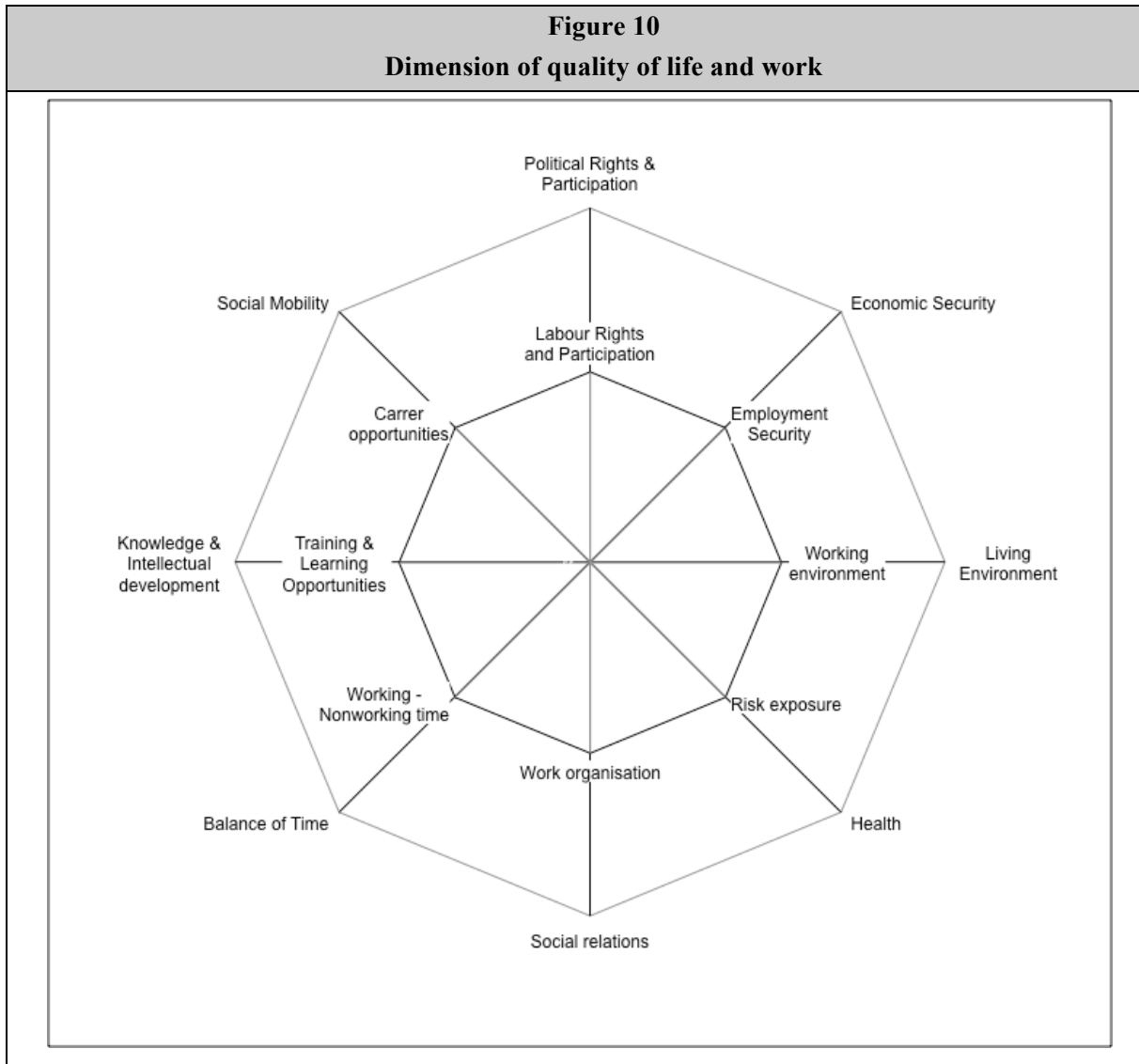
In a report on working conditions for older workers the European Foundation for the Improvement of Living and Working Conditions [Eurofound 2002] proposed the four domains shown in table nine below for articulating quality of work and employment:



However, quality of work must be seen in relation to the quality of life and the capabilities of people. Using the proposed eight dimensions of quality of life, shown in table 14, we can frame quality of work into the broader concept of well-being, and link it to the resources on which an individual person depends. We assume the following relationship between well-being and the quality of job and employment:

<b>Table 16</b>	
<b>Links between well-being dimensions and quality of work</b>	
Health	Labour health and well-being
Knowledge & intellectual development	Skill development
Economic security	Career and employment security
Balance of time	Reconciliation of working and non-working life
Social relations	Labour health and well-being - work organisation
Environmental conditions	Labour health and well-being - Risks exposure Career and employment security - Workers rights (i.e. legislation on security and protection at the work place, but also the facilities to access to the work place))
Personal security	Labour health and well-being - Risks exposure Career and employment security - Workers rights
Political participation	Labour health and well-being - work organisation

This linking exercise shows that the programme of the European Foundation to measure quality of jobs and employment doesn't consider social relations and political participation as dimensions of work quality, but it is covered to a certain degree by the sub-dimension of work organisation. These relationships between well-being and work quality are explained by the following figure.



The proposed well-being dimension of <non-discrimination> by Robeyns & van der Veen is here considered as a risk dimension, which influences both well-being and work quality. A negative social behaviour such as ethnic discrimination, for example of the sinti in Europe, is a social risk since it potentially restricts the possibility of achieving capabilities. In this sense, we consider social risks to be an external dimension which influences the quality of jobs and employment.

Moreover, the distinctive structure of life quality dimensions is the result of both the fulfilment of capabilities and social and environmental conversion factors. But we can also use life quality dimensions as dimensions of vulnerability. For instance, a high degree of family infirmity requiring constant care increases the vulnerability of a worker in the labour market, especially if no proper formal and/or informal support measures are taken to reconcile work and family life. In addition, a

lower level of knowledge and intellectual development in general will be reflected in a lower development of labour market skills and make the worker vulnerable to sectoral and company crisis. On the other hand, quality of life can also be used as a measure of individual risk. For instance, the decision to participate in a tertiary lifelong learning course to obtain a masters degree implies the development of a new balance of time between paid and unpaid work, learning, commuting and leisure, which could have negative effects on family relations and a decrease of income. But this short term risk could be compensated by the longer term possibility of improving career development and achieving a better job, a promotion, more stability or higher income. There is also the prospect of improving health and a better management of time.

#### ***2.4. Social Vulnerability and Quality of Life***

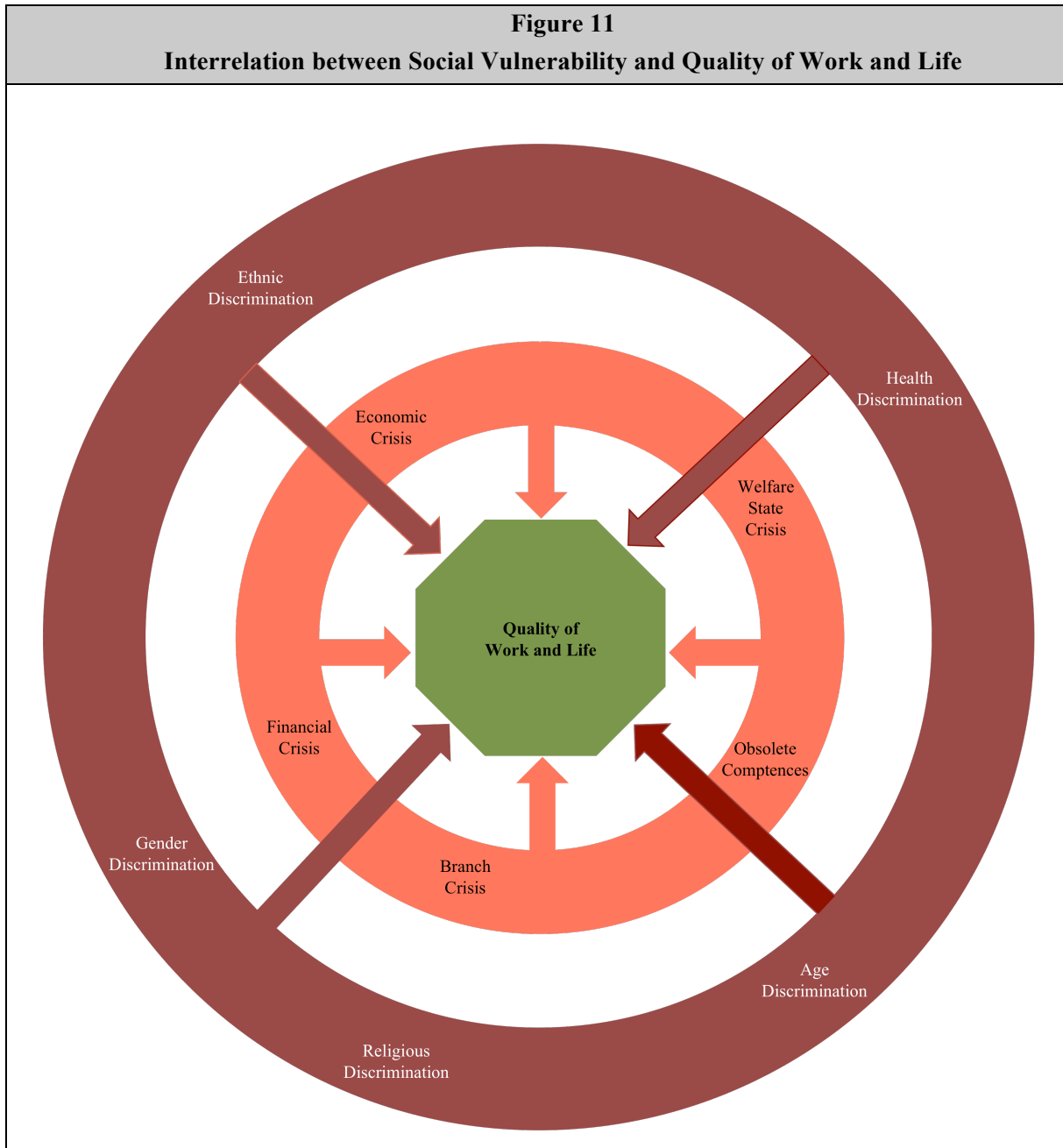
Starting from the model of social risks and transitional labour markets, we have drawn up the outline for a concept of social vulnerability management. Social risk is related to the citizen's awareness of future situations and the potential negative impact on his social and individual life and work, as well as to his capacity to prevent, mitigate or cope with the negative impact, though not necessarily to avoid it.

A social risk situation is distinguished from an individual risk situation by the intention of the citizen to create it. In a social risk environment –e.g. gender discrimination or financial crisis - the citizen has a low capacity to avoid or change the general situation. But, dependent on his social vulnerability, he can prevent or mitigate the negative impact. The subsequent personal decisions then imply individual risk.

In a second step, we make a distinction between social risk and social vulnerability. Risk is related to knowledge about the probable negative impact of an imminent social situation and to the capacity to take related decisions. We define the capacity of decision-making (or action) as social vulnerability in the sense that a person is more or less vulnerable according to the level of his or her capacity to act. The life course approach suggests that the social vulnerability of citizens changes through different life periods, thus establishing institutional indicators to define standardised phases of the life course. Under this perspective, we include social risk as a dimension of social vulnerability, since it affects the capacity of the citizen to act.

The concept of risk always includes a time dimension that compares the potential future situation with the present in order to estimate what might happen. This could be a negative or a positive event and would determine the measures to be taken to prevent, mitigate or cope with it. Such policies require a general framework to determine the social impact of the adopted measures. Our central focus explores the role of tertiary lifelong learning in the management of social vulnerability. Following the

reasoning behind the capability approach, we consider a resource-based approach to be too limited. It takes into account especially the criticisms of employment policies based on an abridged concept of employability. Employability cannot be measured only in its success to hold unemployment rates low, but must also take into consideration the quality of life and work for citizens.



Within the capability approach, different strategies are adopted to define general quality of work schemes as reference points for measuring the impact of social policies. The publications of Robeyn & van der Venn and of Stiglitz & Sen & Fitoussi show considerable agreement about the general

indicators for measuring quality of life. These indicators can be linked to those proposed by the European Foundation for the Improvement of Living and Working Conditions.

Returning to our concept of social vulnerability management, we can also use these indicators to measure the social vulnerability of citizens in phases of labour market transition (see following figure). We propose also to include a temporal dimension in the consideration of social risk. We consider for example that any kind of discrimination in life or at work, e.g. gender, ethnicity or age, are longer-term risks rather than social risks related to economic, financial or sectoral crises.



## 3. Conversion of Capabilities into Capital

### *3.1. Labour Market Relevance of Tertiary Lifelong Learning*

We explore how EU universities could respond to increasing demands for Lifelong Learning (LLL) and how tertiary lifelong learning (TLL) could contribute to the well-being of learners in mid-life?

We emphasise the specific risk group of people older than 45 years, examining how tertiary lifelong learning can link with transitional labour markets to prevent, mitigate and cope with labour market risks. Moreover, we consider that the consolidation of an individual's labour market position through tertiary lifelong learning can contribute to the maintenance or achievement of desired levels of quality of work and life. But neither TLM nor the capability approach explain completely this process. For this reason, we must come back to one of the key items of the TLM: labour market.

We consider labour markets as spaces in which learning outcomes are convertible into different forms of capital, increasing so individuals' capacity to maintain or improve their labour market positions and quality of life. Within this perspective, employability is not the final objective of employment policies. Certainly, for the majority of citizens, employment is one of the most important means to achieve quality of life,<sup>45</sup> but it is only a way of earning, and not sufficient to achieve certain levels of quality of life. For this higher goal, citizens need an adequate and diversified stock of personal capital, which not only determines their position in the labour market but also enhances their possibilities to achieve their preferred quality of work and life.

Individuals accumulate a specific set of capabilities, which determine their position in the labour market. But labour market actors need to perceive these capabilities as values and convert them into

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<sup>45</sup> This consideration implies a) that the labour markets aren't the only means to achieve quality of life; b) to be in the labour market isn't per se an indicator of quality of work or life; and c) there are other social fields, which are relevant to achieve quality of life.

capital. To determine the labour market value of the capital is a complex social bargaining process. The results of this social bargaining process and the value of an individual's capital stock vary from one labour market segment to another, and this affects the availability of working opportunities. 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.

According to Giddens' structuration theory, we interpreted capabilities as the result of actions taken and also as facilitators or constraints of future action. That means that the resultant capabilities or the improved quality of life also condition the social vulnerability of people vis a vis social risk and danger. New capabilities become resources for the further development of capability and functioning. Therefore we assume that individual decision-making capacity, and its potential to stimulate the expansion of new capability in order to achieve particular levels of well-being, is related to peoples' capital stock and its value to the different economic field and labour market segments. In other words, we provide a resource-based approach, and ask how the learning outcomes are translated into capital resources in the labour market, thus facilitating or hindering the achievement of well-being.

The acquisition of capital resources tends to reduce the vulnerability of citizens, but this also depends on the parameters by which the social value of the different capitals is defined. We will follow up this point by referring to three main capital approaches: those of Becker, Bourdieu and Putnam/Coleman.

The human capital approach could be interpreted as a major effort to integrate the internal capabilities of individuals in economic analysis. This has the effect of extending the economic approach into other social sciences as a reference model for social research and theory. It claims to be a reference framework for decision theory applied to human behaviour.<sup>46</sup> Becker advocates an economic perspective based on utility maximisation as the major means of analysing human behaviour in general, and not only economic behaviour.<sup>47</sup>

From the sociological perspective, Bourdieu used an opposing methodology. He explains his capital approach from the standpoint that the structure and functioning of society can only be adequately analysed if we employ a wider concept of capital, covering all its social aspects, and not

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<sup>46</sup> „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 decision and to persons from all walks of life“ [Becker 1981 also 1976].

<sup>47</sup> „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 do 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].

only limited to the economic dimension. His capital theory can be interpreted as a *<political economy of immaterial and material wealth>*. He promotes a general theory of social transactions, criticising the current economic focus of capital as one which reduces the totality of social transactions to the mere interchange of products and services, and which should be objectively and subjectively oriented to the maximization of benefits. From his point of view, this implies that all other types of social transaction are non-economic and not focused on self-interest. He proposed, on the contrary, the development of a *generalised practical economic theory which expands sociological analysis to all types of capital*. And he developed his approach expressly to counteract attempts, such as the one proposed by Becker, to export the market-oriented economic model to all social sciences. He takes a stand against *<economic colonialism>* and advocates steps to *„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 [2005a: 84] argued also against the paradigm of the bounded rationality introduced by H. Simon<sup>48</sup> and suggested that economic actors develop *<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 tradition of economic sociology, which maintains that the markets are, as are all economic actions, socially embedded and constructed (Polany, Granovetter, Fligstein and Beckert among others). To take social efficiency into account in lifelong learning strategies, an approach must be applied which sees the labour market and companies as components of a social field with multiple bargaining processes about the value of diverse capital forms, and with multiple conflicts about resources and power.

Since the 1950's, the discussion on the value of human resources for the progress of society and the success of enterprises has gained more and more importance. Lifelong learning has become an overarching international strategy [Jakobi 2009]. The human capital theory proposed by Becker is today a mainstream approach in the economics of education, and one of the main drivers of international discussion. Despite the important role of human capital in modern society, there are still many unknowns about the processes of educational development, as well as about individual and collective decisions concerning how much and what kind of education to recommend. And there are also parallel unknowns about transaction processes in labour markets. Nevertheless, it seems necessary to describe the specific characteristics of the *<marketplace>* of human resources, and of more general

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<sup>48</sup> „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: 2005a: 84].

transactions in the field of labour markets. Combining the economic capital approach with a sociological perspective, taking into account diverse types of capital and considering labour markets as social fields, promises to resolve perceived limitations, and to complement the coherent framework for analysing the role of education and training for quality of work and life.

### ***3.2. Forms of Capital***

The term capital refers to a broader capacity to mobilize social, cultural and economic resources for the creation of values and, eventually, wealth. From a limited economic perspective, capital is understood as a production factor generally expressed in terms of money. In a very restricted sense, capital is understood as a tangible means of obtaining economic benefits, and in a broader sense as a tangible and intangible means of creating the economic benefits that improve life chances. Capital is an aspect of production, but its value depends on the interplay between people, organisations and institutions. The specific form which capital takes, together with its value, is related to the interplay between economic and social production factors [Bourdieu, 2005a]. Capital is not only a means for economic transactions but for social transactions in its broader sense.

In contemporary social science discussion, various types of capital are analysed. We refer here to five capital types which play a prominent role these discussions:

<b>Table 17</b>	
<b>Forms of Capital: capsule definitions</b>	
<b>Capital</b>	<b>Resources that facilitate economic action</b>
Financial capital	Money available for economic activities
Physical capital	Real estate, 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 competencies 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]	
Note: In advanced we will combine financial and physical capital into one category called economic capital.	

However, in the following pages we will go into detail only in respect of the last three ones, reviewing the present discussions on human, cultural and social capital and evaluating if they could really be considered as capital.

### 3.2.1. Human Capital

Human capital, introduced by Becker in the 1960's, is considered as the enhanced worth of an individual as measured by increased productivity in the workplace. It refers both to informally acquired knowledge, skills and capabilities and/or to accumulated knowledge, skills and competences acquired by citizens through formal schooling [Coleman, 1988].

Describing human capital is a difficult task. There is no unambiguous and commonly accepted 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, while there is also space for non-economic considerations, for example the influence of chance. Today, the literature on the subject is so wide that it is difficult to find a single common definition of its meaning. It is a subject that has connections with many fields of knowledge, from sociology to economics, from philosophy to psychology. We assume that citizens have the ability and power to improve their own life style and social status through work in a society where interaction and cooperation with others is fundamental to reaching one's personal ends and interests. People are social beings and for this reason, what they are and what they become during their life is the result of the socio-historical situation they live in. So social contexts and social institutions define the growth of one's personality, while the most important factors in this development are family and the education system. The most effective 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 well summarizes the concept, but it is just one of many. The father of modern Political Economy, Adam Smith<sup>49</sup>, also mentioned <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 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."* So this idea was not unfamiliar to

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<sup>49</sup> Dagum & Slotje [2000: 3] maintained that the notion <human capital> was used before by others as Petty (1690) and Cantillon [1755].

prominent economists in the past. Many economists have adopted 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 have also been criticisms [Mill, Marshall[1959 and Perroux 1974) of the use of the word <capital> next to the word <human> because it seemed that analyzing man from an economic standpoint is akin to 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 the reluctance to consider men as <capital> spread. Nevertheless there are several reasons to treat human beings as capital. For example, rearing and educating a child incurs a real cost, and, moreover, expenditure on <human beings> that <improves> them will probably 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, i.e. the human being himself. Whatever the definition, human capital seems to be analogous to physical capital, but there is one big difference: it influences many aspects of a man's life, notably his income. In addition, considering humans as capital can also help for example in the determination of the economic effects of education and health investments, in quantifying the total cost of a war or in the calculation of a proper compensation for the death of a relative.

From this perspective, it is thus useful to quote Becker [1994:11] 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, it may be better to discuss <investments in> human capital, focusing overall on the financial element, because by doing so we are able to explain income diversity between people. However that does not mean that, within an economic theory on human capital, there is no space at all for cultural and non-financial matters. In effect it is possible to separate financial and physical assets in their owners, but this wouldn't be possible in the cases of knowledge, skills and health<sup>50</sup>. Thus human capital is something that belongs properly to a person. It is the individual's unique and innate capabilities and expertise and those are

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<sup>50</sup> “... 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, 1994: 16]

absolute. As every person is unique, so is his own portfolio of skills, experiences and thoughts. It is what a person develops throughout his lifetime, from childhood to adulthood. For those reasons it is one of the most important economic/metaphysical concepts.

When discussing human capital we must also make reference to the socio-economic background of the individual. This may be the most important factor in forming and influencing one's human capital. The parents' level of education, their religion, their beliefs and ideas also have a strong influence on a child's personality while, in addition, parents' wealth is often an indicator of their children's future earnings. Better educated and cultured parents are more likely to help their children to enhance their personal and cultural skills so that they will be more likely to benefit this from human capital investment in receiving higher lifetime incomes. Research results in the field of the economics of education have demonstrated that family background, measured by the level of the parents' educational attainments, matters more than school quality, measured by qualifications obtained through lower teacher-pupil ratios.

In Becker's model [1994] parents that demonstrate a high level of altruism for their children, are prepared to invest in their future. This means that they are willing to sacrifice some of their earnings, reducing their personal expenditure in order to spend it on skills, health, learning, motivation and the credentials of their offspring. In the standard approach it is assumed that parents choose the level of investment and funding by calculating the expected return that comes from their children's expected earnings and the assets they accumulate in their lifetime. Therefore parents have to evaluate a child's abilities and decide what to invest, even though they may not be able to evaluate them rationally. Most parents decide to finance their children because they believe in their abilities and capacities, and because of the possibility of relying on them when they grow older. That is, there is an implicit contract with children, who are subsidized today in exchange for support during old age tomorrow.

Apropos rates of return, it is interesting to point out that usually, although earnings of parents and children are positively related, the rates of return for children belonging to richer families are lower than the one for children coming from poorer families. In fact, differences between wealth tend to disappear in three generations, since the personal characteristics which determine them are variable and are not <inheritable>. For this reason, such affluence has a tendency to move towards the average. In poorer families where there are resource constraints, parents have to rely on public subsidies and on the public educational system. Parents are nevertheless often willing to pay towards their children's education, which they expect will improve their social conditions and repay them. However, due to economic constraints, they can invest only a small amount of money. If children respect their part of the <contract> by studying hard, gaining knowledge and qualifications throughout their education and training periods, they will be able to repay their parents' small investment, while they too benefit from public expenditure.

Fertility is another factor influencing family investment in human capital. Families will wish to divide the money to invest on each child by the number of offspring. In that case, human capital investment on each child, i.e. future earnings, is affected negatively, since available money is usually shared more or less equally among the children. Usually richer large families invest more in the more intelligent children and give the others larger gifts and bequests. Poorer families, instead, face a trade-off problem between the effectiveness and equality of their investment. There are for those reasons different levels of <achievement> because of family background.

Finally we observe that parents, besides investing in their children's human capital, also influence their material wealth with bequests and legacies. That means that, between generations and between families, there is a different degree of equality of opportunity in 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 are not within our sphere of concern.

As is evident by now, education plays a fundamental role in creating human capital. It is a legal fact that individuals have to attend school from childhood, 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, also plays a key role in a country's economic growth. If the system is effective, it will produce skilled individuals and, at higher levels of education, highly qualified workers that improve national competitiveness and income. The quality of its human capital stock determines the longer term development of a country [Wössman 2002]. Education is thus also strongly linked with a number of macroeconomic variables, such as the unemployment rate, labour force participation rate and earnings. In short, education not only influences peoples' lives, but the whole country's economic situation.

Thus a good education system equates with a long term growth strategy. It is important that a country plans an efficient schooling policy, and ensures, at the very least, a high quality basic education. There are also additional benefits from spending on education. It increases human capacity and the possibility that people can live the kind of life they value the most. School is defined by Becker [1994: 51] as “*an institution specializing in the production of training, as distinct 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? Wössmann [2002] stated that the time a person attends a school is not as significant as what he/she has learned there. What matters for economic performance is the quality rather the quantity of schooling. In consequence he advocates policies focused on the improvement of education and training quality instead of policies to increase or reduce the number of years students attend school.



Economists have provided explanations for the relationship between education and economy that include the development of human capital and work, or rather earnings. The basic hypothesis in all these arguments is that there is a trade-off between more education and readiness for work and that, at the end, the individual will choose the level of investment in his own human capital (further education) that maximizes the value of all his future life earnings. But why is there a trade-off between education and work? That's because an additional year of study involves a very low income for that year, while if one stops studying there is the opportunity to earn more from being in work. However, with more education (more human capital) one can improve one's job prospects, and not only in financial terms once the studies are finished. So, from a strictly economic view, higher education has value simply because it potentially increases future earnings. Of course it also increase one's culture and one's personality, i.e. one's human capital in the broader sense, though economists usually tend to focus on the economic consequences. On the other hand, these 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 in competences, culture, interpersonal and communicational skills etc, and so every worker is likely to have his own <educational salary curve> and his own rate of return from human capital. We return to the point that human capital is made up of a variety of abilities, skills and qualities that differ for every person. So it is evident that, even if two persons receive exactly the same education and are in the same socio-economic situation, there will always be differences that depend on the characteristics of individuals and on the way they can exploit their socio-economic backgrounds.

Becker [1994: 120] stated that *“investment and earnings differ because of differences in the environment; in luck, family wealth, subsidies etc. which give some opportunities to invest [in human capital] more than others”*. Thus, what really create the differences in earnings are social conditions, as Becker states. There is also an <elitist viewpoint> which opines that even where the social conditions are the same, investments in human capital and future earnings differ based on the capacity to profit from those investments. So one person could have a <natural talent> towards highly qualified jobs that require higher levels of education, while another could prefer more manual work that require fewer efforts in studying. This now raises the problem of equality, or equal opportunities, and effectiveness that is beyond the scope of this work. Educational choice and future earnings are therefore influenced by subjective evaluations and conditions, but most of all by the real-life situations of individuals.

So far we have analyzed the influence of family and education on human capital. But another factor strongly influences it. This is the amount of training that an individual receives during the working period. After having completed their school education, most people increase their human capital stock through programmes of on the job training (OJT) and gaining additional expertise from

which companies can also benefit. Becker [1994: 31] says that usually “*workers increase their productivity (and consequently earn more) by learning new skills and perfecting old ones while on the job*”. This is thought to compose half of the human capital of an individual.

Of course, increasing human capital is an investment and thus incurs costs that diminish a company's profit and increases its expenditure. These are, for example, costs for paying a teacher or for a <training course>, for buying essential equipment and materials and the time and effort spent on training and trainees. From this perspective, we must distinguish two types of OJT: general training and specific training:

**General Training** is the type of training that, once acquired, not only increases the productivity of the workers in the sponsoring company, but also in all other companies in 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; a doctor gains experience by carrying out an internship in a hospital.

**Specific Training** is the type of training that increases the productivity of workers specific to the sponsoring company rather than in the others and employees, when they leave, are not able to exploit it. For example, military training increases productivity mostly in the military sector, but not much in any others.

We must add that some <specific> and <general> training has strongly national or industrial usefulness, for example practicing as a lawyer in Italy would not be very useful in the US because of different laws and institutions. Nevertheless we suggest that, in the real world, wholly general and wholly specific training do not exist (for instance from the above example, a US firm with operations in Italy may be willing to hire an Italian lawyer). Whichever training is chosen, the costs expended by firms are investments in workers who are likely to increase productivity wherever they go.

On the job training, along with lifelong learning, plays 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 over time.

Human capital, as we have explained, is a complex concept. It encompasses family background, education and training, indicating that it depends on the social resources on which an individual relies. Family, teachers and friends often create a social network, and this seems to provide a powerful incentive for the successful accumulation of human capital. However, social relations are not the only factors influencing the formation of human capital. Other factors are health, information and innate ability. Again, in Becker's view [1994: 97] “*conventional measure of ability do not measure the talents required to succeed in the economic sphere. The latter consists of particular kinds of personality, persistence and intelligence*”. Investing in these <external> factors affects one's future earnings. For example, if a job-seeker wants to obtain the highest possible wage, he will have to research

employment opportunities, spending money and time in gathering information, and maybe also travelling. But this research will provide a return on his investment of time and effort with a higher salary, since he will have a deeper knowledge and understanding of the sector he is investigating. Equally, if a firm invests in employee health, encouraging them to buy healthy food and providing medical assistance, it will be paid back with higher productivity, and perhaps higher wages. We now need to enter into disciplines that pertain more to sociology and psychology, since there are other factors, extraneous to a narrowly economic view, to consider. Here it is useful to refer, once more, to Bourdieu.

### 3.2.2. *Cultural Capital*

Cultural capital refers to the knowledge, competencies and dispositions, valued by the dominant culture [Bourdieu, 1985]. 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, 1985: 46]. The three types of capital are economic, cultural and social. Bourdieu's <cultural capital> definition has already been quoted. His latest is as follows “*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*” [Bourdieu, 1985: 51]. So, for Bourdieu, 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 other, are more likely to benefit from each other socially, economically and politically. This type of capital will be discussed more in depth in the following subchapter.

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 disparities in the educational attainment of children from different social classes could not be explained satisfactorily only by reference to economic factors or obstacles [Bourdieu & Passeron 1979: 8]. Bourdieu argued that, above and beyond economic factors, “*cultural habits and dispositions*” [Bourdieu & Passeron 1979: 14] transferred by 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 for 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 specific context offered by empirical research. At the most general level, however, he emphasized that any <competence> becomes a capital insofar as it facilitates the appropriation of a society's <cultural heritage>. But it 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 that these <advantages> largely stem from the institutionalization of <criteria of evaluation> in schools, i.e. 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. 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 certain institutional settings, becomes an inbuilt form of cultural capital. Additionally, Bourdieu suggests that objects themselves may function as a form of cultural capital, insofar as their use or consumption presupposes a certain amount of intrinsic cultural capital. For example, a philosophy text is an <objectified> form of cultural capital since it requires prior training in philosophy to understand it. 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 acquired 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 institutionalisation 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 legitimisation of inequality in cultural capital occurs in a manner that is highly distinct from the legitimisation of economic inequality. Despite the fact that cultural capital is acquired at home and 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 as <gifted>, simply because it is inbuilt in some 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 unreservedly 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. legitimisation), both from those who are most privileged by it and those who are disadvantaged by it [Bourdieu & Passeron 1977].

Bourdieu [1985: 48] argued 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 with by his parents. It is developed through the transmission of those attitudes and knowledge needed to succeed in the current educational system that will probably lead to a higher status in society. Thus, looking beyond an economic standpoint, parents also have 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 more stable economic and cultural family background. These factors ensure a child's well-being since the genetic heritage influences one's <natural> or biological skills. One's personality, one's stock of cultural capital is not something that individuals are born with. One develops them while growing up, acquiring information, ideas and beliefs first from the family environment and then from other children and adults and the social environment, so producing a system of values and understanding that are not transmitted genetically.

The concept of cultural capital also had tremendous impact because it placed culture at the core of class-based research. Bourdieu's subsequent work used the notion of cultural capital to further reinforce the premise that culture is directly affected by social inequality. For Bourdieu, classes are different from one another through 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 - 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 class fractions across the French social structure, focusing, in particular, on the taste or distaste for <intellectual> art forms (painting, music, literature, drama, etc). Bourdieu's data indicated that each class (and class fraction) exhibited a relatively unique pattern of tastes consistent with its particular mix of cultural and economic capital. Thus, for example, professors and artistic producers - a 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 denoted a sense of luxury. These differences of taste, Bourdieu argued, should be viewed as claims for the conferring of prestige or status, in Weber's sense of <social honour>, which Bourdieu termed <symbolic capital>. As such, these differences were said to play an integral role in the legitimisation 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 features used by people to evaluate the moral quality of their own experiences and those of others - features that do not necessarily have the quality of a resource associated with stratification processes. These debates are sure to intensify as scholars continue to discuss 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 there is an overlap in the basic definition of what they are. It is difficult to make a clear distinction between human and cultural capital. Naturally both approaches are quite different in their theoretical orientation but both make reference to the acquisition and use of lifelong knowledge, skills, competencies and attitudes, putting specific emphasis on the early years of life. As a basis for discussion we propose to use the notion of <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 of cultural-human capital whose relevance for the labour market is not so obvious. In other words, we propose to use human capital in the sense of functionally oriented cultural capital.

The previous paragraphs indicate (a) the possibility of human and cultural capital transfer from one person to another, and (b) that human and cultural capital accumulation depends on available social resources. The relationship to parents cannot be conceived as human capital but as a very specific type of social capital from which the child can gain advantage. However, the acquisition and accumulation of cultural and human capital depends on available social capital.

### 3.2.3. *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 and the World Bank<sup>51</sup>. The concept has several origins. It seems that the use of the term social capital goes back to L. J. Hanifan [1920]. In later years the concept was taken up by Loury [1977] who considering it to be a set of resources originating from family and social relations and useful for the cognitive and social development of children and adolescents. In a similar way, Ben-Porath [1980] places emphasis on family, friends and firms in exchange systems – the F-connections. These ideas were taken up by Coleman [1988 and 1990] and Putnam [1993a, 1993b and 1996].<sup>52</sup> But before these two authors expounded their influential approaches, Bourdieu developed a more refined theoretical 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 publications and ideas before Bourdieu, Coleman and Putnam. But Bourdieu, Coleman and Putnam are the most relevant social scientists for understanding conceptual and theoretical development. And a short overview on their definitions shows the rough lines of their actual research on this issue:

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<sup>51</sup> The World Bank ran activities on social capital in the 1990 and at the beginning of 2000. However, it seems to give preference to the conceptual work done by North-American authors. In one of its main publications on Social capital published in 2000, based on a conference in 1997, no author cited or mentioned the work of Bourdieu.

<sup>52</sup> Others such as V. Navarro [2002: 423] traced similarities to early writers e.g. Alexis de Tocqueville.

<b>Table 18</b> <b>Definitions of Social Capital</b>	
Bourdieu	<i>"... 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 or recognition"</i> [1985: 51].
Burt	<i>"... friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital"</i> [1992: 9].
Coleman	<i>"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"</i> [1990: 302].
Portes	<i>"... the ability of actors to secure benefits by virtue of membership in social Networks or other social structures"</i> [1998: 6].
Fukuyama	<i>"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"</i> [1997: 387]. <i>"As an instantiated set of informal values or norms shared among members of a group that permits them to cooperate with one another"</i> [1999: 16].
Putnam	<i>"... features of social organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefits"</i> [1995: 67].
Nahapiet & Ghoshal	<i>"... 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"</i> [1998: 243].
Turner	<i>"... 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"</i> [1999: 95].
Ostrom	<i>"Social capital is the shared knowledge, understandings, norms, rules, and expectations about patterns of interactions that groups of individuals bring to a recurrent activity"</i> [1999: 176].
Adler & Kwon	<i>"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"</i> [2000: 93].
Note: Many of the examples as been taken from Jans [2007: 12]	

For Bourdieu, social capital is made up of social obligation or connections. Bourdieu defines social capital as linked to positions in durable networks and relationships, which provide the position holder with credentials and credit that enable him to take his place in appropriate social fields. However, networks aren't naturally established. They are the result of individual and collective investment strategies to create or maintain a network of social relations, which in the short, mid or long term could provide material or symbolic benefits. Bourdieu mentioned <casual> relations as e.g.



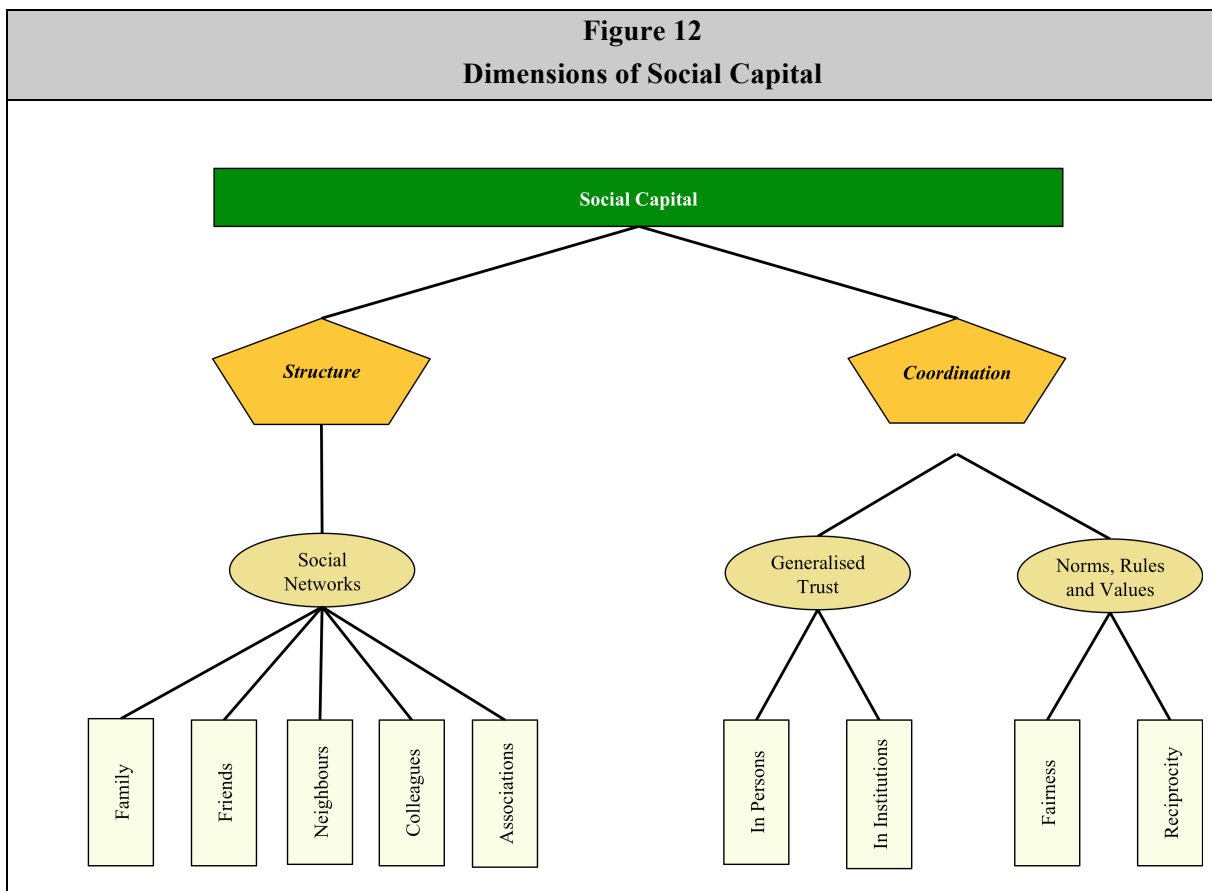
neighbourhood, labour relations or kinships, which can be transformed into relationships that are at the same time strong and selective. These interrelations include, on the one hand subjectively based obligations (based on respect, gratitude and friendship) and on the other, institutional obligations based on guaranteed rights [Bourdieu, 1985: 52]. Thus a man, to develop his <capital> i.e. to broaden his horizons, needs the presence of other stimulators e.g. of a social network comprising people, institutions, traditions, rights and laws. The concept of <social capital> is a powerful one and for this reason does not have an undisputed and shared definition, but as with human capital, it implies spending time and energy in creating it. It remains clear however that social relationships, firmly connected to human capital development, play an important role in one's life. But, even though man is a <social animal>, we have to bear in mind that everybody perceives the world from his or her personal perspective, which usually coincides with his own needs, desires and passions. In one sense, other people are a means to fulfil personal life plans, but they are also part of the social structure that constrains, modifies or endorses these plans [Infantino, 1998: 34].

Another theoretical strand on social capital has grown up in the United States. 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 socio-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 people based on their reciprocal trust. It is inherent in the network structure between and among people. It can be an asset to groups as well as individuals. By emphasising social connectedness and a high level of social cohesion, social capital is present in the inter-relational structure of the network. Coleman identifies three elements that could help to cement social relationships: (1) trust (2) networks and (3) social norms. According to Coleman [1990], social capital, like other forms of capital, is productive, making possible the achievement of specific ends. Synergy and collaboration can be easily achieved when social capital exists within a community or a society

Similarly, Putnam [1993b: 167] 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, meaning “*social networks and the norms of reciprocity and trustworthiness that arise from them*” [Putnam, 2000: 19]. In his argument, networks imply civic engagement. He focuses on horizontal rather than vertical networks. In his book, *Making Democracy Work*, he demonstrates how different levels of social capital influenced governmental or economic performance in Italy. According to him, social capital is to be measured by using as indicators: (1) the vibrancy of associational life such as sports clubs, etc., (2) newspaper readership, (3) referendum turnout, and (4) electoral candidate preference voting.

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 the property of an individual or a network of individuals. Bourdieu defines the individual investment in a social relationship or networks as private good. These three examples shows that <social capital>, as are so many other key concepts in social and economic science, is a very heterogeneous concept originating from different sources and with different interpretations. The short list of definitions Table 18 exemplifies the conceptual diversity.



In 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 is referenced by all authors implicitly or explicitly. Network analysis is focused on structural dimension – e.g. its configuration – or on the position of the individual or collective members of the network.
- b) The coordination means approach, which emphasises aspects of trust, norms, rules and values to coordinate and regulate the actions of individuals, groups, organisations and institutions

At the core of almost all concepts of social capital stands the idea that the status of individuals in social structures - in social networks - facilitates or restricts life opportunities.<sup>53</sup> This interpretation goes back to Bourdieu, who initiated the idea and Coleman.<sup>54</sup> This concept of social capital has generated a huge variety of network studies [see Burt 1992 and 2000; De Graaf & Flap 1988; Lin et al. 2001; and Marsden & Hulbert 1988]. The status of individuals in social networks influences their potential access to resources in the control of others. In contrast to the other mentioned capital types, social capital isn't solely a private good, but neither is it a public good, since one person's network contacts can't be used by another.

Bourdieu demonstrated that social relations have a pre-eminent social function in the distribution of opportunities. Access to a particular inclusive social network - the so-called bounding aspect - can provide social, cultural and economic advantages. Granovetter [1973, 1974 and 1985] highlights the relevance of networks for labour market opportunities. And Coleman discussed the importance of social capital for the educational performance of children as a vehicle for transferring human capital.

In describing 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 accepted the idea of Granovetter about weak links in networks, believing that the gatekeepers, who are able to bridge the structural holes (bridging aspect), occupy strong positions in the network. He participates, but also controls the diffusion of information between the networks [Burt 2001: 4]. In other words he makes highly valued social capital available within the newly connected social networks, receiving and transmitting exclusive information.

Another important question related to bounding is whether or not social networks are inclusive or exclusive in quality. Focusing on trust and reciprocity as well as on norms and values, social capital studies generally emphasize the positive aspects; but there are potential negative aspects at the societal level. Portes [1998: 15], mentioned four negative consequences of social capital:

- exclusion of outsiders
- excess claims on group member;

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<sup>53</sup> Wellman, B. & Frank, K. [2001: 1] are directly describing 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.*"

<sup>54</sup> In spite of that Coleman probably knew the work of Bourdieu, he didn't mention his work [see Portes 1998]. Wacquant [1998: 35] mentioned that Coleman developed his social capital approach after "coming into direct contact with Bourdieu's work. Following Wacquant he cites Bourdieu in an early work, but he later "curiously disappears from subsequent discussion on the topic."

- restrictions on individual freedom;, 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.<sup>55</sup>

Bourdieu discusses the exclusive character of social capital acquired in French elite schools, but there are also studies on the role of ethnic networks for creating economic opportunities [see Zhou & Bankston 1998; Zhou & Lin 2005; Perez 1992; Light & Bonacich 1991, Light 2004, Nee et al 1994 and Waldinger et al 2007] and the development 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 generators of social networks in economic history isn't only viewed positively. Generally, guides, such as the Baltic Hansa and the Maghribi traders' coalition are seen as determinants of the historical economic success of some regions [Putnam 1993b; Greif, Milgrom & Weingast 1994, and Stiglitz 1999], reducing transaction costs by creating trustworthy relations. But some authors [see Dessi & Oglive 2004] classify the medieval merchant guilds as cartel-oriented and not beneficial for the economy as a whole. They excluded large sections of society from this trade and generated profit by creating monopolies to raise prices. Norms, rules and values based upon cartels, the mafia, political organisations and lobbying groups in social networks may provide benefits for members, but at the expense of the society as a whole.

In brief, the network approach bases the structural quality of social capital on two principles:

- a) In the sense of the social closure<sup>56</sup> of networks (bounding), the degree of structural and relational density within a network that defines the value of the social capital. The degree of density determines the exclusive or inclusive character of networks.
- b) Regarding the concept of structural holes (bridging), the brokerage position of an individual, groups of individuals, organisations and institutions between several networks confers them with high value social capital.

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<sup>55</sup> The example of the mafia indicates the relevance of the analytical level: From the point of view of the mafia, trust and reciprocity has a positive affect on the social network, but from the societal perspective, this type of networks have negative socio-economic impacts

<sup>56</sup> The notion <social closure> goes back to M. Weber's distinction between open and closed social relations. Frank Parkin (1979: 44) defined it as "*the process by which social collectivities seek to maximise rewards by restricting access to resources and opportunities to a limited circle of eligibles.*" And R. Murphy (1988: 8) talks about "*a process of subordination whereby one group monopolizes advantages by closing off opportunities to another group of outsiders beneath it which it defines as inferior and ineligible.*"

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

a) It doesn't analyse in a differentiated way the whole scope of social relations. Relationships within families receive a special consideration, but relationships with friends, membership of leisure organisations, trade unions, political parties and non-governmental organisations are often treated in the same way.<sup>57</sup> *“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 harmonise the measurement of social capital. There are evidences that there are no correlations between the different indicators proposed to measure social capital. Fischer [2001] e.g. has carried out empirical work on social capital using seven indicators viz: *“trusting most people, voting, church attendance, belonging to organizations, socializing with neighbours, socializing with friends outside the neighbourhood and giving money to charity”* [Fischer 2001:155-167]. In his research, these indicators do not correlate as a cross-section over time. Franzen & Pointner [2007] obtained similar results using four indicators viz neighbourhood networks, networks of friends, membership of associations and generalised trust, which are only weakly correlated. Fischer interpreted his results as reflecting different possible elements of the <social capital portfolios>. People <invest> their time in different elements of <social capital>, but there are reasonable doubts that these are correlated and could link together to form one <social capital>. Fischer [2001] advocated a separation of these elements and to encapsulate them under a looser notion of <social capital>.<sup>58</sup>

b) In general, the network approach doesn't distinguish the usefulness of social relations related to the social situation. This critique maintains that not all social relations can be conceived as social capital, and that the resources made accessible through these relations aren't always functional. There is a conceptual lack of knowledge about the conditions under which social relations can be converted into social capital [see Janz 2007: 23].

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<sup>57</sup> Young [2007: 4] considered social capital *“as the aggregated 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.”*

<sup>58</sup> *“... 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].

Several issues have been discussed within the topics of coordination and regulation of action. Social Capital is here conceived to be a public good, which has an impact on the development of a socio-economic macro unit e.g. a city, a region or a nation state. This strand also originates in the idea of social networks as a fundamental basis of social capital, but also focuses on the quality of social relations with reference to trust and reciprocity; norms and values, which coordinate and regulate social actions. Trust, norms and values are by themselves products of the social interactions within the relevant network. Norms and values, as well as trust, are means of coordinating and regulating social action. As a result of the social actions developed within the social networks, they are considered by many authors, following Coleman and Putnam, to be part of social capital.

Coleman [1988: 104-105] maintained that existing and effective norms are powerful but sometimes also fragile forms of social capital. He mentioned e.g. the norm to favour collective good over self-interest, thus strengthening the collective, which could be a family or a nation. He argued that the higher the density of the network the higher is the potential for control and sanctions, which assures a higher degree of trust. And the greater the trust in a network the higher is the efficiency of social capital, as it reduces e.g. transaction costs.

Putnam argued that social capital implies trustworthy and reciprocal relationships. In general, two types of norms are distinguished: a) norms that apply to, and authenticate, a group of people, including societies. It is suggested that such norms provide a forum within which particular actions are allowed, forbidden or obligatory. The other type of norms are b) those which only apply to people in particular circumstances

The issues of trust and reciprocity have occupied a prominent place in this discussion, regarding them as necessary preconditions for the functioning of society [Hjerppe 1998]. Reciprocity means that individuals can expect that their contributions will be properly acknowledged in the course of time, and that they can respond in the same spirit of cooperation. It implies rights and obligations. Reciprocity is often addressed under the heading of solidarity within the different networks, social groups, social classes or families. However, there are critical voices which put in doubt the value of linking the structural configuration of networks with the trust inherent in the people and the institutions that comprise the network. Rumours of corruption – exposed and distributed through the net – could cause a decline of the trust without any change in the network configuration [see Franzen & Pointner 2007: 6].

Fundamental criticisms addressing this specific understanding of social capital consider 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 chose the effects and then analysed the differences retrospectively using a series of indicators, linking them to one sole effect: the degree of social capital. But following his definition, social capital is the cross-over label for such

indicators. Portes [1998: 20] argued that the Putnam approach is based on the tautological assumption: “*if your town is <civic>, it does civic things; if it is <uncivic> it does not*”.

Conversely, Bourdieu [1985] defines social capital as the individual’s investment in social relations or networks and its volume depends on the connections he can actually mobilize. It is a possession of the individual, used to determine one’s social position. Moreover, it is a private good, convertible into other capital forms [Raiser et al 2001: 2]. Coleman also conceives part of social capital as individual property, but considers authority, trust and norms as forms of social capital as well. In a similar way, Putnam [1993: 167] defined social capital as networks, trust and norms functionally oriented to coordinate actions and foster communication.<sup>59</sup> Raiser et al [2001] considers that Putnam believed social capital to be both a cultural phenomenon and a public good. Coleman also considered social capital as a public good and as the property of individuals or groups of individuals. Conversely, Bourdieu used a more restrictive definition of social capital in the sense of social relations and networks, and described this institutionalised embeddedness of economic action under the notions of social fields and habits.

As Putnam understands social capital at the societal level, his work can be classified as an example of the social embeddedness of economic actions. His definition shows a close proximity to Granovetter’s notion of embeddedness. Also Coleman expressly adhered to the same view, in which Granovetter criticizes the economic rationale as having an “*undersocialized concept of human action*” [1985: 483], as opposed to the sociological view, which embraces <oversocialised concepts> [Granovetter 1985: 485]. Granovetter remains opposed to the long running view of the majority of social scientists that economic behaviour was “*heavily embedded in social relations in premarket times but became more autonomous with modernization*” [1985: 482]. According to modernisation theory, such social systems as economic, policy, science, education and others have increasingly diverged and are organised within autonomous systems. Therefore economic transactions are always more based upon the rational choice of individual persons. On the contrary, Granovetter asserts 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].

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<sup>59</sup> 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 capital, according to Coleman and Putnam, includes not only a structural relationship between actors, but also with its accompanying norms and values. Within this double perspective, social capital is simultaneously linked to the individual – his stock of social relations, and to the social structure – the institutionalised patterns of behaviour. Conversely, Bourdieu’s approach clearly separates both areas. Social capital refers to the social networks in which citizens participate. Social capital as defined by Putnam and Coleman overlaps with his concept of social fields and habitat. The disposition of social relations, together with other types of capital, determines the position of citizens in the specific social field in which certain behaviours (habitat) are expected. The limitation of the term <social capital> to network relations supports the criticisms of Arrow and Solow, who reject the association of <capital> with norms, rules and values.

Along with this consideration, we propose to limit the term social capital to social relations in the sense of network capital [see Wellman & Frank 2001], and to handle norms, values and patterns of behaviour under the term of <social field> or social embeddedness. Norms, rules and values are factors for converting social relations into social capital, bearing in mind that not all social relations are converted or convertible into capital. The convertibility of social relations into social capital, and its valorisation, depend on its functionality and its recognition as such in the specific social field. And norms, rules and values are fixing the rules of how capitals can be used, and how to play the economic game in the real world.

### ***3.3. 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 interpretations can be really integrated into a common 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 broader sense as action resource, while Lin limited the term to the economic system. Taking into account the historical profile of the notion, it seems more appropriate to conceive <capital> as a generic economic term related to economic behaviour. Resources become capital in so far as they facilitate economically-oriented actions, i.e. actions aimed to obtain economic benefits.

According to 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<sup>60</sup>. And Marx considered that labour is the only real source of value. Bourdieu [1985] argues in the same direction perceiving capital as accumulated labour.<sup>61</sup> Under this perspective, only those resources that have been changed in some way by human beings are convertible into capital, as a component of economic activity.

But the economic discussion on capital also indicates that not all resources can be considered as capital. Arrow [1999], writing 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] suggests (1) storability, (2) risks of depreciation and (3) mutual metamorphosis as main criteria.

Arrow argues that social capital in the broader sense of network, trust, norms, rules and values, cannot be considered as capital because it doesn't fulfil the criteria. But there are other voices (Light 2001, Svendsen & Svendsen 2003 and Lin 2001) that regard social relations as <capital>. This indicates the need to revise the arguments in favour, and to consider the possibility that human, cultural and social resources could be considered to be capital by 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 in the expectation of future (economic) benefits;
- c) Devaluation and Revaluation considering that capital is submitted to a process of devaluation, which requires maintenance efforts;
- d) Transferability, meaning that it can be transferred from one individual or group to another;
- e) Convertibility; denotes that one type of capital can be transformed into another.

We ask here if human, cultural and social resources are convertible into capital i.e.

- a) If spending time in their creation provides durable assets that can be accumulated and used for economic purposes with the expectation of future benefits.
- b) If a respective resource is transferable from one person to another and convertible into other forms of capital.

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<sup>60</sup> "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].

<sup>61</sup> "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." Bourdieu [1985: 241]

- c) If the duration in time of capital also generates risks of devaluation or the possibility of revaluation and its need for a maintenance strategy.

Ad a) The acquisition of knowledge, skills and competence (human and cultural capital) is a lengthy process which is built up in successive learning stages. It is a process of accumulation, which however also requires that some acquired knowledge, skills and competences will be unlearned: deleted from the store. <Unlearning> is an important aspect in the concept of organisational learning proposed by Argyris & Schön [1978]. The step from single-loop learning to double loop or deuterio loop learning requires the unlearning of settled routines of behaviour.<sup>62</sup> Also in educational science and policy, even though it isn't a leading concept, unlearning is considered as an important component of continuing learning processes.<sup>63</sup>

Our previous discussion of human capital mentioned the huge range of studies showing how spending time in the development of knowledge, skills and competences provides individuals, organisations and institutions with more opportunities in the economic system. At the level of individuals, a higher education level improves a) access to the labour market; b) the expectation of higher income and c) quality of work and life. And the famous work of Bourdieu "*The Distinction*" showed how, for France, socio-economic position is associated with a pre-determined type of cultural knowledge, skills and competences.

Investing time in building social networks is also a continuous process which builds on previous social contacts. These contacts can be stored over time, which however requires keeping in touch with them or at least being informed about their whereabouts. Through social networks, the individuals, organisations and institutions improve their information flow, opening access to resources owned by others. For example participation in a particular lifelong learning programme with access to a nearby labour exchange provides the learner with more opportunities for professional development and future economic benefits.

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<sup>62</sup> The concept of organisational learning, especially the <double-loop-learning>, underpins the need to forget organisational routines and traditional patterns of behaviour to make progress in 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]

<sup>63</sup> See 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 neither 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 Illich [1971]. Brown [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], who mentioned unlearning as part of the self-directed adult learn process.

Ad b) The works of Bourdieu and Coleman, among others, have shown that human and cultural capital can be transferred to other people, 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 potential to achieve the same standards. In contrast to physical and financial capital, these transfers don't imply a loss of resources on the part of the parents.

The same can be said for social relations. A person (A) makes a presentation to persons (B), (C) and (D), so that they can increase their social resources without (A) losing his own. This situation changes when the social relationship or the transfer of knowledge, skills and competences is converted in capital, giving it a value in the economic system. In this case, the transfer can affect their value. The work of Burt on structural holes 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 considerable social capital, especially if this contact is well valued by the networks. Sharing this exclusive contact with others reduces potentially, but not necessarily, the value of the social capital in the hand of the gatekeeper.

Moreover, the convertibility of human, cultural and social capital into 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 highly paid job for having the required competences, then he has converted human capital into economic capital. If a condition to accede to a management post is to have a particular general knowledge about e.g. art, science or politics or to have certain social contacts<sup>64</sup>, then the acquired cultural or social capital is converted to economic capital.

We stress the difference between human, cultural and social capital on the one hand and physical and financial capital on the other side. Converting the last two capital forms into other capital forms implies a loss of physical or financial capital in the short term. For instance, spending money on a training course incurs a reduction of the financial capital stock at that time, but the use of human capital in the production process doesn't incur a reduction in the stock of human capital.

Ad c) Light [2001:3] calls attention to the idea that storing physical and financial capital always implies risks of depreciation. Products could suffer damage or loss of value because of changes in

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<sup>64</sup> 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 personal research strategies; and (b) with contacts which fit them to collaborate in other research projects.

demand.<sup>65</sup> In a similar way, human, cultural and social capitals run the risk of devaluation over the course of time. Professional knowledge, skills and competences also become obsolete in time. And cultural capital is equally at risk of societal trends and changes. Social capital can change because of death, illness, local displacement, abandonment of one's current membership of networks etc. That means that all types of capital need continuous maintenance in order to preserve the value of the capital stock<sup>66</sup>. Moreover, human and cultural capital requires constant updating by non-formal, informal or formal learning, while the maintenance of social capital implies preserving existing contacts and also establishing new contacts.

In brief, we use the term <capital> only with reference to the use of resources as facilitators of economically oriented action. Within the perspective of social system theory, the generation of capital is the process by which the economic system integrates resources created in other social systems for its own purposes.<sup>67</sup> But not all resources generated in these systems are converted or convertible into capital. Nor are all natural and physical resources considered to be physical capital; neither are all types of knowledge, skills, competences and social relations considered as human, cultural or social capital. For the conversion of a resource into capital, there must be a) an economic or social purpose; and b) a recognition from someone in the social environment that this resource is valuable for economic action. However, we repeat the question; under what conditions are resources converted or convertible into capital. And this concerns the issue of the social embeddedness of economic activity - in our case of the labour markets - and the markets as contested terrains.

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<sup>65</sup> “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].

<sup>66</sup> Adler & Kowon [2002: 21] maintained a similar opinion in spite of the exclusion of financial capital: “Like physical and human capital, but unlike financial capital, social capital needs maintenance”.

<sup>67</sup> Financial capital is the exception as it is the resource generated by the economic system to coordinate and regulate economic transactions.

## 4. Labour Markets as Contested Terrain

Using the term <capital> as one of the main concepts for evaluating the socio-economic position of individuals, and their potential to develop their capabilities and achieve desired goals of quality of work and life, has established a firm foothold in economic thought. Some social scientists such as Navarro [2002] criticise the notion of capital, as do Bowles & Gintis [1975: 74] who pointed out that such theories as human capital suggest that “*every worker ... is now a capitalist*”. These criticisms do not rely so much on the findings of research, but more on the fact that they systematically exclude the socio-political aspect from their analysis in order to exclude the relationship to power in society. However, this approach must be complemented by the social embeddedness of economic activity as promoted by the new institutionalism in economic science and sociology.

Both approaches address the neoclassical view on economics and labour markets. As Hodgson [2007] pointed out, 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*”. Equally, economic sociology has experienced a revival since the 1980's. The so called <New Economy sociology> started from the work of Granovetter and Swedberg, bringing new insights into the normative models of economic actions. In addition to the new economic sociology, a new economic institutionalism maintained the high relevance of institutions for economies [Cioclea 2011: 2].

We will now firstly revise the literature on social embeddedness of economic transactions in general and then of its effect on the labour markets. To recapitulate, as part of the conceptual body of social embeddedness, we defined social capital as trust, reciprocity, values, rules and norms, as well as including Bourdieus's approach of social fields and habits.

#### ***4.1. Social Embeddedness of Economic Transactions***

The new Economic Institutionalism and New Economic sociology has created alternative research programmes 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 support the view that individual behaviour can 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 among individuals and/or institution that are established in economic life may adopt several forms which can be classified in different categories. In the first place, we have the impersonal relationships that take place in the markets. These interactions were the first to be rigorously analysed from an economics perspective and this analysis is the most structured and formalised, focusing on the study of optimal individual decision making in a given institutional setting. Thus, the research studies how individual and group objectives are reached in the market, interpreting the results from the point of view of efficiency, and thus avoiding analysis of the multiple parameters involved in the interaction, and the possible associated antagonisms. Nevertheless, its main contribution was to define the conditions under which A. Smith’s famous aphorism of the <visible hand> works, explaining how individual interests are socially oriented and, more broadly, the connection between individual and collective reasoning.

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 relationship between economic agents that is so described is but a small part of the interactions that are studied in other areas of economics beyond the mainstream. Thus, as opposed to 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 neo-classical (mainstream) economics. Its main characteristics lie in a centralised coordination of activities, basing itself on hierarchy as opposed to the decentralised decision making of perfect markets based on price. In this stream we can find organisations such as universities, companies and even nations, which recognise the limitations of the market as a single mechanism able to coordinate human activity efficiently.

A further problem with the perfect market approach is information. One of the most important conditions for ensuring the existence of such markets is perfect information. But information is far from perfect and it is frequently unevenly distributed and asymmetric, promoting what is known as

opportunistic behaviour (because the individual with more information will try to take advantage of that situation). Here appears the <arthritis hand>, as Stiglitz has termed the functioning of the visible hand in the presence of information problems. These problems are at the core of incentive-based markets and their price mechanism. Information problems, then, require optimised contracts in order to achieve compatibility between the different partner interests, and this is neither well accepted nor widespread in the classical approach. Another important issue is that interactions occur over time and not at a single moment as assumed by the mainstream. This has a strong effect on labour markets and in areas where the individuals' interests are important. In opposition to full information, rational and decentralised anonymous mechanisms (markets) in these types of interaction, efficient functioning requires additional elements such as credibility, reputation, mutual confidence, since it is impossible to foresee all contingencies that might affect the future. In this case, cooperation (<shaking hands>) is fundamental for an optimal realisation of the relationship, as opposed, once again, to what the invisible hand approach prescribes for the best allocation of resources in 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 trade 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 because of 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 is aware of the possibility of such a trade and knows what they will gain from it. In many markets, however, imperfect information leads to some individuals not knowing that such trades are available, or having 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 the jobs that they accept. Also they may not have perfect information about all of the potential employment opportunities that may be available. On the other side of the market, companies do not have perfect

information concerning the ability, motivation, background and other characteristics of potential workers. Because of this imperfect information, some employment choices will result in decisions that do not give rise to Pareto improvements. Governments often intervene to rectify this type of market failure by issuing regulations or providing information. Legislation designed to improve worker safety is partly justified on this basis. State employment agencies and job centres that provide listings of job opportunities are another example of an attempt to compensate for imperfect information.

But under the assumption that labour markets are perfect markets, laws specifying minimum wages, mandating overtime premiums, regulating working conditions, prohibiting child employment, etc. are considered to prevent transactions that might have provided mutual benefit to the employer and employee if the prohibited actions had been allowed. Similarly under this perspective, it is assumed that barriers to prevent Pareto improvements in activities that are prohibited by law, and transaction costs (such as transportation costs) or financial barriers may result in some activities not being realized.

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

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 item. 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 between all of the affected parties may result in Pareto improvements (this is called the Coase theorem). In practice, however, markets will generally fail to take external costs and benefits into account (see Coase (1937)). In this case, government may compensate for negative externalities by taxing or regulating the activity. A correction for positive externalities involves either subsidies or regulations, or both.

Public goods are goods that are non-excludable and non-rivalrous in deployment. Once the goods are produced, they are available for everyone's consumption; a single 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 on 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 a tendency to let someone else complain to management about unsafe



working conditions. In such a situation, the 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 good in the workplace. Government also often attempts to legislate for the improvement of public good in labour markets.

The capital market is the market for investment in both physical and human capital. In the absence of government subsidies and guaranteed loan programmes for learning, however, private lenders have 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 subsidies 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 mechanism for the coordination of individual action and the reproduction of stable equilibrium. But from the 1930's, this sociological research strand became a minority activity.<sup>68</sup> In the 1970s, sociologists again started to become increasingly interested in studying markets and economic topics. Furthermore, in the last few decades a research focus has emerged within economic sociology with the explicit purpose of studying market phenomena. This has been labelled the <new economic sociology> [Swedberg 1990 and 1997; Granovetter & Swedberg 1992; Guillen et al. 2002; and Buskens et al. 2003]. Within the theoretical framework of this research, progress has been made in gathering knowledge about how markets come into existence, how they function, how they are regulated and structured, how they are embedded in their institutional environment and so on. Smelser & Swedberg [2005], Swedberg [2005] and Lie [1997] argue that the structural approach that in particular stands out is the sociological theory of markets pioneered by Granovetter, White, Burt, and others [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 questioning 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 studied instead the role that strong and weak ties play in job searches. By examining the role of social

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<sup>68</sup> See Velthuis [1999: 631] who presented as an example the argument of T. Parsons that the sociological analysis of economic institutions should only be complementary to, instead of a substitute of economic analysis. Parsons advocated a clear division of labour between sociology and economy. Both Institutional economics and New economics sociology try to overcome these disciplinary borders.

relationships in labour markets Granovetter not only detailed, but also criticized, specific developments within the post-neoclassical economics research programme, such as search theory and transaction-cost economics. He acknowledged that the new developments in economic theory were right in arguing that, at least theoretically, more than one stable competitive equilibrium is possible. He also acknowledged that the market situation does in fact determine what the possible competitive equilibria are. He rejected, however, the theory that the market situation necessarily determines the future outcome, e.g. which equilibrium is eventually reached. The embeddedness of an economic action, given a particular market situation in social relationship networks, contributes significantly to which of the multiple equilibria eventually ensues. Revising this pioneering phase, Granovetter [1988] concluded that better models of the labour market will result from a merger of economists' proficiency in instrumental behaviour and greater concern for efficiency, with the sociologists' expertise on social structure and the complex mixture of motives present in actual situations. Granovetter [1985 and 1992] argued that not only the economic actions of individuals, but also more complex economic patterns, such as the determination of prices and economic institutions, are very strongly affected by social relationship networks. Furthermore, he argued that economic goals are usually combined with a striving for sociability, approval, status, and power. He accused standard neoclassical economics to use a concept of under-socialised and atomized actors to explain economic actions.

In an important piece of research, Zelizer [1988] has argued that the structural approach in market sociology looks at cultural matters with unwarranted suspicion. It precludes a proper understanding of the role that the many types of values and norms play in the market place. Rational actors operate in socially and culturally structured markets which helps them to make meaningful decisions despite an incomplete knowledge of the situation. They do not only adjust their decisions and actions to supply and demand in the market, but also act in this way because these are related to particular (sub)cultures that are specifically located in wider social structures. 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 and why children in the 19<sup>th</sup> and 20<sup>th</sup> century were removed from the labour market in the industrialised countries; having children acquired a high emotional value that took precedence over their contribution to household income. But Zelizer [1988] is not advocating a full cultural theory of markets, believing that 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 over-socialised conception of economic activity and at the other the under-socialised one.

Similar DiMaggio [1994] argues that economic processes have a <cultural> component, but he also warns against <culturalist> approaches 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, which forms the very foundations of economics, must be constrained by morality. A society cannot survive unless the rules are applied in a tolerant way. 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 questions DiMaggio raises is where the 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 so entrenched in the markets that they reflect social relations between individuals, organisations and institutions. Its major limitation is that networks are limited social structures, and it is difficult to see how this approach can account for all or even 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 2001a].

The normative constitution of economic fields is also present in many works on social capital [Flap 2002].<sup>69</sup> We have argued in the previous chapter in favour of two main conceptual strands of the social capital approach. The first one focuses on the structural aspect, while the second interprets it as a coordination means. This second interpretation, focusing on the subjective and cultural dimension [Newton 1997 and 2001, Paxton 1999 and 2002] discusses the relevance of norms, rules and values for 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 begun to argue that the coordination of the individual decisions 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

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<sup>69</sup> 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.*”

provide less costly solutions to diverse principal agent and collective good problems than can markets or government interventions. Social capital theory in its economic form emphasises the importance of social relationships among people, and above all trust and norms of reciprocity to bring about transactions. To achieve complex transactions informal institutions can be helpful. The relationships 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, or for bringing civil actions against transaction partners, or for police surveillance and prosecution.

The counterpart of community at the national level is 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 multiple networks of face-to-face relationships that cut across 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. [1993b], studying Italian regions, found that social capital matters when explaining the differences in economic and institutional (government) performance. Knack & Keefer [1997] found evidence that trust and civic cooperation have a significant impact on aggregate economic activity. Beugelsdijk & Van Schaik [2003] analysed the relation between social capital and economic growth for 54 European regions. To do research at the regional level is important because, recently, the European steering networks 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, not to be 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, generates trust and protects against unwanted consequences. 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 only regulated in the ideal case of a perfect market by the balance between supply and demand of the respective goods or services, expressed in prices. This and other economic approaches are taking a micro-perspective, assuming that individuals, organisations or institutions act 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 so completely that they abandoned the concept of *<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 regulators are necessary to stabilise the expectation of the actors, and to avoid opportunism and the betrayal of the exchange partners.

Conversely, economic sociologists framed markets within the broad concept of social action, conceiving markets as arenas of social interaction. They represent social structures and institutional orders which are socially constructed temporally. Markets are a specific type of economic transaction based on competition. That means that at least three individuals or groups must exist so that one seller meets two buyers or one buyer meets two sellers.<sup>70</sup> In neoclassical economics, this relation is termed supply and demand regulated by prices. The suppliers – generally companies – are orienting their performance to the evolution of demand. White [1981] questioned this fundamental assumption of neoclassical economics. He suggested that, in production markets, the basic actors are companies acting in an uncertain environment both in respect of supply as well as demand. Companies and markets are acting in both the supply and demand fields. Contrary to neoclassical economics, White assumes that companies are trying to reduce the uncertainties by observing how similar companies behave in the same product market. They observe comparable competitors with similar profiles. *“Markets are tangible cliques of producers watching each other”* [White 1981: 543]. The end-users only come into the picture indirectly, since it is easier to observe competitors than the consumers’ preferences.<sup>71</sup>

Markets in modern capitalist society are legally established, ensuring their private status and regulating their use. This is a result of historical evolution. In the past there were many markets without such a legal framework. And still today, illegal markets epitomise the absence of legal property rights. These market types require a higher degree of personal trust, social norms or alternative controls, as in extreme cases the use of violence, to ensure property rights. These kinds of market are more unstable and uncertain [see Aspers & Beckert 2008]. Markets are interpreted as a specific form of coordination of social action, as *“fully social institutions, reflecting a complex alchemy of politics, culture and ideology”* [Krippner 2001: 782].

Beckert [2009] identifies three main coordination problems related to competition, cooperation and valorisation:

a) The competition problem makes reference to the neoclassical market paradox of the competitive market, that when the market has achieved equilibrium, marginal costs equal marginal

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<sup>70</sup> This consideration goes back to Weber’s definition of market: *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.*” [1985: Vol. 1 635].

<sup>71</sup> Benchmarking can be considered as an evidence for this organisational behaviour.

returns, which lowers profit beyond the opportunity cost. Knights [1921: 18] states that “*the primary attribute of competition, universally recognized and evident at a glance, is the <tendency> to eliminate profit or loss, and bring the value of economic goods to equality with their cost.*” Douma & Schreuder [2008: 35] maintained that, based on the theory of competitive markets, economic profit would not be possible in the long-run. Economic profit is defined as that portion of the surplus which is above the limit that a firm needs to stay in business. In the short run companies can create profit or loss, but in the long run there is no profit or loss situation [see also Hunt & Morgan 1995]. That means that only non-equilibrated markets can generate profits. Competition is a basic component of markets, but that also undermines the expectation of profits for companies. Companies would prefer market structures to protect them from undesired competition. Establishing such favourable market structures, e.g. increasing the participation barriers, negatively affects the customers, as it increases prices. Moreover, there is a conflict of interest surrounding market structures and the nature of competition between the state, interest groups and competitors [Beckert 2009: 258]. Voluntary regulation of competition (e.g. voluntary standard and quality settings), the networking strategies of companies etc, and state regulation through legislation assuring competition or protecting consumers’ rights, are weapons in this conflict about the rules of the game in diverse markets.

b) The cooperation problem refers to risks that actors run in the market due to their incomplete knowledge of the intentions of other actors and of the quality of 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 dubious organisations operating there.<sup>72</sup> Krauthausen [1998] stressed that such market function similarly to legal markets, but with a higher and more obvious degree of aggressiveness. He calls the attention to the fact that economy and market are generally linked to peaceful and voluntary action, veiling methods of pressure and power.<sup>73</sup> But these latter methods became commonplace in illegal markets, where powerful leaders have a double function in controlling the internal and external relations of the <company>. They employ a variety of nefarious means to corrupt outsiders, so creating a barrier against the intervention of state agents. And they use aggressive action to sanction breaking of agreements, betrayal and threats [see Dombois 1998]. That means that violence becomes an accepted method for ensuring loyalty even though it has a negative impact on public opinion in spite of its limitation to a last resort.

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<sup>72</sup> In an 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 2009: 26].

<sup>73</sup> „The use of force is unquestionably very strongly opposed to the spirit of economic acquisition in the usual sens..“ [Weber, M. 1922/1978: 64]

c) The valorisation problem is, according to Beckert [2009: 253], one of the main problems in the constitution of markets. “*One crucial source of uncertainty confronting market actors derives from the difficulties of assessing the value of commodities.*” A fundamental failure of neoclassical economics is that they aren’t able to explain the constitution of demand. Purchasers must choose from a complex variety of goods and services. Economic theory fails to recognise 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 criteria of selection on the part of the buyer. The distinction between functional and informational values introduced by Japanese social scientists in the 1960s [see Krüger 2008], or that between the standard and status markets [Beckert 2009: 256], refers to the increasing complexity and volatility of products and service preferences. But it also concerns the variety of offerings in the same product and service class. Standardised classification could be a means to compare offerings in the same product or service class, but even a classification to standardise the functional value of simple products can be ambiguous. More complex products involve more complex and more debatable criteria, which must entail associated complex political and social processes [Beckert 2009: 254].

The problem of valorisation becomes more obvious in markets without, or with low, standardisation rules for quality assessment as e.g. arts or wine. It can also be detected in markets where the intrinsic value of the products is important e.g. in the segment of luxury cars or of fashion products, where the quality of a product seems to be less relevant than the brand name selling the product or its use or endorsement 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].

Valorisation is a complex social process, in which standardisation, cultural orientations, norms and social position influence the value that actors assign to a product or service. This doesn’t imply that all people are assigning the same value to the same product or service. But the individual must be convinced of the value of the commodity he wants to buy, since 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 factors, and strongly influenced by consumer behaviour oriented to the satisfaction of needs and hopes and the conferring of social distinction [Beckert 2009: 257].

#### ***4.2. Labour market as Differentiated and Contested Terrain***

As in the discussion about markets, there are neoclassical economic strands which consider the labour market to be just another competitive market. In the course of time, this type of analysis was refined by complementary considerations. But there is also a long tradition of regarding the labour market as a socially embedded arena of social and economic transactions. This is the common starting point of many practices in industrial sociology, industrial relations, labour market sociology etc. In the pages above, we have explained the different perspectives on the analysis of economic transactions, contrasting the neoclassical economic theory with new economic institutionalism and new economic sociology. The central notion is the social embeddedness of economic transactions, which could also be applied to the analysis of the labour market. However, many publications insist that there is not one unique labour market. Segmentation theories propose a distinction between first and second labour markets, and there are also propositions that distinguish such items as the qualifications required for a job or the performance of economic activities (branches).

The labour market as an institutional framework is certainly not a new idea. It is at the heart of the sociology of labour market. But in economic science, mainstream neoclassical economics dealt with the labour market as if it were any other competitive market, in which demand and supply is regulated by prices. Equilibrium between supply and demand, and the determination of wages (price), is central to such an analysis. It is assumed that, in the labour market, both sides - job seekers and providers - have equal bargaining power and that they act rationally, based on sound information and looking to maximise the outcome of negotiations. Moreover, there is a functional relationship between wages, job offers and demand.<sup>74</sup> Corresponding with its general approach of focusing on prices and underlying demand and supply conditions, neoclassical labour economics recommends deductive and abstract methods, with a strong mathematical component, for the determination of wages and its relation to the labour supply and demand [see Boyer & Smith 2000: 200].

In the course of the last decades, the neoclassical labour market theory has been refined, introducing the assumption of imperfectly informed, differently qualified and motivated work forces. Complementary approaches such as the <Implicit Labour Contract approach>, the <Job Search Theory>, the <Mismatch Approach>, the <Human Capital Approach> etc. have boosted neo-liberal credibility, so that Boyer & Smith [2000: 218] reached the conclusion that the new institutionalists have achieved their goal of influencing economic labour market theory closer to complex reality.

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<sup>74</sup> "... 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]



Neoclassical labour theorists have introduced some of the components of institutional theory into their framework for understanding and explaining the real behaviour of employers and employees in the labour markets. At the same time others, such as Heidenreich [2000: 5] maintained that the neoclassical economic approach continues to focus on the maximisation of the utility of the labour supplier and job-seeker, considering the institutional context of the labour market as elements which cause imperfection in the markets. Neoclassically inspired approaches take the perfect market as a model and search for the factors that distort it. The alternative strand starts from the assumption of an imperfect market searching for institutional regulation.

Kaufman [2002] criticised the view of Boyer & Smith as too broad a definition of the neo-classical economic approach. Their interpretation is very close to Becker's view of what is at the heart of the economic approach "*the combined assumptions of maximizing behavior, market equilibrium, and stable preferences.*" Neo-classical economics starts from the standpoint of (a) how to determine equilibrium of prices through demand and supply in competitive markets, and (b) how resources can be allocated in the most efficient way through price mechanisms [Kaufman 2002: 27]. But Becker used price determination and the allocation of resources to explain choices in all areas of life, a view which espouses the supremacy of economics in preference to other social science areas. Kaufman [2002] suggests that economist such as Solow, Samueleson, Thurow, L. Summers and R. Freeman cannot be easily included in the category of neoclassical labour economics who disagree with the labour economists linked to the Chicago school. This is not the place to go into depth on 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.*"

In addition, the new economic institutionalism of the labour markets can be seen more as a complement rather than an alternative to the neo-classical approach. Commons [1919: 17], one of the pioneers of new economic institutionalism, argues that "*the commodity theory of labor is not false, it is incomplete.*" Similarly Solow suggests [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, with the sociologists' expertise on social structures and the complex mixture of motives present in actual situations.

However, the broad capital approach, as expounded before, shows that the economic approach focuses on supply and demand, and wage determination is too limited towards the dimension of monetary capital. Transactions cannot be limited to their economic dimension. Becker proposed, in his human capital approach, a broader view but maintaining the assumption of economic rationality and applying it to various social aspects. But the labour market, similarly, cannot be reduced only to its economic dimension. Bourdieu proposed the alternative view, seeing the economy as a special case for social action and using the term ‘reasonability’ instead of bounded rationality.

Labour markets are social arenas, where workers sell their labour in return not only for wages but also status, prestige and other rewards [Kalleberg & Sørensen 1979: 351]. Employers are looking for well-qualified candidates for the vacant job. On the other hand, people with different competences, characteristics and social environments are competing for vacant jobs offered by diverse employing entities. They are seeking economic opportunities to achieve their desired quality of life. In addition, from the individual’s perspective, employment is regarded as an aim per se, but status in the labour market is a means to achieve a better quality of life, even though it could be difficult to achieve it. If e.g. one’s desired life quality is to spend the most possible time with the children then the need to work is constraining.

Neo-classically inspired approaches considered that labour markets, like any other competitive markets, are coordinated by supply and demand, so determining wage and labour productivity. Conversely, both the new institutional approach and the sociology of markets put more emphasis on the coordination of action and resource allocation through non-market procedures. Patterns of behaviour and thinking, as well as social relations networks, are considered to be essential for economic action, since they increase the certainty of a response and reduce the negative consequences of actions. Besides supply and demand, these mechanisms are important as mechanisms of orientation, coordination and legitimisation. They constitute the rules of the game [North 1990].<sup>75</sup>

From a sociological perspective, the labour market can not be compared to any other market. It has substantial structural particularities, making it doubtful that the paradigm of the perfect market, which guides policy strategies to deregulate labour markets, can be applied [Vobruba 2007]. In the modern economy, goods are produced with the expectation of selling them in a marketplace. However, the development of functioning labour forces (birth, education and training) isn’t guided by market forces, but by external market criteria. This means, that the supply of work forces cannot be exactly harmonized with demand in quantity or in quality [see Vobruba 2007]. The paradigm of the perfect market assumes that participation is voluntary and demand and supply are well synchronized. But the

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<sup>75</sup> In institutions the rules of a society are formalised, constraining, but also facilitating, human interactions. As well they are also shaping interpersonal political, social or economic interchange [see e.g. North 1990].

participation of employers isn't necessarily voluntary. In general, they don't dispose of other resources for their survival, they must <sell their work force>. Conversely, the owners of enterprises generally have options to invest e.g. to act as entrepreneurs, creating work places with the expectation of obtaining production profits to obtain financial surpluses by investing in the financial markets. This predicates a structural imbalance of power between the labour market actors. And labour contracts cannot be compared with commodity contracts. This last infers that, in general, property rights are transferred from one actor to another. The seller has no influence on how the product will be used later. Conversely, labour contracts specifically regulate the participation of the workers (sellers) in the deployment of the work force. In addition, labour and security legislation is put in place to monitor behaviour in the work place. Labour Markets are complex structures comprising different features, which have a wide influence and are differentiated in several areas by supply, demand and regulation. Each of these dimensions has its own characteristic structures and action patterns relating to the particular segmentations of the labour markets.<sup>76</sup>.

An example is the theory of segmented labour markets. A first experimentation was made in 1954 when Kerr [1954] published an article about the balkanisation of labour markets. Doeringer & Prior [1971] later took up this aspect of separated non-competing labour markets, researching two big labour market arenas: a company's internal and external labour markets. This approach has a conceptual proximity to the implicit labour contract approach. The companies' internal labour markets are regulated by internal norms and rules. In general, access is only possible through clearly defined entry methods. Once accepted in the internal labour market, employees are protected from competition by <external> employers. They have also opportunities to stimulate internal career development and upward mobility which cannot be explained by the application of the simple supply-demand balance. This social agreement is of interest to both employers and employees. The former are willing to pay higher salaries and to offer better conditions in order to assure internal loyalty, good performance and harmonious labour relations pertinent to the company. This is mostly the case in economic sectors with expanding production technologies and knowledge intensive labour processes that require high professional expertise.

This strand explains the emergence of internal labour markets in relation to the internal requirements of the enterprises, such as to achieve a high commitment of the workers or to recover its investments in the human capital of a worker by offering job stability [Grimshaw et al 1999: 3].

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<sup>76</sup> For instant 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.*"

Another strand links it with the interest of employees to be protected from outsiders willing to accept lower wages and poor labour conditions. Here the role of external conditions is important, for example the existence of strong trade unions or mid or long term economic growth accompanied by low unemployment [Elbaum 1984; Jacoby 1984; Rubery 1978]. It is in the mutual interests of employers and employees to create a dual labour market within companies, distinguishing between a core work force, which is necessary for the continuation of production even in periods of crisis, and a potentially redundant work force, which will be reduced or increased according to the production needs of the company.

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

<b>Figure 13</b>		
<b>Good and Bad Jobs in External and Internal Labour Market Segments</b>		
<i>Labour market segments</i>	<b>Internal</b>	<b>External</b>
<b>Primary “Good Jobs”</b>	Internal Core Labour market (High company-specific qualifications)	Professionalized Labour Market (high professionally- specific qualifications)
<b>Secondary „Bad Jobs“</b>	Internal redundancy Labour market (low company-specific qualifications)	Anyone Labour Market low unspecified qualifications)

The concrete configuration of the labour markets and its segmentation depends on the product market, labour supply and demand, systems of industrial relations, the legal context and past history. It includes the patterns of behaviour of workers as well as employers, and the structure of the collective bargaining systems. However, as Rubery & Wilkinson [1994: 33] stress, “*perhaps the most important institutional forces structuring the labor market are the employment strategies of employers themselves.*”

Meanwhile this approach puts emphasis on equivalent patterns of behaviour in the enterprises and economic sectors. Scharf [1997, 1999] and Streeck [2009] put the accent on the societal framework of the regulation that establishes the general rules in national labour markets. Scharf related the configuration of welfare state arrangements, taking as examples the USA, Sweden and Germany, to their differing capacity to create employment in the service sector: He predicates the existence of three different employment models and welfare regimes. While the US-American and

Scandinavian model could create high levels of employment in the domestic service sectors, the first in the private and the second in the public domain, the German model could not expand local services at all. But the US-American and Scandinavian models also have weaknesses. In the USA, such employment creates a working poor and the Scandinavian model depends on tax incomes, which is restrictive for economic and political reasons [Scharf 1997].

Streeck, on the other hand, uses the example of changing family structures and the commodification of the labour market to explain the interrelation between social change, political strategies and labour market evolution. He argues 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 contributes to the paradox that the liberalisation of the labour market increases pressure on the state to intervene in areas which are traditionally informally regulated. He cites, as examples, the interrelation between the destandarization of traditional family structures, the increasing incorporation of women in the labour market, politically motivated strategies and increasing commodification of the labour market. He stressed that one of the effects of these complex and interrelated phenomena is the decline of the fertility rate in several countries. This leads in some, but not all countries, to the encouragement of incentives to increase birth rates as a public policy matter. Interregional labour mobility and the increasing participation of women in the labour market, a prime political objective in EU Countries, causes problems in the delivery of care needs of relatives, traditionally a responsibility of families [Streeck 2009: 34].

Moreover, the institutional approach is centred on the labour market at the level of sectors and enterprises, restrictions due to professional exclusivity, legal regulation of labour rights and safeguards and systems of social security [see Heidenreich 2000]. But rarely do the institutional approaches in economics or sociology address the issues of interrelationships and tension between different levels of coordination and regulation in the labour markets. Similarly in production regimes [Soskice 1999], which are stressing the tense interrelationships between economic policies, configuration of capital markets, relationships between providers and users, education and training systems and industrial relations systems, the labour market can also be conceived as a complex system of interrelations constituting similar intricate employment systems [Schmid 1996].

Again, employment systems aren't restricted to a single-factor labour market analysis. Employment systems are complex institutional arrangements characterised by the interplay of production and labour market systems. They are functional institutional networks, which are

historically constructed at sector, regional and national level and reconstituted and modified in the daily interactions of the labour market participants.<sup>77</sup>

In production systems, decisions are taken that determine economic activity and growth. They are influenced by the capital market, the research and development system, the system of governance and the regulatory system, and don't necessarily have a direct and immediate impact on decisions affecting the employment system.

Decisions about how work forces are used in production are made in the labour market system. The labour market system isn't only defined by the labour market alone. It is also affected by a wider set of influences such as the structure of households, the social security system, the system of industrial relations and the education and training system:

- The organisation of private households which offers an alternative to market regulated employment, generates cultural values determining attitudes to work and promotes certain restraints in access to the labour market;
- Industrial relations systems, in which the different interests of labour market actors are confronted. Institutional rules (e.g. legislation on collective bargaining) and power relationships determine the structure, the level and the changes of both wages and labour conditions.
- The education and training system, which generates general knowledge, learning capacity and professional qualifications. Access to education and training determines to a high degree professional mobility and flexibility, and social mobility.
- The system of social protection, which influences decisions in the labour market by (i) creating a system to compensate people who are temporary or permanently excluded from the active labour market (disease, unemployment, age etc.), (ii) legally regulating working conditions e.g. protection against dismissal, contract protection, security at the work place etc.; and (iii) offering employment in social fields, which are not market regulated.

The crux of any institutional labour market approach is the definition of institution. Streeck argued that institutional labour market economics uses a functional approach, believing that <institutions> are

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<sup>77</sup> „... 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]

solving problems and reducing transaction costs. Under this perspective, institutions are the means to resolve problems of coordination, cooperation and allocation of resources and benefits. However, in the course of time, the institutions can become dysfunctional in a rapidly changing environment. In addition, a major criticism of this functional interpretation is that labour markets are contested terrains resulting from conflicts of interest, from which they will eventually emerge.

The segmentation theory stresses the diversity of labour markets, making a major distinction between societal (open) and company (closed) <labour markets>. The empirical and theoretical analyses of organisation, especially within personnel management, have clearly shown different patterns of work organisation and personnel management. There is a huge range of publications on this issue from the perspectives of industrial sociology, human resource management and labour market research. From 1960s organisation theory, the terms <micropolitics> and organisations as <contested terrains> were coined [see Burns, T.: 1961/62, Küpper & Ortmann G. 1986 and 1988]. According to these notions, the <labour market> couldn't be conceived as a homogenous phenomenon, rather 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 return to the argument of Beckert, that markets are fields of social action, whose major problems are related to competition, coordination and valorisation. The problem of competition and coordination is highly relevant in the labour market, just as paid work for the majority of the population is the only source of income. The segmentation theory provides evidence that both enterprises and employees are interested in creating favourable labour market structures and increasing barriers to entry. But the regulation of competition in the labour market also concerns the social structure of society. On one side, institutional regulations reduce uncertainties, creating stable expectations about the way to use human, cultural and social capital in the companies and an awareness of economic compensations. On the other hand it is obviously a conflictive field for distributing social opportunities by e.g.

- regulating access to work places and income;
- regulating the level of income by professional and occupational categories,
- regulating 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 distributes the social risks between the participants, for instance to become unemployed with or without social protection or to be at greater risk of suffering 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] maintained that social acceptance of a target output is a precondition for functioning markets.

As our objective isn't the development of a labour market theory, but the development of a theoretical framework to evaluate the social effectiveness of university lifelong learning measures, we centre our attention here on the valorisation problem: Beckert pointed out that the fundamental failure of the neoclassical theory is that it can't explain the nature of demand. This problem concerns the heterogeneity of goods and services offered in the labour market, the choice of a product or service and lastly the quality of the product or service. He considered that the assignment of value is a dynamic social process framed in institutional contexts. Referencing our previous outline of the capital approach, labour market transactions include 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. Compared e.g. to money, they have a more limited exchange capacity since they relate to people. Becker has mentioned that standardisation might be one means of reducing the uncertainty of valorisation. Educational and professional qualifications can be seen as mechanisms of standardisation in the labour market, providing indicators for the knowledge, skills and competences a title holder possesses. It is a means of linking education and training system to the economic system through the labour market. Educational and training qualifications are a stratification measure assigning social positions and potential social opportunities in the respective labour market segments.

Educational and professional qualifications form part of the institutional context that regulates the labour market. But at the level of the company there exists uncertainty about the criteria on which decision are taken concerning the selection of personnel. 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 way to reduce this uncertainty, but they are not the only criteria of personnel selection. Nevertheless, this discussion is a strong indicator of the social dispute about (i) what can be considered human, cultural and social capital and (ii) what particular value is assigned to the different capital forms.

### ***4.3. Capital in Transitional Labour Markets***

Most 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 move from one job to another, jobs shift from one sector to



another. The job structure in a given company changes too. These dynamic concerns imply a widening of the analysis of the decisions affecting work and employment; they typically depend on the connection between labour markets and the various institutions of the social protection system, and on the connection between labour markets and macroeconomic performance. So we have to consider <trajectories> or <transitions>, rather than situations at a given point of time, and their interaction with the overall economy.

<Transitions> means steps in individual work 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 on-going within diverging analytical frameworks. Some authors remain within the traditional market analysis framework, and refer to traditional supply and demand equilibrium, to the stickiness of wages etc. They introduce notions of incentives, and connect the labour market to the social protection system in this way. 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 external factors [e.g. Boone and van Ours, 2004]. Lastly other, wider, perspectives consider that institutions could play positive, as well as negative, roles beyond the effect of individual incentives. They focus on the “variety of capitalism” and try to capture a more complex and global view of the interplay of company strategies, workers’ behaviour, institutional framing and incentives [e.g Hall & Soskice 2001, Amable 2005].

The TLM approach converges with this last perspective. One important idea leads to the TLM policy-oriented view of transitions. Since 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. These include 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 and employment and unemployment. And the goal 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 strategy 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 agreed management of transitions in order to reach or approach this goal. 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 from one state to another. This perspective can be expanded to include changes in the environment, for example technological changes in the economic field and at the work place. This drives the need to change work behaviour, competences, skills and knowledge with the objective of preserving the job. Moreover, labour market transition includes here the ability to adapt to changes in the workplace or in the labour environment. For the classification of transition phases, we invoke a long discussion on labour market sociology and distinguish between the internal and external labour market perspective<sup>78</sup>:

<b>Table 19</b> <b>Situation of Labour Market Transitions</b>
<p><u>Internal Labour Market</u></p> <ul style="list-style-type: none"> <li>- Adaptation to changes at the individual workplace</li> <li>- Personal development</li> <li>- Vertical professional development: Up-wards professional career</li> <li>- Horizontal professional development: From one workplace to another at the same hierarchical level</li> </ul>
<p><u>External Labour Market</u></p> <ul style="list-style-type: none"> <li>- From unemployment to employment</li> <li>- From one employment to another employment</li> <li>- From one employment status to another</li> </ul>

The TLM approach proposes to support institutionally this labour market transition in order to reduce the respective labour market risks. Only the whole segment of institutionally supported transition periods are considered transitional labour markets. Institutional support for labour market transitions can be conceived as a kind of insurance tool offering protection from labour market risks by using mechanisms to increment the stock of human, cultural and social capital as well as monetary instruments. In addition it will prevent an undesired event affecting a citizen, mitigating beforehand the negative impact of such an event and coping with the negative impact after it has happened.<sup>79</sup> Institutional support does not only mean (monetary) compensation for the incident, but also proactive measures to prevent it occurring or to limit its impact.

A given transition may not be <good> or <bad> in itself, but it depends on the number of opportunities it allows to be created and on one's individual capacity to take them. For example, a

<sup>78</sup> This isn't a closed list; it is open for the addition of other situations of adaptation.

<sup>79</sup> Hereafter we use the term <mitigate> for the proactive measures and the term <cope> for the reactive ones.

short term labour contract may be a stepping stone towards a stable employment, or part of a series of unstable and precarious jobs. An unemployment spell may become a <critical> transition when it is experienced 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 transition 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 increased power over their life and work trajectory.
- The second is solidarity: It is a constant tenet of unemployment insurance that the <good> risks (stable and skilled workers) should offset 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 unemployment insurance, could not maintain such a programme only by maintaining solidarity. 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 is first and foremost a proposal for 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 bargaining in the area of transition opportunities. However, a second and complementary aspect of TLM has been developed: a proposal for reform of the employment relationship. When workers switch from a full-time to a part-time job in a given company, or when they suffer unstable hours or lose free choice about holidays, they undergo <bad> transitions. Good> transitions would be if they leave unemployment for employment or get a better job in another company. TLM is a systematic way of managing risks and opportunities stemming from the very act of working, and promotes reform of the whole employment relationship, both within companies and in the wider labour market. The main channel for implementing this reform is an enlargement of industrial relations bargaining processes [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 individuals by the increase in their human, cultural and social capital stock through the provision of lifelong learning opportunities, which also includes funding mechanisms to facilitate social equity access.

Lifelong learning provides learners with new resources which aren't necessarily recognized by the labour markets as capital<sup>80</sup>. This is a second step and depends on the particular configuration of the labour market. The labour market or labour market segments are treated as social fields or contested terrains in which, through complex social bargaining processes, the social standing of a person is defined – or more precisely his occupational status. These social fields could also be interpreted as complex webs of social conversion factors allowing the transformation of peoples' resources into capital and re-defining their value.

Under the labour market perspective, the previously described broad capital approach allows evaluation of the social efficiency of institutional measures to support those labour market transitions which are favourable to the convertibility of human, cultural and social resources into capital in different labour market segments. Using the metaphor of capital as resource in the economic field, the labour market is considered here not as an aim in itself but as a means for individuals to achieve quality of life. In other words, the ultimate objective isn't to bring 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 aspire to.

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<sup>80</sup> 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.

## 5. Measuring Social Effectiveness of Tertiary Lifelong Learning

This conceptual outline focuses on the social effectiveness of tertiary education for the working population older than 45 years, which is highly exposed to risks of exclusion in the labour market and lifelong learning. The integration of this age group in higher education is a major challenge for education and training systems.<sup>81</sup> The EUROPE 2020 strategy considers that higher education will make its contribution to the achievement of the accepted employment target of 75% of the population aged 20-64 years, and 40% of the population aged 30-34-year completing third level education. Under this premise, it can be forecasted that the achievement of these employment rates and number of people with an education level equivalent to higher education will produce an increase in the demand for tertiary lifelong learning in the mid and long term perspective

Tertiary Lifelong Learning (TLL) is considered to be a key element for developing more inclusive and responsive universities [Krüger 2008]. Opening higher education to mid-life learners, designing flexible pathways from Vocational Education and Training (VET) and professional experience to higher education, devising flexible learning arrangements that reconcile family-work life and learning and the adaptation of didactic methods in higher education are serious challenges for universities<sup>82</sup> in confronting the problems of aging in a knowledge society.

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<sup>81</sup> In a recent strategic document, the Commission defined one of the key issues of higher education as to “*encourage outreach to school students from underrepresented groups and to <non-traditional> learners, including adults ...*” [EC 2011: 4]

<sup>82</sup> Higher education is carried out by a wide range of institutions within the EU. For reasons of operationalisation, the project will focus this study only on universities, recognising that the universities are not the only providers of tertiary lifelong learning.

Returning to the previous discussion on higher education we observe that, despite the declared relevance of lifelong learning, a strong orientation of European universities towards tertiary lifelong learning is not at the forefront of their priorities. However, many European universities<sup>83</sup> are taking steps in this direction.<sup>84</sup> We are therefore focusing on the education and training mission of the Universities and requesting them to expand their educational and training activities beyond traditional students to a wider range of citizens, and to develop a wider range of learning environments. In other words, we consider that universities do not only have education and training functions in modern society, but also embrace a broader social function.

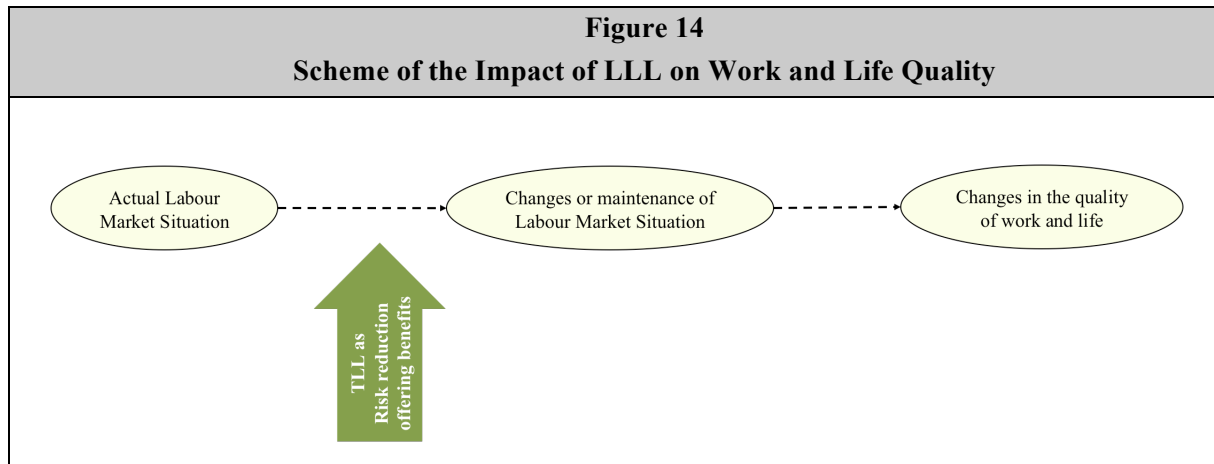
Recommending a social function in higher education goes beyond employability and economic development, which comprise the dominant issues in the current discussions on higher education policies. However, a modest project like THEMP cannot handle such a broad perspective and must concentrate its research on one specific aspect, i.e. tertiary lifelong learning for the management of social risks in the transitional labour markets giving priority to the population older than 45 years. The project maintains its main focus of the European strategy, that is employability, but focuses on a qualitative connection to the issues relative to work and life.

Based on empirical work, the project tries to develop innovative tools and instruments to measure the social equity of tertiary lifelong learning. The project deals with an issue that is not at present the main priority of higher education policies. But recent reforms in pension systems, demographic changes, modifications to the education structures in Europe and the lack of highly-qualified workforces in the European Union are clear indicators that tertiary lifelong learning and the inclusion of mid-life learners will become more and more relevant in both education and training strategies and socio-economic policies in the future. But THEMP is exploring unknown and less developed terrain, which requires the development of a broad conceptual perspective for the analysis of the social effectiveness of tertiary lifelong learning. For this objective, we develop a theoretical framework based on the three main approaches previously outlined: Transitional Labour Market; Capability, and Capital.

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<sup>83</sup> See the website of EU-project Allume (<http://allume.eucen.eu>) where several case studies on Tertiary Lifelong Learning are available.

<sup>84</sup> This stimulates us to think that we cannot speak about European Universities in general and that it is necessary to adapt a different view of the European university landscape. The European project U-Map, focusing on the development of distinctive profiles of higher education institutes ([www.u-map.eu](http://www.u-map.eu)), worked in a similar direction.



Concentrating on these three approaches allows the analysis of tertiary lifelong learning programmes in relation to their labour market impact under aspects of social justice. In concrete, the project asks:

- (i) If and how tertiary lifelong learning programmes are giving support to periods of labour market transitions – from one workplace to another or from one employment to another, etc – and thus avoiding or reducing the associated corresponding social risks? and
- (ii) If and how tertiary lifelong learning programmes have an impact on the labour market situation of learners in terms of quality of work and life?

The design of tertiary lifelong learning strategies must take into account not only the specific resources of the potential learners (and the companies), but also their expectations and objectives. Within the capability perspective, the central question is how tertiary lifelong activities are contributing not only to employability in the sense of access to employment and its importance in work places, but also to the maintenance or improvement of the quality of life and work. This implies taking a triple perspective to evaluate the social quality of tertiary lifelong learning programmes:

- a) The individual perspective: Citizens who participate in learning programmes always develop expectations for their impact on their life. The questions are: Do the programmes take these expectations into account in their design? Have the lifelong learning programmes fulfilled these expectations? And, do they shelter learners from risk situations, and allow them to respond proactively or to cope with negative eventualities?
- b) The institutional perspective: The institutions, universities in this case, develop expectations in respect of their lifelong learning programmes. Within the perspective of social effectiveness, the main success factors are the orientation of the TLL programmes to situations of labour transition, the integration of stakeholders in programme design, the eventual empowerment of citizens and the reduction of their exposure to social risks in the labour markets.

- c) The societal perspective: Society, and in its representation by governments, gives institutional support to tertiary lifelong learning and expects results, particularly, in our case, in the labour market. Regarding social equity, the first concern of tertiary lifelong learning policies is that it should include social aims, specifically a focus on employability measured in active participation rates, the creation of employment, unemployment rates, etc. Regarding quantitative indicators, they should also measure the impact of tertiary lifelong learning on the quality of life and work of the participating citizen.<sup>85</sup>

We put emphasis on both the individual and the institutional perspective, but expect that it will also have some impact at the societal level. Our conceptual work aspires to lay the groundwork for measuring the social quality of TLL.

Its point of departure uses the methodology of transitional labour markets, which is itself a tool for managing social risks associated with transitions in the labour market. This approach forms part of a series of proposals to react to socio-economic changes in European society and to transform the European social model to one which prevents cases of social need through proactive social investment. Re-distribution of the means of social protection between passive and proactive mechanisms – focused on increasing rates of active participation and employment – should ensure the future funding of social programs by maintaining or increasing state income through (labour) taxes. Other contributions to this include the reduction of costs for such programmes, thus reducing the number of beneficiaries, the number of unemployed people, the number of persons in early retirement and the extension of the retirement age.

The activation policies are oriented towards reinforcing the link between social rights and social obligations, and fostering social inclusion through active participation in the labour market. The major emphasis on employment measures has been accompanied by the implementation of social programs to enhance human capital and the support given to people at social risk to adapt themselves to labour market requirements. The labour market is the centre of gravity for such strategies, presenting human capital as a pre-condition for individual labour market success and for fostering citizens' autonomy. In consequence, activation strategies to stimulate lifelong learning are crucial for confronting social problems and increasing employment and active participation in the labour market.

Within this paradigm, lifelong learning has becoming a key component of educational and social policies at national and international levels [see Papadopoulos 2002: 39]. It combines the notion of individual responsibility for one's own life course with the obligation of society to offer training and

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<sup>85</sup> Insofar as the capability approach is normative.



education programmes. And it fits well with the debate on the relationship between the knowledge society and economy, which presupposes a constant up-dating of knowledge, skills and competences to assure employability through the whole of working life. From this perspective, lifelong learning is a new challenge for higher education systems. Conceiving education, training and learning as a continuous process during the whole life course requires higher education systems to open themselves up to an older clientele and to widen access to new groups of people. Higher education should not be limited to a specific period in life between secondary school and work, but as part of a continuous learning process. Consequently, tertiary lifelong learning becomes, together with other lifelong learning strategies, essential for modern social and employment policies. It should accept the social challenge of supporting skills up-dating of citizens and of enterprises, and contribute to the employability of the citizens and the competitiveness of the enterprises, regions and EU-member states.

One approach, which tries to combine societal and individual responsibilities, is the transitional labour market approach as an alternative to social investment by the state. It proposes the linking of social risks management in specific transitional periods in the labour market with concepts of social equity. It asks how institutional support could reduce the risks associated with labour transitions and how to transform them into benefits.<sup>86</sup> That means that the transitional labour market approach acts as social risk management in crucial moments of the labour market trajectories of citizens, considering lifelong learning as one of the primary tools in social risk reduction. Institutionally supported lifelong learning thus becomes one of the main means to create transitional labour markets.

In order to make classification transitions, we must also clarify the previous discussion on labour market sociology in internal and external labour markets.<sup>87</sup> This allows us to also include internal labour market transitions as for instance the change from one working area to another or the access to other positions within a hierarchy. But one problem regarding the analysis of (tertiary) lifelong learning programmes is that such programmes are not focused only on the transition phase, but also on the continued preservation of a work place. Learning is a way of adapting to changes both in the workplace and in the labour environment. For this reason, we also include the stages of adaptation.

Not all labour market transitions are included in the transitional labour market. Following Schmid, only those transitions receiving institutional support are considered to be included within it. Similarly, not all adult training is considered to be a component of institutional support for labour market transitions. Only that training with an express orientation to the labour market can be so

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<sup>86</sup> Only those labour market transitions which are institutionally supported, are considered transitional labour market.

<sup>87</sup> This isn't a closed list; it is open to the addition of other examples of adaptation.

regarded for transitional situations, which then become <transitional labour markets><sup>88</sup>. It is an insurance tool to protect social risks using monetary instruments as well as mechanisms to generate other forms of capital – human, cultural and social. This is so that an undesired event affecting an individual can be averted by anticipating its negative impact or by enabling him to cope with it after it has happened.<sup>89</sup> Moreover, institutional support does not only mean financial compensation-, but also includes the taking of proactive measures to avoid its occurrence or to limit its impact.

Risk is future-oriented, preventing or anticipating events with undesired outcomes and facilitating actions or decisions that lead to desired results. This strategy will achieve a positive impact on an individual's situation, and avoid, mitigate and cope with negative impacts. Risk management shouldn't be focused only on possible negative impacts, but also on positive outcomes and possible benefits.<sup>90</sup> Vis a vis the sociological discussion, we examine two key elements of risk:

- (i) bounded knowledge and
- (ii) the ability to take actions (or decisions) to stimulate the future or to prevent, mitigate or cope with its negative impacts.

Based on this distinction, we can analyse the responsibilities of the participants in any negative (or positive) social event. For instance, the financial crisis of the year 2008 has been, for the normal citizen, more a social danger than a social risk. Despite some prior analysis of the risk that the housing and financial bubble would implode, the majority of people could hardly do anything to prevent it. This is different from traditional economic crises, when the impoverishment of the economic situation is pre-announced by such standardised indicators as inflation and employment rates. In the case of the 2008 crisis, the responsibility for the crisis and its negative impact on the quality of life of citizens lies on the financial brokers and the politicians, who did not react adequately to the signs of the coming crisis.

In the category of social dangers, we can also include the difficulties experienced by some companies caused by management decisions which were unknown to the workers, a risky short-term

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<sup>88</sup> In spite of our orientation to the broader concept of adaptation, we maintain the original term.

<sup>89</sup> Hereafter we use the term <mitigate> for the proactive measures and the term <cope> for the reactive ones.

<sup>90</sup> For the theoretical development of risk see Zinn [2004a, 2004b and 2006] and Taylor-Goody & Zinn 2006]. In economic risk theory, this type of risk situation is called speculative risk as opposed to pure risk, which is focused exclusively on losses. For instance, natural catastrophes are generally classified by economists as pure risk; while the roulette is frequently mentioned as an example of speculative risk. Here we can also include those businesses that deal with contract insurance, analysing possible events that could reduce the expected, though not guaranteed, benefits, such as the maritime transport of goods in the 15<sup>th</sup> century, for example.

financial investment for instance. Here we can also include the closing down of a production centre and the transfer of production to another region in spite of its high productivity. In this case, the workers have no knowledge of the situation and could not take anticipatory measures. In this case the responsibility lies with the managers of the company.

In some cases, the employees working in a branch or a company have some knowledge of the critical situation that about to happen. We can take as an example, the book industry, where the traditional modes of selling and disseminating products are heavily impacted by the massive use of information and communication technology, similar to that which has occurred in the music industry. The employees have some knowledge of such changes but they have no power to alter this trend. They do however have some ability to take preventative measures. This example shows the fine line between labour market dangers and risks dependent on the degree of knowledge of the actors involved and affected.

On the other hand, the individual's capacity to act in order to avoid exposure to social risk, to mitigate beforehand its negative impact or to cope with it later must be taken into account. The action capacity or the vulnerability of the citizens depends on a series of factors, for instance:

- a) The invariable factors, which the citizen can hardly change and which seem to be always with us, such as gender discrimination, belonging to a minority, generational prejudice, sexual orientation, suffering a chronic disease or belonging to a social class. Women are known to be more vulnerable in the labour markets of the European Union and to find promotion more difficult. We can say the same about ethnic minorities such as Turks in Germany, Maghrebians in France and Spain and, the Romany throughout Europe. These are only some visible examples of discrimination against certain social groups.
- b) The variable factors, which depend more on the decisions of citizens and which vary with time as, for instance caring for relatives, the ability to manage personal time, the facility for taking learning opportunities, the opportunity for geographical mobility and non-chronic illness.

We introduce the distinction between the invariable and variable factors based on the capacity for action. Belonging to a gender, an ethnic minority or, a particular generation, or suffering a chronic disease, does not depend on the individual's wish. Belonging to a social class does not depend, in principle, on the ability of the citizen to take action, although there is some variability during one's lifetime to affect this. We include here also the religious affiliation of citizens as it depends to a large degree on their family environment. However, we include it also among the variable factors, as religious ties can vary over the lifetime of an individual according to the decisions they take.

<b>Table 20</b>					
<b>Model of Labour Market Dangers, Risks and Vulnerability</b>					
<b><i>Labour Market Dangers</i></b>					
Financial Crisis	Economic crisis	Branch crisis	Company crisis		
<b><i>Labour Market Risks</i></b>					
Obsolescence of a branch	Temporary branch crisis	Company crisis	Obsolete skills	Quality of work	
<div style="font-size: 2em; font-weight: bold;">↓↑</div>					
<b>Invariable dimensions of vulnerability</b>					
Gender	Ethnicity	Age	Chronic disease	Social Class	Religion
<b>Variable dimensions of vulnerability</b>					
Care needs	Options of time management	Learning options	Illness	Religion	Labour Mobility

Variable factors are those related in one way or another with the citizens’ actions such as having a child, living with someone, choosing to spend time on career and leisure activities. Of course, these factors are interrelated with invariable factors. For example, it is obvious that social class and ethnicity strongly influence access to education and training opportunities, but these are not pre-determined.

This differentiated risk approach enables us to distinguish the responsibilities of individuals and groups towards a crisis by the responses to the following questions:

- a) Can we assume that citizens who are affected by the crisis might have had some knowledge of the probability that it could occur?
- b) Have the citizens acquired some action capacity (i) to avoid the crisis; (ii) to avoid being affected by its negative impact, or (iii) to mitigate or cope with it? These questions have two temporal dimensions: (1) anticipatory or proactive, i.e. taking measures before the event occurs and (2) reactive, i.e. taking measures after the event has occurred.

On the other hand, this approach also gives clues on how social insurance measures might influence knowledge of the possible risks and affect the empowerment of citizens so that the risks and their negative impact are limited and lead to the ability to create new opportunities:

In order to mitigate social risks in labour markets and avoid negative impacts on their own professional careers, citizens may opt for measures to reduce the chance of being exposed to the risks. The focus of transitional labour markets (TLM) aims to create a framework of institutional support for these measures, for example through vocational training programmes. TLM focuses primarily on the

sequences of change in working life, asking how the risks associated with these phases can be reduced through particular public measures, especially in the case of vulnerable groups? TLM recommends social security measures to reduce the risks of transition phases.

Risk management includes, by definition, a way of dealing with undesirable events, avoiding them or mitigating or coping with their negative impact, but it always also includes a vision of opportunities and benefits. Risk management always contains a time dimension comparing a potential future situation with the current one and estimating (i) what could happen, (ii) what could be the negative and positive impacts and (iii) what measures can be taken either to prevent, mitigate or cope with any potential negative impacts or to provoke a positive impact. And Risk Management strategies could intervene before or after the event. In the first case, the strategy is proactive and in the second case, reactive, but in both cases the focus lies on undesired events.

However, it must be stressed that social risk must always have two strategic dimensions: a) reducing risks and b) providing opportunities. Moreover, social risk management should provide a framework for developing positive action to reinforce positive trends and create new opportunities for professional careers through the empowerment of citizens.<sup>91</sup> In addition, the design of risk strategies and before and after measures must also consider the specific situation of each individual. This includes his knowledge of risk and his capacity for action.

The difference between social danger, social risk and individual risk allows us to contrast the dominant concepts of employability and social investment, which delegate the main portion of the responsibility for their work and life direction to the citizens. Without affecting the self-responsibility of citizens, the bounded knowledge of socio-economic developments limits their capacity to anticipate the future. This restricts their prospects of avoiding (or stimulating) undesired (or desired) labour situations, or of acting proactively to potential negative impacts, and producing positive situations relative to their individual responsibility. The transitional labour market approach provides a framework to prevent risk situations and to design measures aimed at mitigating and coping with the impact of a negative labour market event. Such measures focus on the reinforcement of the knowledge and action capacity of citizens in specific situations of labour transition.

Public policies for institutional support of labour transitions require points of reference to measure their social quality and effectiveness. In several publications, various promoters of the TLM approach mention the works of Rawls, Dworkin and Sen to cover the dimension of social equity. We use here the capability approach of A. Sen, which provides a more qualitative perspective for the

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<sup>91</sup> This outline of Social Vulnerability Management isn't limited to an institutional perspective. It is also a tool for individuals to plan their work-life-trajectories taking into account different life course situation of social vulnerability and the estimation of the occurrence of social risks situations.

measurement of the efficiency of lifelong learning programmes. It covers quality of work and life or, in the terminology of Sen, the sets of functionings.

The capability approach allows an evolution beyond employability into the design of social and employment policies which place the different capabilities of citizens and their objectives at the centre. In emphasising individual freedom, the capability approach concentrates on the action capacity of individuals and on their empowerment, assuming that individuals are familiar with the portfolio of functionings they want to achieve and the efforts and risk they must take in order to achieve them. Similarly, institutional policies are based on previously defined objectives, in which the effectiveness of their programmes can be measured.

The transformation of capabilities into functionings depends also on external factors, the so-called conversion factors. The different conversion factors influence the process of transforming capabilities into functionings. Of course, the physical and mental conditions of the citizens affect their capabilities, as well as the social and environmental factors that govern conversion – for example the level of pollution in the environment. But social conversion factors – i.e. the existence of a well-developed higher education system, a health system, the regulations for wider access to education, and the availability of an effective transport infrastructure – are decisive for the transformation of capabilities into new desired functionings. And our issue here is how tertiary lifelong learning can influence this transformation. In the end, the different conversion factors also influence the decision of the citizens on what functionings they want to achieve – their preference structures – and what level represents their ideal.<sup>92</sup> Something similar applies to the design of institutional support for citizens. The key question is: What functionings are defined as desirable by society?<sup>93</sup> Or in other words, what dimensions of quality of life are guiding social, education and employment policies?

It seems obvious that no government programmes can have a completely individualised orientation. Therefore, there must be a definition of the ideal functionality or quality of life by the whole of society via the political institutions that provide support. There are many different proposals for measuring the quality of life based on the capability approach. There are publications on the transformation of resources into capability [see Ruggeri 1999], but the main strategy is to focus on those functionings which measure peoples' well-being. We have taken here as reference :

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<sup>92</sup> The <conversion factors> have a conceptual proximity to Putnam's <social capital> and to Bourdieu's <social field>.

<sup>93</sup> That means society's defined ideal set of functionings.

- a) The work of Nussbaum [2007],
- b) The <Commission on the Measurement of Economic Performance and Social Progress><sup>94</sup>
- c) The proposal on <Sustainable quality of life> of Robeyns & van der Veen [2007].

Restricting the analysis of these proposals to those influenced by the capabilities approach, we see eight common dimensions of quality of life: health, knowledge and intellectual development, physical security, time management, social relationships, living environment, personal safety, and political rights and participation. Comparing these dimensions with the proposals to measure quality of work made by the European Foundation, we observe a high degree of agreement (see following table).

According to our definition, vulnerability decreases in relation to the growth of capacity for action. The decision-making capacity of a person depends on his actual set of functionings. But taking the labour market as the main focus for converting capabilities into new functionings, the question is: which of these capabilities are the values that define the occupational status of citizens? Or in other words: Which of these capabilities are recognised as capital in the labour market?<sup>95</sup> The labour market or the labour market segments could be conceived as social fields in which, through complex social bargaining processes, the social standing of a person is defined – more precisely his occupational status. These social fields could also be interpreted as a web of social conversion factors.

In a way, we return to the resource-based approach, assuming that capabilities are convertible into relevant labour market resources i.e. capital, which increases or restricts the citizens' opportunities for professional development<sup>96</sup> or for achieving new levels of functionings. Under this premise, we can ask precisely how tertiary lifelong learning, which develops new capabilities (learning outcomes), impacts on the stock of labour capital by improving or maintaining an individual's occupational position associated with his actual level of functionings, i.e. the quality of his work and life.

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<sup>94</sup> This commission has been created on initiative of the French government under the presidency of N. Sarkozy at the beginning of 2008.

<sup>95</sup> We make here reference to the notion <capital> in a broad sense.

<sup>96</sup> It is important to underpin again, that not all functionings are convertible in resources, which means in capital relevant in the labour markets.

<b>Table 21</b>	
<b>Links between Well-being Dimensions and Quality of Work</b>	
<b>Well-being</b>	<b>Quality of Work</b>
Health	Labour health and well-being
Knowledge & intellectual development	Career development Learning organisation Qualification Learning
Economic security	Income Employment status
Balance of time	Working and non-working time
Social relations	Social infrastructure Social relations
Living Environment	Risks exposure Work organisation
Personal security	Personal Security
Political rights & participation	Social Protection Workers' rights

The term capital refers to a broader faculty to mobilise economic, social and cultural resources for the generation of well-being. Besides physical and financial capital, we quote, for our study, three capital types that occupy prominent places in on-going social science debates:

- human capital;
- cultural capital;
- social capital.

In our discussion of these different types of capital, we have not make a proper distinction in the definition of what is human or cultural capital. The differences lie in the different conceptual frameworks in which they are used, for instance by Becker and Bourdieu. For practical reasons we propose then to use the term human capital for knowledge, skills, competences and aptitudes with an obvious labour market relevance. In this senses, human capital is here seen as functionally oriented cultural capital. Social Capital has been defined, in a restricted sense, as social relations (in the sense of network capital). Norms, values and patterns of behaviour, which e.g. Putnam and Coleman conceive as elements of social capital, are transformed into capital by using the terms <social field> and <social embeddedness>.



The particular consideration of what is considered capital and its value depends on the social fields, in our case of the labour market segments, thereby determining the potential occupational standing of every citizen. From this perspective, we questioned whether tertiary lifelong learning affects capital stock and how it might do so. The hypothesis is that a lifelong learning university produces particular learning outcomes that, at best, are recognised in the labour market segments as an increase in the stock of human, cultural and social capital. This conversion of learning outcomes into capital that is relevant to the labour market segment improves the marketability of learning citizens and offers them opportunities to maintain or improve their functionings. However, to participate in university learning programs, the learners must invest their own capital and time. Their degree of social vulnerability influences, in some degree, their ability to participate in lifelong learning and to renew their capital stock.

Under such a premise, higher education has the social function to contribute (i) to qualitative work-life progress of the citizens and (ii) to the management of social risk, providing proper tertiary lifelong learning opportunities for new groups of students. Moreover, higher education must take its place in social risk management within the short, mid and long term perspective. The challenge is how tertiary lifelong learning can contribute to the achievement of new functionings vis a vis the labour market. Without excluding the possibility that lifelong learning by itself allows the achievement of new sets of functionings, we ask here *how tertiary learning outcomes are converted into human, cultural and social capital, valued in the labour markets as opening new opportunities to achieve a better quality of work and life.*

We understand the labour market and its segments to be a social field in the sense of Bourdieu. Social fields are complex social bargaining processes determining whether a learning outcome has a value in the labour market, both generally and in the relevant segment. The value of human, cultural and social capital held by citizens defines their labour market standing and permits them to acquire economic capital (salary in this case), to achieve healthier labour conditions, or to gain more freedom to manage their own time. Participation in university lifelong learning programmes is aimed at improving the level of functionality for students, for example providing them with new knowledge, to support their intellectual development and facilitate new social relationships. But, because our project is focused on labour transitions and the maintenance or improvement of the learners' labour market position, the tertiary lifelong learning outcomes should be recognised as valuable for labour market segments. That means that the new capabilities achieved through learning must be converted into human, cultural and social capital in labour markets, and that is a complex process of social bargaining in these specific social fields. In other words, each segment is conceived as a social field, determining which functionings are convertible to capital and the value of the capital stock of each individual, and so defining their positions and their occupational opportunities in the labour market. This will depend

upon their capital stock and its valuation in the labour market segments.<sup>97</sup> The comprehensive capital approach, together with the idea of labour markets as contested terrains, allows a discriminatory view of the function of lifelong learning measures in the different labour markets

The previously described concept to measure the social effectiveness of tertiary lifelong learning puts people at the centre, asking for the institutional support they will need in situations of labour transition in order to develop their capabilities by investing in the value of their capital stock and their position and status in the labour market. But capital accumulation is not an end in itself, it is a resource for achieving functionings, quality of work and life. In other words, the question is

- Are tertiary lifelong learning programmes effective in increasing the value of the capital stock of the individual and to reducing the social vulnerability of the risk groups?

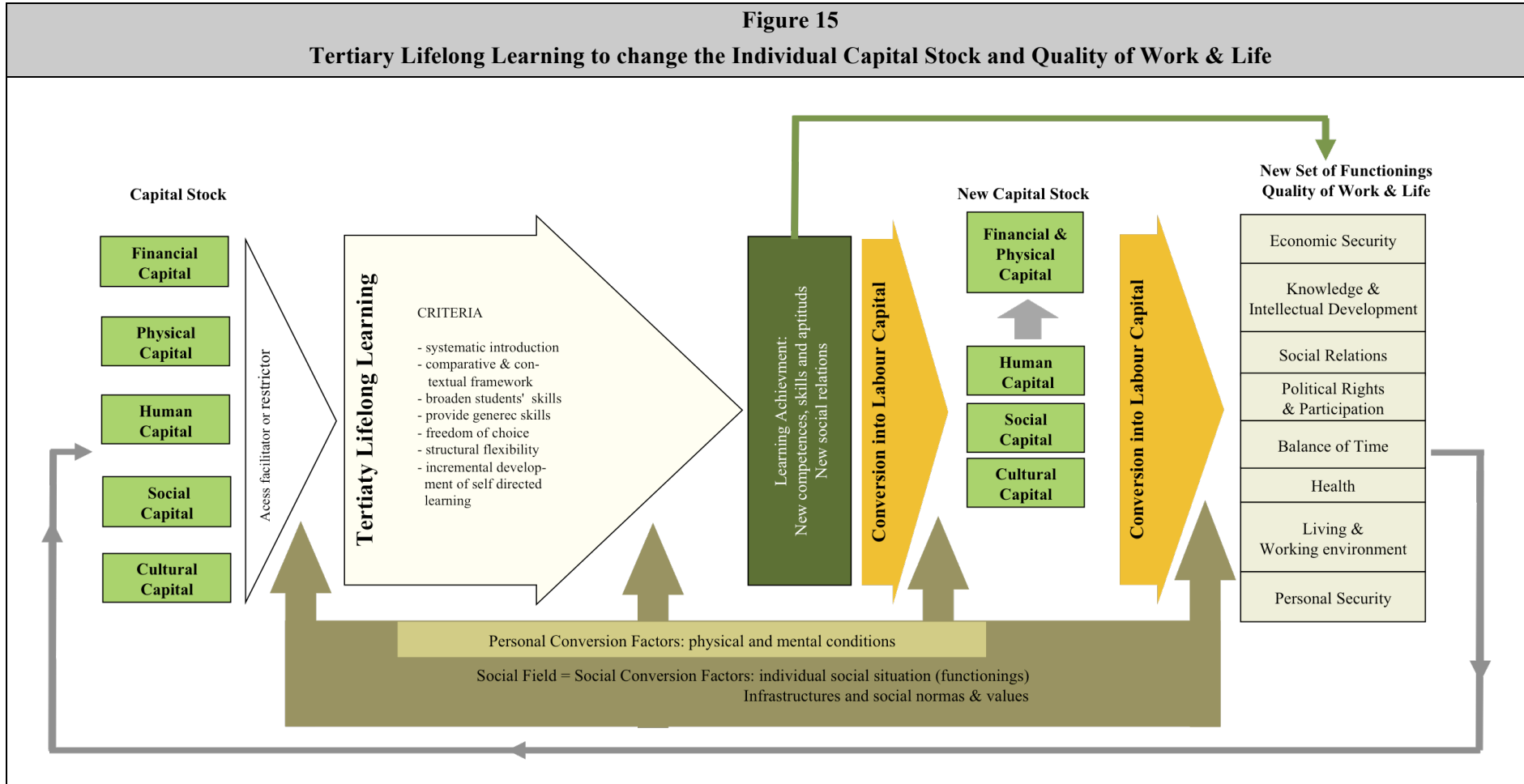
Under this perspective, it seems clear that higher education must be integrated into a wider institutional network structure to obtain an accurate analysis of the developments in the labour markets, to provide a socially sensitive assessment for citizens. This would take into account situations of social dangers and risks and their expectations of quality of work and life (i) to design adequate lifelong learning programs, (ii) to give institutional and financial support to people in labour transition, especially those who are vulnerable to social risk and those older than 45 years, women and ethnic minorities, and (iii) to monitor the social effectiveness of tertiary lifelong learning programmes. But it seems also clear, that higher education institutes must adapt their internal structures and procedures in order to meet these new challenges.

The evaluation of the social quality of a tertiary lifelong learning programme must take into account the objectives expressed at the societal level, as well as those of the tertiary education institutions and the learners, thus combining three perspectives. At all three levels, we can assume that the different individual and social participants have developed expectations regarding the learning outcomes of the programme and their impact on the learners' potential in the labour markets in the short, medium and long term. This can be called the ideal set of functionings that individuals may want to achieve. These are then the parameters on which the degree of satisfaction with the programme outcomes can be measured.

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<sup>97</sup> One capability, i.e. the capacity to speak Russian is considered in the labour market segment of tourism in a region with a high attraction for Russian tourists as a capital with a high value, but in a labour market of an industrial production segment in the same region the same capacity has a low value.

**Figure 15**  
**Tertiary Lifelong Learning to change the Individual Capital Stock and Quality of Work & Life**



Our project starts from the assumption that age is a vulnerability factor in the labour markets. In the past, this vulnerability has been managed through the labour market in strong economic circumstances, and well rewarded monetarily. However, the active participation rates in the member countries of the UE-27 continue to fall significantly from the age of 45 onwards. The reforms of pension systems in the countries of the EU-27 make it increasingly unlikely that the passive mechanisms of monetary compensation, like early retirement, will continue. This was reflected in the temporarily active participation and employment rate of people older than 45 years during the 2000s. This trend, along with the general increase in the number of people with an educational level equivalent to higher education, indicates that it will become increasingly urgent to design tertiary lifelong learning policies aimed at the integration of people over 45 years, and to facilitate human, cultural and social capital to maintain or improve their occupational standing.

The THEMP project proposes a tentative research study in 21 universities from 7 European countries a) to check the reliability of our concept to manage the social quality of tertiary lifelong learning, and b) to create, together with universities, instruments and tools to manage social quality. The research would comprise three phases:

- a) A series of interviews with people responsible for tertiary lifelong learning programmes and participants in its planning and implementation, including teachers and students.
- b) A series of interviews with students on the social quality of the programmes in which they participated.
- c) Mutual learning activities involving universities and research organizations in the proposed project.

The goal is to have a full recognition of the field work by the universities in order a) to facilitate exchange of experiences among the participating universities in the field of tertiary lifelong learning and b) to develop tools and instruments for the management of social quality responding to the participation of universities, and to those students and political institutions which could be integrated into the routines of university management.

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Main challenges of the ageing knowledge economy are constant upgrading of the skills of the working population and mitigating new and old social risks. In the aging and globalised knowledge economy, the people in mid-life are increasingly exposed to social risks of exclusion from the labour market and formal Lifelong Learning (LLL), specifically Tertiary Lifelong Learning (TLL).

The access of mid-life learners to TLL and their retention in the education and training system have an increasing relevance for the socio-economic sustainability of the ageing European knowledge society. TLL is considered a key to develop more inclusive and responsive universities. Opening HE for mid-life learners, designing flexible pathways from VET and professional experience to higher education, flexible learning arrangements conciliating family-work life and learning and the adaptation of didactical methods in HE are challenges to affront problems of the aging knowledge society. Opening Higher Education (HE) to this group is still a minor aspect of education and training reforms, but it is a strategic goal to raise the skill level of the adult EU population, as well as closing the mismatch between supply and demand for high-skilled workers.

The project THEMP aims to study the TLL of HE institutes in several countries with respect to inclusion of mid-life learners. At the core stands a comparative study with concrete example analysing statistically available data, making series of interviews with decision makers, stakeholders, lecturers and mid-life learners. The study will analyse the efficiency of TLL programs in achieving the integration of mid-life learners in terms of access to and retention in programs, their duration, the creation of learning pathways and didactical innovation. The results of this study will allow advances in the design of core conditions of socially and economically effective TLL programs for mid-life learners. The project will use a combination of social research and active participation of the university under scrutiny facilitating mutual learning between HE-decision-makers, stakeholders, practitioners and learners.

For the social research, the project uses an innovative combination of Transitional Labour Market approach to define and measure situation of social risks; and the Capability and Capital approach to operationalize employability and well-being. It will provide differentiated tools to analyse TLL programs and their integration in the general higher education systems based on adequate definitions of efficiency and quality to evaluate the inclusion of mid-life learners. It will also analyse the regulation of the TLL system, not only with respect to labour markets and society, but also its internal regulation in terms of access, learning pathways, certifications, recognition of prior learning and funding. Special attention will be paid to the relation to the Bologna three-cycle system and the ECTS. Another area of analysis will be the analysis of didactical innovation in the TLL programs to assure the retention of non-traditional students in the TLL-system.