

How Social Media contribute to human and social capital

by

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1. ABSTRACT

Social Media provide an easy gateway for everyone to access and publish information. The simple to use technology therefore offers potentials to strengthen human and social capital of societies. The article claims that social participation, economic benefits for enterprises, better innovation processes and educational advantages contribute to human and social capital. Regarding the relatively high user rates of social media in emerging countries, the promotion of competences and interest for a purposive use of social media can contribute to preserve the competitive position of emerging societies.

2. KEYWORDS

social media, human capital, social capital, competences, innovation, communication, networks

1. CHANGING WAYS OF COMMUNICATION - SOCIAL MEDIA AS HUMAN CAPITAL

Social Media introduced new ways of communication. In the early Internet called Web1.0 there were few persons publishing information and a more or less undefined mass audience reading this information. This way is pictured in the early sender-object-receiver-models of communication science. With the emergence of Web2.0 it is technically easier for users to publish information on their selves, to collect, rewrite or share it. Instead of classical models of mass media this communication process is described by interactive models of communication.

Classical models of mass media communication described a linear, static and unidirectional way of communication like it is described in the model by Maletzke (1963). In this model there is one sender creating a message that is distributed whether directly to one receiver or

via mass media to a not further defined group of people. Mass media thereby act as a gatekeeper for information. There is the possibility to give feedback, but it is not essential to the communication process.

Internet and furthermore social media have been changing this model to an interactive, dynamic and multidirectional way of communication like it is described by the model of Oenicke (1996). There is a multitude of senders and receivers that are constantly changing roles and communicating to different types of receivers such as mass audience, groups or individuals. Different intermediates and multipliers can modify or repeat messages, whereby communication partners are highly interconnected (Kramer, 2010). Communication in social media equates more and more to its original definition describing the relation between people (Beck, 2006). Those relations can be supervised in social media what contributes to the emergence of a new public (Kramer, 2010).

Social Media enable people to act as producers as well as consumers (so called prosumers) of information. The contents are of different types of interest and can be just funny private videos as well as public cries for help or political opinions. It does not matter what kind of information they are publishing, if it is interesting and affecting people it will be spread and shared in an uncontrolled way through the web reaching a big audience of highly interconnected people. The actions during the Arabian rebellions in spring 2011 are an example to what extend communication in social media can contribute to public and political affairs and social change.

The chance for people to participate in social processes is a chance for the development of societies. Habermas deals with this aspect in his concept of communicative competence (Habermas, 1981). Following his ideas social media provide an ideal communication situation wherein every partner has the same chance and right to speak. In his concept Habermas connects theories of communication and theories of society focusing on the adequate use of language in the respective society. Having communicative competence therefore requires to know the belonging culture and to communicate in the appropriate way to this culture. It is important to know how communication in social media works, e.g. to know the netiquette, as well as it is important to be able to create relations between people with that communication. If these two parts are accomplished, communication can be seen as social acting as proposed by Habermas.

That it is why social media effects depend on the people using them, on their knowledge, skills and competences. Regarding the contribution of social media to human capital these individual abilities of people are the human capital of societies.

Below we want to describe some essential knowledge, skills and competences to use social media. Therefore we use the concept of the tipping point by Malcolm Gladwell (2002) that we complement by two more concepts of competences, namely the concept of communicative competence by Habermas (1981) and the concept of media literacy.

Gladwell (2002) identifies three rules of epidemics describing how information can be spread to a big audience in a short span of time. Firstly a small group of communicators (“law of the few”) have to have the ability to inspire other people. This might be through their personality (“connectors”), their knowledge (“mavens”) or their rhetoric abilities (“salesmen”). These are the people having communicative competence. Secondly the content of the information has to be memorable and engage people to act (“stickiness factor”). The creation of media content is part of the concept of media literacy. Thirdly the information has to be published at the right time and at the right place (“power of context”). Therefore people need strategic knowledge. This part becomes more evident regarding the competences needed for employees that communicate for their enterprises. We described the competences for professional social media use at another place (Riedel & Sonntag, 2012).

The following table names some of the identified parts of knowledge, skills and competences to create human capital in a society using social media as a chance for participation and innovation. The contribution of social media to innovation will be treated in the next chapter. We will not list basic educational facts here that are also measured in the concept of human capital in general such as alphabetization or schooling rates. We will refer on that regarding the risks of social media in chapter 3.

Table 1: Important parts of social media competences as human capital

Communicative Competence	Media Literacies
Knowledge <ul style="list-style-type: none"> • Social Media Netiquette 	<ul style="list-style-type: none"> • Technical Knowledge (Use the Computer/ Internet, Create Social Media Profile) • Knowledge of Social Media Platforms

Skills	<ul style="list-style-type: none"> • Ability to create social relations • Critical Abilities (Identify relevant/ usefull/ right content) • Ability to create interesting content (Storytelling) • Ability to produce own (multi-)media products (Text, Picture, Audio, Video)
Attitudes	<ul style="list-style-type: none"> • Empathy • Goodwill to share information and to participate

2. CONNECTING PEOPLE – SOCIAL MEDIA AS SOCIAL CAPITAL

As shown in the chapter before, web2.0 is changing the way of communication and makes information more transparent. People are presenting and interconnecting themselves with the help of social media profiles. There are growing communities that treat different topics or special interests. That is the way not only people but knowledge to gets interconnected through social media and that is the big contribution to social capital.

A condition to the interaction of people and therefore for the aggregation of social capital is trust. It is an often used method to analyze social capital by showing social trust rates of people. To build trust people need to know and respect each other. Social Media offer a lot of possibilities to present oneself and its knowledge, i.e. to create a personal reputation. People publish and share more and more knowledge to augment their reputation. This has not only the effect that there is more knowledge (human capital) available. Knowing what people have done and what people know as well helps to trust those people and will afford interconnection of people with similar specific (thematical) interests.

These people can meet each other at different social media platforms as well as special interest networks or general social networks. They can share information, put it together and develop new ideas. The flow of information is thereby changing. Information is spread in networks instead of in a direct line from one to many. In place of the mass media as gatekeepers, now there are interconnected people that act as filters, modify and share information. Social Media are therefore a relevant place for innovations that are driven by the factor of networks (e.g. Fliaster, 2007; Johnson, 2010).

Social capital is therefore an important condition to competitive advantages and company growth (Fliaster, 2007) and a relevant factor for the development of countries. Enterprises already recognized the benefit social media use can contribute to the value adding process. The estimated benefit from using social media in partner or internal use is appreciated mostly

because of the increasing speed to access knowledge and to access internal or external partners (see fig. 1).

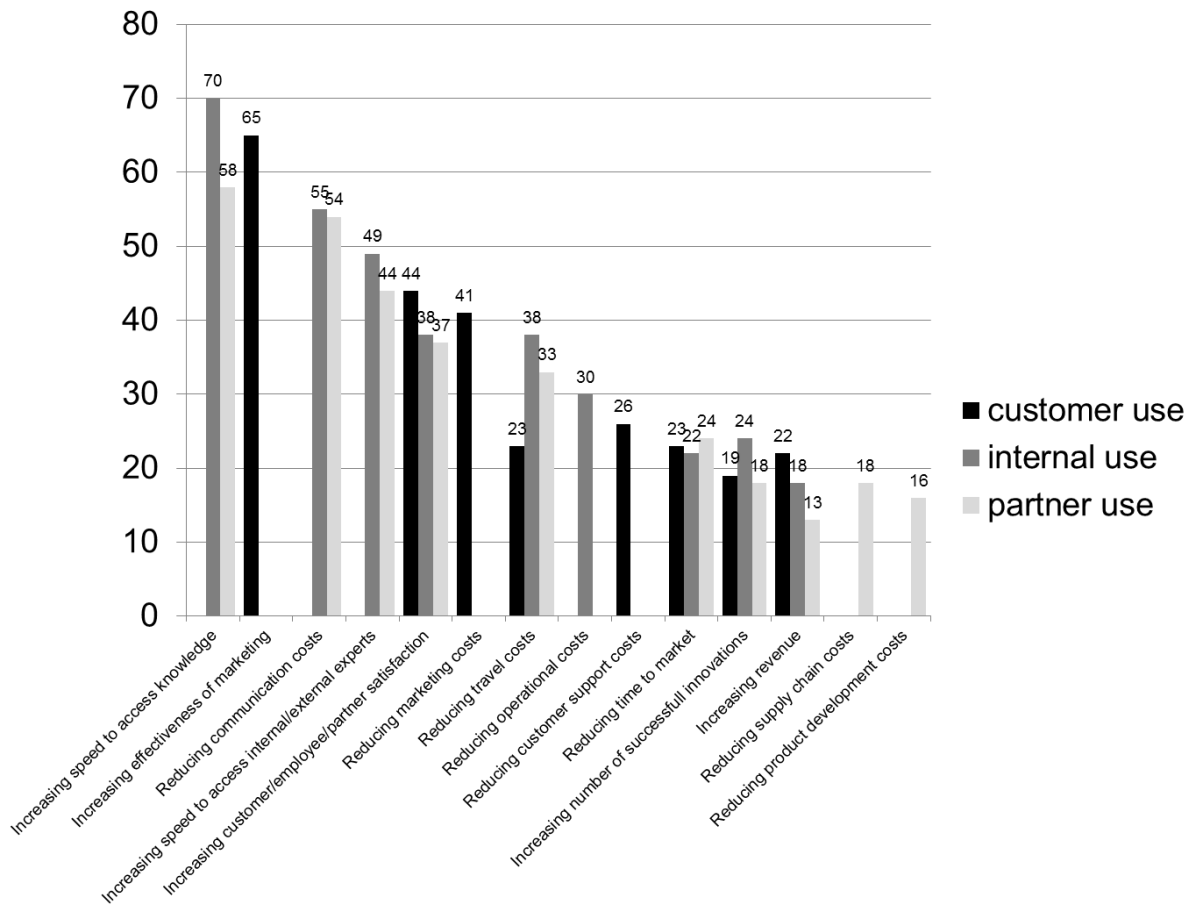


Figure 1: Expected benefits from social media use in different target groups, source: McKinseyQuarterly, 2011, own illustration

Social media though grant access to different sources of knowledge, i.e. to a wide human capital. This can be internal knowledge of the own employees, knowledge of external partners or experts as well as knowledge of lead users or even the public. The potential of the integration of externals is treated in the concept of an interactive value adding (Reichwald & Piller, 2009). Figure 2 shows that social media can support enterprises in different phases of the value adding process.

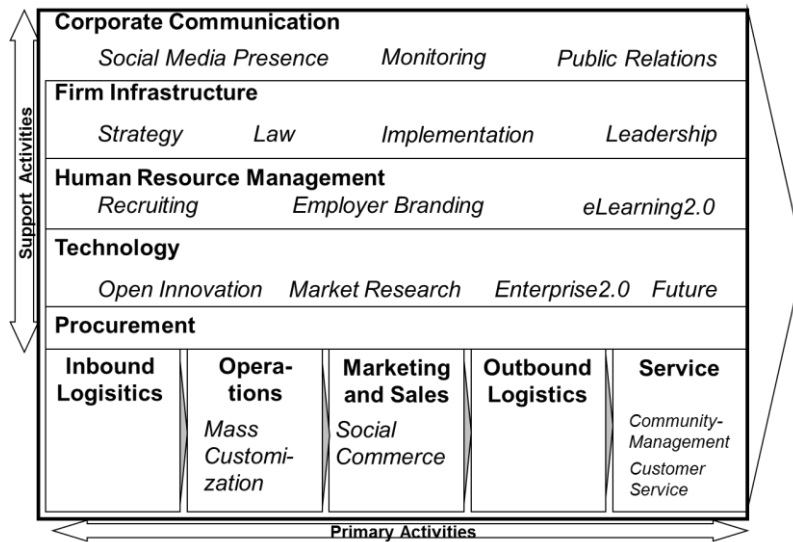


Figure 1: Possibilities in the use of Social Media in the enterprises value chain, Source: Own Illustration using the value chain by Porter (1996)

Despite the big potential of social media for internal use like Enterprise2.0 or leading innovation processes, enterprises still prefer the use of social media for customer relations and marketing purposes. Fig. 3 shows the actual global adoption rates in the different departments.

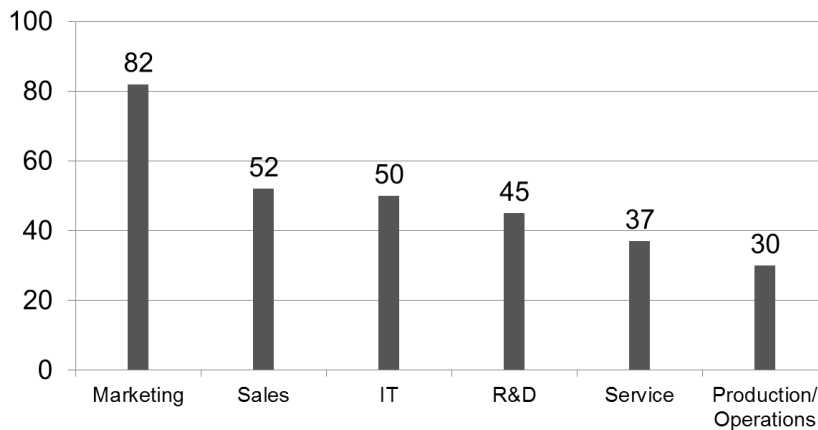


Figure 2: Adoption Rates in different departments, source: McKinseyQuarterly, 2011, own illustration

It might be the problem of change management that the potential of social media as social capital is not used that much. Besides the new technology there is a new way to work together that has to be implemented in enterprises (Denyer, Parry & Flowers, 2011). Working together, making knowledge explicit and transparent, sharing information, flatter hierarchies are inconvenient to most employees. And in the first step documentation needs more time so that the benefit cannot be seen short hand. Successful use of social media to strengthen social

capital is therefore dependent on the human capital of the people using it. This complementarity of social and human capital will be topic of the next chapter.

3. COMPLEMENTARITY OF SOCIAL AND HUMAN CAPITAL – BENEFIT FOR EMERGING MARKETS

The complementarity of the two concepts shall be shown in two areas: innovation and education.

As we have shown before, the development of innovations is highly dependent on cooperation. There are people with different and specific knowledge, skills and attitudes that exchange information (human capital). This exchange has to be placed and organized in networks (social capital). Only if the people are able to use those networks they can participate in the innovation process and only if there are organized networks people can share their experiences. This includes the fact that people that already have an established network and that have the ability to cooperate can innovate better than less connected people because they can revert to greater resources (Fliaster, 2007). Social Media give the chance to discover the right people and to get them organized in the right networks and to augment innovations.

Social Media are not only a driver to innovation but also a catalyzer to build human capital. Of course human capital as result of education can be developed on its own, because it is built by individual people. But social capital can help to accumulate even more human capital because it makes it possible to access more resources (Birchmeier, 2002). Social Media in this context provide new potentials for educational settings. They can be used in formal and informal learning processes and enable people to learn more self-directed and in social environments. Learning becomes more efficient and is independent from time and place. Social Media Technologies can be well applied in professional education and to support lifelong learning. Because of the possibilities to exchange, compare and connect different experiences they are characterized as a technology to learn competences (Erpenbeck & Sauter, 2007). In addition the use of social media technologies in the learning context improves media literacies and builds new human capital as well as it assists social and networking abilities that as a meta-competence can make learning processes more effective.

These examples explain why social capital is dependent on human capital and why vice versa the accumulation of human capital is dependent on social capital. This complementarity of

the two concepts leads to the following chances and risks of social media in the context of their contribution to human and social capital.

As a precondition to use the chances of social media in the development of societies there must be human capital in form of the competences and possibilities to use social media (see chapter 1). As a result there is a big crowd of people that can easily contribute, share and publish as well as access and collect information and opinions. This drives to more transparency in the information processes. People get the chance to create their own opinions, to participate in public and social affairs and that way to contribute to the development of societies (see the concept of communicative competence in chapter 1). Of course there still exist mechanisms that prevent free opinions, participation and transparency in a repressive way, but they become more difficult to be accomplished.

Social Media as social capital give the chance to connect with other people and to share experiences. This opens a potential for innovations that can support the economies and by doing this the development of societies (see chapter 2).

Using social media technology in formal or informal learning processes helps to build new human capital that as a conclusion can support the development of societies.

Table 2: Chances and Risks of social media for the development of societies

Chances	Risks
<ul style="list-style-type: none"> • easy access to information/ knowledge • transparency • chance for participation • chance for innovation • economic effects • catalyzer of education 	<ul style="list-style-type: none"> • exclusion of groups of people • division of society • highly dependent on education and technical infrastructure

On the other hand there is always the danger of exclusion. The often mentioned digital divide excludes people that do not possess the necessary skills to use Social Media (beginning with the ability to write and read and ending with the capacity to produce and publish videos) or not even possess technical access to the internet. This is a big problem excluding not only different groups of people such as elderly or less educated in one society but also less developed countries from the rest of the world. There is the danger of emerging gaps between groups or societies that can only be weakened with efforts and investments in technical

infrastructure and especially in education. If it is possible to achieve that, there are good chances for the development of societies that we will focus on in the next chapter.

4. SOCIAL MEDIA CONTRIBUTION FOR THE DEVELOPMENT OF SOCIETIES

Fortunately people in many countries and mainly in emerging countries already use social media and obviously have basic competences to use the chances of social media contribution. Emerging countries even show higher user rates and a bigger growth of engagement in social media than industrial countries as can be shown in figure 4.

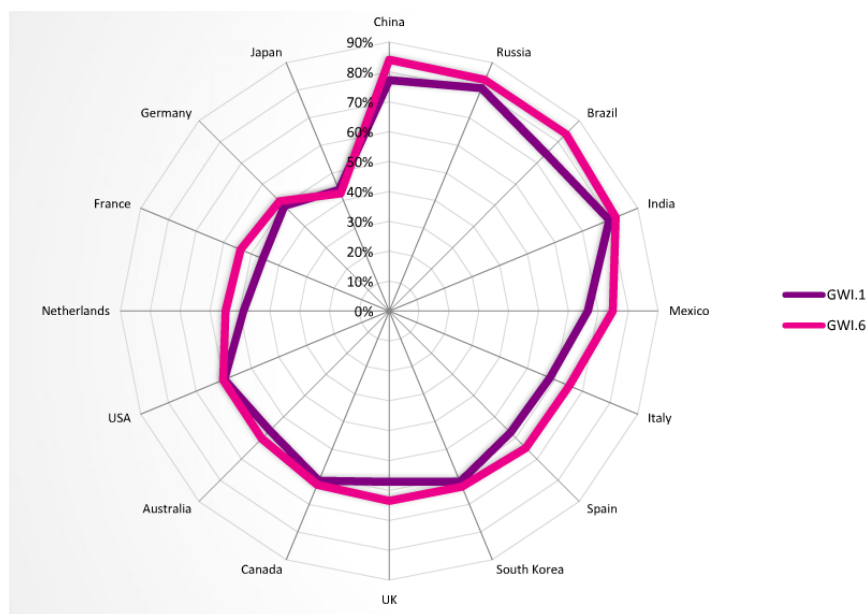


Figure 4: Global Social Media Use: Percentage of internet users per market having done following activities in the past month: Social Networking, Blogging, Video Uploading, Photo Sharing, Micro-Blogging, Forum Visitation, Rates from July 2009 (GW1.1) and November 2011 (GW1.6); source: GlobalWebIndex, 2012

There are good conditions for emerging countries to use the chances named in the chapter above. Mainly in using the contribution of social media to social capital they can use the potential to drive economic development.

There are two ways for enterprises to benefit from social media use. Existing enterprises can use social media in the different parts of the value chain (see fig. 2) to maximize their economic success. One way is to use social media in marketing affairs as it is done by the majority of global enterprises yet. By that way enterprises can possibly attract new customers as well as augment the customer loyalty to achieve higher rates of business volume. There are no standardized metrics to measure the return on invest of social media engagement yet, but surveys with executives (McKinseyQuarterly, 2011; PulsePoint Group; Economist

Intelligence Unit (EIU), 2012) as well as case studies (Petersen, 2010) show the benefits that can be drawn out of social media engagement.

Another possibility that is not yet used to a great extent is the use of social media to drive innovation processes as shown in chapter 2. It does not matter if the use of social media is constricted to internal experts or to a big public audience. Cooperation will increase the potential of innovations for new products or services. The potential for innovations as well as well as encompasses new business ideas that lead to the founding of new enterprises that can contribute to the economic potential of societies.

On the other hand societies can use social media technology to augment their human capital. Besides the investment in educational programs that support the development of knowledge, skills and attitudes the use of social media as described in chapter 1, societies can establish educational programs in nearly every special field. Educated people improve their work performance more effectively, work more productively and can support economic development.

As there seems to be no difference in the competences to use social media between industrial and emerging countries there is a big chance for the former to use social media to support their economic and social development. Social Media in this way can contribute to the conservation of the competitive position of emerging societies.

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