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**Human Resource Development for Social Capital:  
An intricate process of knowing**

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## ABSTRACT

No century in human history has experienced so many radical social transformations as the twentieth century (Drucker, 2001). The transition to a knowledge society leads to a knowledge based economy. This revolution is fomenting a shift in how value is created and perceived. Value in this perspective is the creation of organisations that create and utilize knowledge as the main resource of input of adding value to products and services. Innovation and flexibility are the main drivers of this value (Harrison & Kessels, 2004). In an economy where knowledge is dominant, daily operations in organisations should be designed to support knowledge productivity (Kessels, 2001). This process entails identifying, gathering and interpreting relevant information, using this information to develop new skills and then applying these skills to improve and radically innovate operating procedures, products and services (Keursten et al., 2006). We strongly believe that understanding the processes of knowledge productivity and organizing a knowledge productive work environment will become one of the main challenges for Human Resource Development (Kessels, 2004). This paper describes Human Resource Development (HRD) as the process of organizing individual and collective learning processes aimed at the professional development of employees and the functioning of organisations (Poell, 2006). HRD activities, training and development have traditionally focused on the building of human capital, the accumulated knowledge and skills of employees. This view may seem too restrictive for modern organisations where collaborative, social actions are necessary for survival, improvement and radical innovation. Here, we enter the domain of social capital.

Studies on learning and organisational performance offer several attempts to relate formal education with organisational economic performance (e.g. Philips, 1997; Swanson & Gradous, 1990). In this paper we explore a different perspective, in which we argue that within a knowledge economy, social capital is a organisational resource crucial to the ability to innovate and thus to perform. Organisational learning is considered as an important ability to survive in an environment fueled by intangible assets. This paper describes learning as a social process, that most effectively takes place in an working environment in which interpersonal connections offer powerful learning opportunities. Based on this viewpoint, social capital offers a new perspective in understanding organisational learning and performance. Social capital can be described as a network of connections between individuals, based on trust, respect, appreciation, reciprocal appeal, integrity, transparency and shared norms and values (Kessels & De Jong, 2007). Based on this viewpoint, this paper offers conceptual insight into the relationship between social capital, knowledge productivity and organisational performance.

Studies on organisational learning, innovation and knowledge productivity indicate that the way people actually work differs fundamentally from the way organisations are designed (Brown & Duguid, 1991). Significant learning and innovation processes take place within informal social networks or so-called communities of practice (Wenger et al., 2002). The core principles of this perspective are profound and simple, and they reflect something many of us know in our bones to be true (Stamps, 2000):

- ▼ Learning is social
- ▼ Learning happens on the job

At the same time, HRD research on stimulating learning and knowledge productivity related to social networks and social capital is relatively uncharted territory. This paper investigates the relationship between human capital, social capital and organisational performance. We will explore how human capital is embedded in a rich network of social connections, and how these connections can be facilitated and nurtured. Thus, learning is not about transmitting knowledge, but an intricate social process of knowing in the workplace.

## INTRODUCTION

In this introduction the viewpoints regarding the central themes are presented. These are: the role of knowledge and innovation within organisations, the process of knowledge productivity within organisations and the connection with social capital theory. Based on these insights, we present the central questions of this paper.

### **The role of knowledge within organisations**

In the context of our emerging knowledge economy it is vital to create a better insight in how organisations can develop new knowledge that can be transformed into sustainable innovation. In our knowledge economy the ability to innovate contributes to growth, development and economic prosperity. Another aspect that is relevant in this context relates to the organisational ability to be knowledge productive (Harrison & Kessels, 2004). Herein, knowledge productivity is increasingly being considered as the ability of individuals to identify, gather and interpret relevant information, using this information to develop new skills and then to apply these skills to improve and radically innovate operating procedures, products and services (Keursten et al., 2006). The era of simply implementing new knowledge that was developed in the R&D department has long passed. The ability to be knowledge productive depends upon employees with the ability to work with colleagues in a social environment that consists of social networks within and also across organisations (Kessels & Poell, 2004). The knowledge to do so is mostly present in the form of shared experiences, viewpoints, and input from outside the organisation that are embedded in professional networks. This perspective of knowledge demands that organisations are able to mobilise and connect the knowledge of employees within networks in order to be able to use this knowledge to improve working procedures, products and services.

### **Viewpoints behind the process of knowledge productivity**

This paper considers knowledge as the process of connecting the distributed capabilities of employees within social networks. It focuses on how organisational members learn by interacting and cooperating with others. Herein, we see knowledge as an active social process instead of knowledge as a generic, objective product. This conception of knowledge and the resulting process of knowledge productivity has a profound impact on designing work processes. It demands the broad involvement of employees in designing their own work and organisational processes. Especially, it has an impact on the way knowledge productivity is realised through training, learning and cooperation. Knowledge is to be considered as a social process of knowing. Knowledge could then be further operationalised as the process of developing capabilities of interaction between employees. It is worthwhile to consider the conditions that can optimally facilitate the process of knowledge productivity. In this paper, five perspectives are presented:

#### ***1. Knowledge as a collective social process***

Knowledge productivity is considered as a social process and not as the product of an individual process of collecting and processing information. Knowledge is created through interaction between organisational members around meaningful topics in a social context, and not through information sharing that often takes place in training settings fitting in a pre-described learning plan (personal development plans). Social learning processes become more powerful when participants feel safe, are invited to participate, are respected for who they are and are appreciated for their effort and input. The chance that this safe environment is obtained can be realised when the goals of participation are transparent and the motives to participate are exchanged.

#### ***2. A safe learning environment***

A safe learning environment demands clear goals of participation that are transparent for all organisational members. In a safe learning environment it is easier to discover organisational members' personal interests, drives and passions. It is this personal interest that will have a positive effect on the learning motivation and the investigating attitude that is essential for knowledge productivity. If the environment is not safe, organisational members will hold back in showing personal interest and preferences for specific domains, content and possible collaborating partners.

### **3. Room for initiative**

Knowledge productivity within organisations can be stimulated through encouraging and supporting organisational members to take the initiative in handling urgent organisational questions, and to invite other relevant colleagues to participate. By creating room for initiative, organisational members will become more entrepreneurial and in doing so create networks of likeminded colleagues in which they can operate. In doing so, they need the supportive attitude of their superiors. This can facilitate the process of knowledge productivity.

### **4. An appreciative environment**

Instead of focussing on formal structures, hierarchy, task descriptions and obedience to the corporate strategy, the form of knowledge productivity this paper suggests would prosper in an environment in which organisational members feel welcome and invited to participate based on equality. Working from a personal identity is crucial in this perspective. Investigating personal ambitions and getting the support and appreciation to do so is the dominant lever to enable colleagues to productively connect to each other in their working environment.

### **5. Developing social skills**

Working in this proposed working environment demands a high level of social and interaction skills of each organisation member. This is necessary to constantly create and maintain the productive environment around the work in which knowledge productivity takes place. It demands that organisational members are critical on specific content while at the same time showing respect and appreciation for individual differences. This entails a well developed ability to give feedback and ask critical questions that create room to further explore and participate, in stead of reprimanding or disapproving colleagues.

## **CENTRAL QUESTIONS OF THIS PAPER**

The perspectives that are presented in the previous paragraph regarding knowledge productivity within organisations call for discussion and debate. In this paper we focus on further developing our ideas around three central questions:

- ▼ Can Human Resource Development (HRD) contribute to the process of knowledge productivity and thus also to the economic prosperity of organisations? And if this is possible, what typify these HRD-contributions and which approach on return on investment (ROI) is most suitable?
- ▼ How do we characterise social capital and its consequential returns on knowledge productivity? We will try to further explore the notion that a work environment with well developed social capital offers a strong environment for knowledge productivity.
- ▼ The third questions aims at connecting HRD-efforts to the development of social capital and the forthcoming economic returns. Can we make it plausible that certain, knowledge productive HRD-initiatives contribute to building social capital and thus an increasing economic return within an organisation?

## **ON SOCIAL CAPITAL**

The characteristics of a safe work and learning environment strongly correspond with what some authors describe as social capital (OECD, 2001; Field, 2005). In this paper social capital is described as the network of connections between individuals, based on trust, respect, appreciation, reciprocal appeal, integrity, transparency and shared norms and values (Kessels & De Jong, 2007). Knowledge productivity is a precondition for an organisation to grow, develop and have economic success. Powerful processes of knowledge productivity depend upon a high level of social capital within an organisation. It is this viewpoint of knowledge as a social process of knowing (Huemer, Von Krogh & Roos, 1998) which presumes that strong social capital provides the environment in which knowledge processes can take place and prosper. HRD can contribute to creating the conditions for knowledge productivity and also equip organisational members with the necessary social skills to maximize its impact.

## **THE CONTRIBUTION OF HRD TO SOCIAL CAPITAL AND ECONOMIC PROSPERITY**

After the previous exploration it is relevant to now focus on the question of whether HRD can contribute to the process of knowledge productivity and thus also to the economic prosperity of organisations. And, if this is possible, what typify these HRD-contributions and which approach to measuring return on investment (ROI) is most suitable to capture their value? We adapt the description of Poell (2006) when he defines HRD as “organizing individual and collective learning processes aimed at personal and professional development of employees, as well as the functioning of the organisation as a whole”. In line with this definition, HRD could very suitably be the profession where processes regarding knowledge productivity, innovation and social capital are investigated, and where, based on these insights, it proposes and executes interventions aimed at stimulating and reinforcing facilitating factors of knowledge productivity and removing hampering factors.

The relationship between HRD, social capital and economic returns cannot simply be described in costs and benefits. In the perspective of knowledge productivity, HRD is successful when it reinforces the vision of learning in social networks that thrive when organisational members feel free to create meaningful working relationships in which they can develop their talents in collaboration with colleagues. However, working on social capital from a HRD perspective can encounter resistance. A lot of managers will state that organisations do not operate like this and that employees need structure and guidance in order to develop themselves. A reoccurring tension is that managers interpret the need for space to develop personal interests, ambitions and passions as a chaotic playground wherein everybody does as he pleases - a situation that will inevitably end up in total chaos, especially for large organisations where organisational members need clear guidance within existing structure and strategy. These organisations often utilize interventions such as lengthy learning tutorials, functional handbooks and learning contracts. Herein, economic principles such as control, efficiency and profit-maximalization are dominant and that is why some authors refer to these organisations as “economic output steering organisations” (Peters & Pouw, 2004). The desire to command and control go hand in hand with clear rules that ask for strict maintenance. This often leads to very strict planning and learning targets for which employees are accountable. The urge to push for performance and realise predetermined results may also create an atmosphere of distance and distrust. This pressure to perform can lead to a perverted environment in which people will do everything it takes to realise positive result. This type of development does not facilitate the creation of strong social capital within an organisation that needs transparency, integrity and trust. In this way the classical approach in terms of control and output management creates tension with the development of creating sustainable social capital. Viewed in this light the classical structural approach hinders the development of social capital and, in turn, hampers knowledge productivity, innovation and their sustainable capability to contribute to economic returns.

## TWO WAYS TO LOOK AT ROI

We distinguish two perspectives on ROI within the profession of HRD. The classical approach uses educational initiatives as an instrument to improve the organisations return based on improved economic growth. In the classical approach emphasis is made on clear interventions aimed at formal educational initiatives and learning (often off-the-job). These initiatives are linked to previously identified goals and objectives. The ROI is determined by defining the level of return before the intervention and again afterwards by correlating these educational initiatives with growth and profit (Witziers, 2001). The other approach views learning and sometimes also knowledge as a social process. The process of knowledge productivity is at the heart of this approach and is described as the ability of individuals to identify, gather and interpret relevant information, using this information to develop new skills and then to apply these skills to improve and radically innovate operating procedures, products and services (Keursten et al., 2006). The ROI in this approach is determined by looking at the increase in innovation and, perhaps even more importantly, the ability to be innovative.

### *Steering on economic output in ROI*

The most popular perspective in measuring ROI in HRD we call the classical perspective on ROI. This perspective starts by stating that every educational investment must have an added value that is more than the costs of the initial effort plus the investment. This is characterised by a corporate strategy which translates itself to specific job descriptions of the personnel. Because of the changing markets in our economy, these kinds of organisations set up learning initiatives for its personnel to keep up to date. The new knowledge and skills that organisational members obtain there is used in the work and in this way ROI can relatively easily be made measurable in relationship to a specific investment. For instance by using criteria as the number of complaints per week, satisfaction of customers per month, energy use per day, etc. This perspective on investing in personnel is strongly linked with classical learning initiatives within the organisation: classroom activities, off-the-job and course oriented. These kinds of learning initiatives are easy to monitor, and as a company these HRD-initiatives can be made measurable by relating them to the organisational economic growth number (Kearsley, 1982; Swanson & Gradous, 1990; Philips, 1990; Carnavale & Schultz, 1990). Most critical point we wish to elaborate on is that the awareness of the HRD field that the transfer of these learning processes (off-the-job, strategy based, course oriented) to the actual working environment is very low and, therefore, not effective (Broad & Newstrom, 1992; Latham & Crandall, 1991). This is a paradox, because clearly these two insights contradict each other. Adherents to the classical perspective on ROI are generally in favour of this instrumental approach of using educational HRD initiatives. It gives clear structure to make costs and opportunity identifiable. Herein, procedures and rules are implemented very quickly in the learning initiatives of these kinds of organisations in order to make work processes and learning processes explicit. In this way you can attempt to measure returns. Besides this, signals from the surrounding environment can be translated into the corporate strategy in order to use HRD initiatives to support this strategy.

### *Improving ROI by knowledge productivity*

There is another perspective on ROI. An important characteristic of this view is that it regards learning and knowledge as a social process. In an economy where knowledge is dominant, daily operations should be designed to support the process of knowledge productivity (Kessels, 2001). Knowledge productivity within this perspective is based more on a social process than on an individual process of information processing. In this perspective there is a close relationship between the social context in which individuals are embedded and the consequential individual learning abilities of these individuals. Within this perspective work processes are increasingly viewed as learning processes. Here, learning takes place in cooperation with colleagues, clients and other relevant external partners. One step further in thinking about learning is to consider the outcome of these interactions between work and learning as a social process. The knowledge that is the result of this kind of learning can be described as a social process of knowing (Huemer, Von Krogh & Roos, 1998). The process of learning together, developing knowledge collectively and the returns generated from these processes are very difficult to separate from each other. Learning and working are part of one social process. Participants in this process give meaning to the learning and working that takes place and the knowledge that is

created by it. Seen in this light it is important that organisational members connect with each other. These relationships are very difficult to manage. A consequence of this viewpoint is that when social connections are severed, the knowledge is also gone. The active facilitation of connection and social networks of organisational members results in strong social capital that expresses itself in knowledge productivity. The return on this facilitation is made tangible in the increase in the amount and quality of employees' utilisation of information to develop new skills and then to apply these skills to improve and radically innovate operating procedures, products and services. In a knowledge economy these are crucial aspects for economic prosperity. The existing literature examining the direct relationship between social capital, innovation and economic prosperity at an organisational level is scarce, but research indicates a positive relationship (OECD, 2001; Pennings, Lee & Witteloostuijn, 1998; Tsai & Ghoshal, 1998).

## **CHARACTERISTICS AND RETURNS OF SOCIAL CAPITAL**

The second question of this paper tries to elaborate on the meaning of social capital within organisations. Herein, the characteristics of social capital will be discussed and based on this viewpoint we will argue that organisations with a high level of social capital offer a rich environment for knowledge productivity.

### ***Social capital***

The notion of social capital gained increasing attention during the decade of the nineteen-seventies of the twentieth century in studies on social relationships within villages and cities to better understand welfare and well-being (Smith, 2005). In the eighties, influential researchers on social capital such as Bourdieu and Coleman described social capital strikingly by referring to it as "the people's ability to work voluntarily together" (Coleman, 1988; Bourdieu, 1986). During the last fifteen years political and economic studies show an increasing interest in social capital, because it offers better understanding to why certain groups or communities do better (economically) than others (Grootaert, 1998; Putnam, 2000). Social capital can be seen from both a social and capital dimension. To make this clear we offer some perspectives. Physical capital is rooted in an object meant for production of some kind. You can buy a hammer and build a table for instance. One step further is the notion of human capital (Schultz, 1961; Becker, 1975) and later in time intellectual capital (Mayo, 2001; Coulson-Thomas, 2001). Intellectual capital refers to investing in educational initiatives for personnel to create a positive effect on quantity and quality of production. A majority of organisations and policy makers believe strongly in investing in education and schooling in order to boost the level of intellectual capital in order to raise individual's effectiveness. Social capital approaches this relationship differently and states that some social networks are more productive than others. These networks have richer social connections (Putnam, 2000) and have value for a country, community or organisation. The relationship between social capital, wellbeing and prosperity on a macro-economic level has been given extended attention (Fukuyama, 1995; OECD, 2001; Putnam, 2000). Social cohesion is closely linked, for instance, to the level of well-being or productivity in a region. Besides this, social capital has a significant effect on the wellbeing of children and lowers the crime rate in cities. On a macro level, social capital can be described as the level of (inter) personal trust between individuals based on interpersonal norms of reciprocity (OECD, 2001; Putnam, 2000).

Social capital has a starting point that social relationships play an important role in economic and social activities. Studies on a national level show a significant relationship between social capital and educational level, wellbeing and welfare (Field, 2005; OECD, 2001). In general this is not surprising. Almost every activity nowadays demands a form of collaboration. Collaboration is largely dependent on the social network in which individuals operate. Social networks consist of the relationships within which individuals encounter each other. In this light social capital enables the development of intellectual capital. Social capital is a metaphor for advantage on many levels, such as income, access to relevant information and well-being (Burt, 1997). The impact social capital has on communities is impressive, strong social cohesion is empirically related to health and crime (OECD, 2001; Putnam, 2000).

## SOCIAL CAPITAL IN ORGANISATIONS

In business studies, social capital is also referred to as organisational social capital (Leana & Van Buren, 1999). In contrast to an industrial economy, the knowledge economy is characterized by the fact that every organisational activity is no longer executed by individuals, but by collaborations, or so-called social entities. These collaborative processes demand a high level of social cooperation (Fukuyama, 1995). Because of this, more attention is being paid to creating an attractive social environment, which is described as social capital. Business studies of the last decade concentrate on the role of social capital and the effect it can have on innovation and performance of organisations (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998). If we more closely examine studies into social capital, other aspects besides economic returns are relevant. These non-economic returns appear in the form of increasing personal well-being, knowledge and skills that are developed stronger social cohesion and, finally, the ability to innovate. This development is specifically interesting if we realise that our economy is shifting towards a knowledge based economy. Individuals, teams and organisations must develop the ability to create a work and learning environment which focuses on developing new skills and then applying these skills to improve and radically innovate operating procedures, products and services (Kessels, 2005). Facilitating an environment in which learning as a social process can take place is crucial to the success of this development. Herein social capital differs from other forms of capital in three ways (OECD, 2001):

- ▼ The value of social capital is found in the relationships between people and is not owned by an individual
- ▼ Social capital is accessed publicly and is shared by a group or community, and
- ▼ Is produced by social investments in relationships over a period of time.

## HRD, SOCIAL CAPITAL AND ECONOMIC PROSPERITY

In finding an answer to our third research question we will argue that certain HRD-interventions aimed at improving knowledge productivity and innovation contribute to the building of social capital and therefore to the economic prosperity of the organisation.

Our main chain of reasoning in this paper is based on the idea that innovation is a crucial condition for economic growth and prosperity. In our knowledge economy these innovations are mostly a result of knowledge productivity within organisations, usually within teams on diverse levels. Knowledge productivity is a form of learning. In this paper we have argued that knowledge productivity and the learning processes necessary to support it are mostly social processes and that for this reason social capital is gaining relevance within the context of organisational studies. A working environment with strongly developed social capital has a range of characteristics that facilitate interpersonal connections and maintain and develop social networks. This has a positive effect on knowledge productivity. The question that remains is: which HRD-initiatives contribute to stronger social capital with regard to knowledge productivity and thus increase economic returns within an organisation? In order to provide insight in the last research question we will use the work of Nahapiet and Ghoshal (1998) who describe social capital from a structural, relational and cognitive dimension.

### ***How can HRD can contribute to the structural dimension of social capital?***

The structural dimension of social capital is described as the composition and structure of connections between individuals. Herein we consider the structural dimension as the pattern of connections between individuals. We describe this as the structural element of a network: who can you reach in your network and via what route? (Nahapiet & Ghoshal, 1997; Van Der Sluis & De Jong, 2007). HRD can offer a supportive role to create an environment for individuals to meet each other. It is vital to bring people together from different perspectives and backgrounds (Kessels & Poell, 2004). To accomplish this requires active support and conscious work on organisational development. However, it will not be effective to force individuals to meet each other. It will be crucial to arrange structural conditions such that it will be attractive to participate. Important aspects that we mention are:



- ▼ Bringing different perspectives together
- ▼ Offering an attractive structure in which to do so
- ▼ Facilitating meetings and creating time to investigate each others' ambitions and goals
- ▼ Creating room for initiative
- ▼ Encouraging and rewarding participants

Therefore, HRD interventions should aim at creating a safe learning environment, where participants can investigate each others' ideas and perspectives, without feeling hindered by status, power or hierarchy.

#### ***How HRD can contribute to the relational dimension of social capital?***

The relational dimension of social capital focuses on specific relationships individuals have with each other that influences their behaviour (Nahapiet & Ghoshal, 1998). The relational dimension goes further than the structural dimension, which only focuses on the pattern of social networks. It does so by looking at the quality of relationships (Van Der Sluis & De Jong, 2006). The relational dimension represents an important aspect of the ability of individuals to work together. In this dimension, aspects such as trust, safety, respect and shared norms and values are dominant. HRD can play an important role by inviting individuals to collectively design learning initiatives and to connect these to existing social networks. Seen from a relational perspective, it is very difficult to design learning activities outside already existing social networks. Emphasis should be put on collectively designing these initiatives, and by creating experiences of cooperation around an urgent topic. For this reason HRD will need to focus more on supporting individuals in the capabilities required to connect with others, and to maintain these relationships. Herein the following aspects play a dominant role:

- ▼ Creating a safe and constructive learning environment
- ▼ Promoting an appreciative approach to learning, and
- ▼ Developing a curious attitude of individuals in order to connect with each other

#### ***How HRD can contribute to the cognitive dimension of social capital?***

The cognitive dimension represents the shared images, stories, and meaning of individuals within a social network. Nahapiet and Ghoshal (1998) refer to this as shared narratives and language. The cognitive dimension is often regarded as less important than the structural and relational dimension. We disagree. The cognitive dimension refers to creating shared meaning. It entails the way individuals connect and what images and perception they create doing so. HRD could very well take initiative to reflect on these connections by organizing meetings. Through working on the reflective capability of a group, individuals work on connecting shared stories, images, experiences and meaning. These reflections can be seen as social lubricant that make it easier and more attractive to connect. Shared stories and language have a positive effect in sharing and creating new knowledge. Besides this, stories, myths and metaphors are a very powerful vehicle to maintain and develop social capital (Nahapiet & Ghoshal, 1998). To go even further, Orr (1990) offers arguments that sharing stories and myths make the exchange of tacit knowledge easier and have a positive effect on the work environment and innovation.

## IN CONCLUSION

This paper aims to connect HRD, social capital and economic prosperity. In order to make this connection it is important to underline the social process of learning and knowledge productivity. Herein, knowledge itself could also be viewed as the distributed capability that resides within social networks. To better understand this, we have used social capital theory that offers us the means to describe the work and learning environment within an organisation as a network of connections, based on respect, appreciation, integrity, trust, transparency and shared norms and values. From this viewpoint it is not difficult to posit a relationship between social capital and knowledge productivity: the ability of individuals to identify, gather and interpret relevant information, using this information to develop new skills and then to apply these skills to improve and radically innovate operating procedures, products and services (Keursten et al., 2006). Knowledge productivity is in itself a learning process that is strongly dependent on characteristics of social capital. The relationship between social capital, knowledge productivity and economic prosperity can be better understood in the context of a developing knowledge economy wherein the ability to be innovative is more sustainable than short term, financial indicators. A chain of reasoning such as this demands a different point of view on ROI. The classical view on ROI does not provide us with an answer to the question of how to sustain important organisational capacities necessary for long term survival: the ability to be innovative and knowledge productive in a social learning environment. Steering on financial indicators without a stimulating and challenging vision on improvement and cooperation often destroys aspects of social capital such as trust, transparency and integrity. It hinders even the design of a learning environment that supports innovation and knowledge productivity, which in a knowledge economy is essential for any organisation to survive.

Building on these ideas, we have argued that HRD can deliver added value in designing a stimulating environment in which social capital can grow, which positively affects sustainable learning, knowledge sharing and eventually has an impact on economic prosperity. A healthy financial organisation is in this light a precondition for meaningful growth and development, rather than a goal in itself. The work of Nahapiet & Ghoshal (1998) offers HRD specific interventions that can strengthen social capital through the structural, relational and cognitive dimension. Although research into learning at the workplace continually deepens our understanding of the social environment in which individuals operate, there are still many questions unanswered (Berings, 2006). By connecting HRD, social capital and economic prosperity, emphasis on future research in learning at the workplace should be at the social relationships of individuals and although the possibility to exert influence on the characteristics of the social environment. Critical point in social capital still remains the notion that it is always a positive construct within organisational studies and that HRD gratefully uses this. Serious studies on social capital have showed its relevance on the macro-level. For this reason it is not at all strange to carry on the research on a business level. Although HRD is not the first discipline to investigate the relationship between social capital and economic prosperity, HRD-practitioners can strengthen social capital by focused interventions. This paper represents a first step in framing the arguments and reasoning supporting the idea that there is indeed a positive relationship between HRD, social capital and economic prosperity.

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