Developing Human Capability: Employment institutions, organisations and individuals

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Discussion Paper

Overview of findings on developing human capability

"Ēhara taku toa i te toa takitahi, ēngari taku toa he toa takitini.
My expertise is not for me, but for the many."

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Abstract

This is the final discussion paper on investigations seeking to identify the conditions for the optimal development of human capability in New Zealand workplaces. The research has specifically examined influences at three levels: institutional, organisational and individual. The principal purpose of this paper is to present a framework for examining arrangements for human capability development in workplaces.

In this paper we start by revisiting our original research objectives, and the background policy environment that gave rise to interest in human capability. We then go on to review a selection of literature addressing organisational practices which impact workers and capability. We present a very brief summary of relevant themes from the vast literatures addressing learning organisation, human resource development, human resource management (HRM), workplace learning and adult education. This is followed by a more detailed discussion of wider debate centred in the literature on high performance management in workplaces. In particular, through all these literatures, we demonstrate the inherently narrow instrumental assumptions of many management and HRM practices in the pursuit of organisational goals and competitive advantage. We propose human capability as a prescriptive device facilitating a more holistic view of organisations and workers, and favouring relatively 'benign' forms of HRM as the optimal route towards improved organisational performance.

The paper then briefly reprises the research activities of this project (which have been previously reported), including over 200 interviews with managers, workers, and other industry stakeholders in the case study sectors of wine production, furniture manufacture, mental health services, and Maori organisations. Themes emerging across all the case studies are reported. We discuss the meaning of human capability that emerged from the case studies, and further develop this notion of human capability by drawing on the work of economist Amartya Sen. In his work human capability is characterised by people having the substantive freedom to achieve 'beings and doings' that they value, leading a life of value to them. Applied to an employment setting this focuses attention on the social arrangements that lead to the ability of people to achieve things they value.

The paper reports on our design of a framework which is aimed to be of assistance to workplace practitioners in developing social arrangements which develop human capability. The design combines a human rights base for capability with how workers want this manifested in a job, and consequent supporting workplace characteristics. This is complemented by a list of drivers and barriers to developing human capability. Subsequent testing of the framework with a series of targeted focus groups formed the final phase of the research. A summary of the consolidated findings in the form of the revised framework is presented.

We conclude with a discussion of the implications of the framework for practitioners and policy makers. This may serve to improve the role of organisations as capability enhancing institutions in society through the provision of good quality jobs and work environments which are essential to the development of human capability.

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Introduction

This is the final discussion paper for the FoRST funded project into Developing Human Capability conducted by the Industrial Relations Centre. The overall aims of this research project were 'to identify and foster conditions for the optimal development of human capability in New Zealand organisations'. To this end, the principle objectives were agreed as:

- Objective 1: This objective will analyse the structure and operation of existing labour market institutions established by the Employment Relations Act and related legislation, and assess the degree to which this supports the development of individual and organizational capability and productivity and contributes to an improved quality of working life.

- Objective 2: The principle focus of this objective is on the possible associations between employee development initiatives, human resource management practices, and a range of organisational outcomes including employee productivity, firm profitability, and service, product, and process innovation.

- Objective 3: This objective investigates the proposition that how individuals engage with paid work, and their experience of both institutional structures and organisational policies, shape the development of their capability.

There was also a Maori research strand running through these objectives looking at how Maori organisations approach developing human capability, and capability development issues for Maori workers.

The benefits of this research project were stated as '… this project will result in detailed and New Zealand specific information about the institutional, organisational and individual levels of human capability development. That information can be used to develop organisational policy and practice and to inform government policy development. We expect to deliver considerably more benefit though to New Zealand in terms of the development of frameworks and models of superior people management practice tailored to our specific institutional, organisational, social and cultural environments'.

The principal purpose of this paper is to deliver on these benefits through the presentation of a framework for human capability development which can inform practitioners in the field of industrial relations and human resource management in their work. This framework has been developed out of reflection on the analysis of the structure and operation of existing labour market structures from Objective One, on case study analysis across four sectors in New Zealand focusing upon Objectives Two and Three, followed by a series of targeted discussion groups with managers and workers, and a review of the literature, including both New Zealand policy documents and selected academic literature.

This research project is historically placed at the time of a number of state initiatives following the election of the Labour-led government in 1999[1]. These initiatives have the aim of finding new ways to reproduce the conditions for economic growth and the distribution of the benefits of this growth to all New Zealanders. Some might describe the scope of this search as a 'third way' between the increasingly interventionist Keynsian-welfare state of the post-second world war period until 1984 and the neo-liberalised state which succeeded it in the period from 1984 until the election of the fourth Labour-led government in 1999 (Chatterjee, 1999). Such a view however presupposes an *a priori* coherent set of economic and social policies. Such was not the case. Political pragmatism may well have steered the Labour-led government in 1999 into a third-way mode of political governance (Chatterjee, 1999), however the means by which the conditions for delivering sustained economic growth and its distribution was not clear-cut. In addition to continued ideological contestation over the 'reality' of the present and the shape of the way forward, the social formation of New Zealand in 1999 was substantially different and more complex than that of a decade before. Various conceptual frameworks have been developed in order to capture, albeit imperfectly, some of the complexity of the dynamic of New Zealand's contemporary social formation in order to inform policy development. One such conceptualisation in 1999 was that of human capability, and it is from this early conceptualisation that this research project 'Developing Human Capability' originates. Because conceptual frameworks are only ever an imperfect reflection of the totality of society, the conception of human capability has undergone some modification over the time from its original conception to the commencement of the research project. The framework presented in this report in turn has modified the concept of human capability in the light of the research experience.

A political driver behind the development of the concept of human capability was the recognition that a substantial number of New Zealanders, particularly Maori, had not benefited from over a decade of economic and social reforms but that a return to the Keynsian-welfare state was not tenable (Department of Labour, 1999). Rather, the solution to such 'social exclusion' was through labour market participation, and the role of the state was to facilitate this participation (Mulholland et. al., 2006). Human capability provides a conceptual framework for the social benefits of labour market participation and the role of the state. The original human capability framework is presented diagrammatically in Figure 1 below.

In this framework, human capability is broadly defined as 'the ability of people to do things' (op. cit. p. 4) to enhance their well-being, and is conceptualised as made up of the capacity of people ('what they are able to do'), people's opportunities ('the options available for people to get financial and personal reward from using their capacity'), and, matching ('the process of matching capacity with opportunity') (ibid.). Implicit in this framework is that well-being, although not well-defined, is achieved through labour market participation (or human capability development).

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[1] Ryan, 2007, pp. 6-9 provides a useful background to the shift by the Labour-led Government from 2000 away from market-led solutions to economic growth towards a more active state role in industry and regional development

Figure 1: Elements of the Department of Labour Human Capability Framework
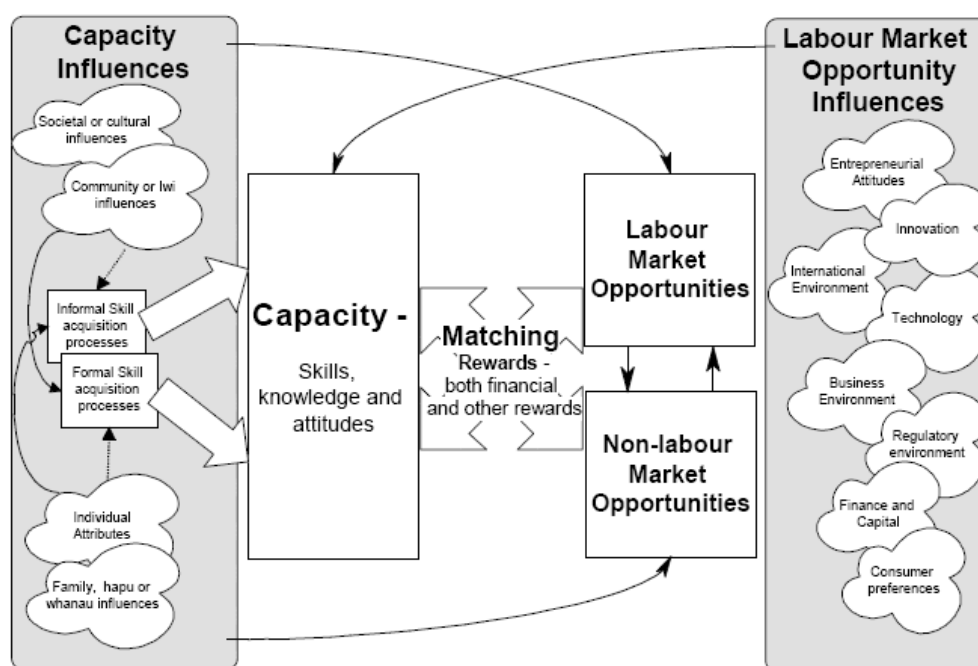
Source: Department of Labour (1999), p. 19

When applied to the labour market, the human capability framework, as originally presented, is really an alternative presentation of the mainstream economics conceptualisation of labour markets. There is a demand side (opportunities), a supply side (capacity) and an equilibrating process (matching). The difference is that the elements of opportunities, capacity and matching acknowledge the reality of the complex social and economic processes, including a role for the state, behind these mainstream labour market concepts. Nevertheless, despite recognising the complexity of social relations within labour markets, the human capability framework (as originally conceived) does reduce back to the utilitarianism of mainstream economics. With the concept of capacity, it is recognised that labour, unlike other commodities in production, is socially constructed. Despite this, capacity influences are reduced to those social processes such as education and training which give labour value to employers as a commodity – that is, to participate in the labour market. Ignored are other social processes through which humanity self-reproduces independently of the labour market. On the demand side, the complexity of the economic environment within which the demand for labour is derived is acknowledged. However, the key process determining labour demand, the process of production, is ignored and treated as unnecessary data consistent with orthodox neo-classical methodology. The matching process in the framework is very mainstream. Labour market 'imperfections' such as the imprecise nature of labour 'contracts', search costs and uncertainty are acknowledged. Despite this, such imperfections are expressed as relative to the 'ideal' world of perfect competition. Here matching is described in equilibrium terms, couched in concepts of efficiency, in long-term adjustment towards equilibrium so long as institutional rigidities (on the labour supply side) do not slow and distort this adjustment path, and where matching can occur so long as individuals are 'free' to bargain. Such a view prioritises market adjustment processes in labour

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market 'matching' along with its corollary for a minimal role of the state to facilitate such market adjustment.

Although merely a re-casting of mainstream economics concepts of labour market structures, the conceptualisation as human capability in this way articulates with other state initiatives and experiments, particularly with regard to the direction of future economic growth. With successive Labour-led governments since 1999 and with learning from the experiences of European social democracies, the view has gradually prevailed that the path from which New Zealand's future economic growth and development should occur is through substantial economic transformation towards high-value end production. Further, this transformation cannot be achieved through state fiat or through unfettered market regulation, but through social dialogue and the leadership and discipline that peak social organisations (notably the state and those agencies representing the interests of workers and of capital), respectively give and expect of their constituents. The three concepts within the human capability framework have a close correspondence with the economic transformation agenda through the connections made on the supply-side with the skills capacity needed for high-value end production; on the demand-side with production innovation towards high-value end production and subsequent (expected) demand for skilled workers; and in the matching process with the right for unions to collectively bargain subject to the requirement of 'good faith' bargaining, and with an active state labour market policy that favours labour market participation, as the means to enjoy the fruits of this economic development path.

The three objectives of this research project broadly correspond with the connections the human capability framework has with the economic transformation agenda. In Objective One is a deep examination of the process of 'matching' through the institutional framework surrounding and shaping bargaining, particularly collective bargaining. Some examination of 'matching' within the firm is also evident in Objective Two, however, the objective is also concerned with the demand or labour market opportunities side of the human capabilities framework. Objective Three is primarily concerned with the supply or capacity side of the human capabilities framework.

Whilst the research objectives can be seen as broadly corresponding with the original conception of human capability, there is some departure. Firstly, within Objective One is a departure from the mainstream economics ideological disposition towards 'free' exchange as an equilibrating process. In Objective One it is recognised that institutions matter because they provide the social context within which labour bargains can be made and held. Secondly, in Objective Two, the realm of production is entered, a realm which orthodox economics is comfortable with treating as a 'black box'. Implicit here it is recognised that labour market opportunities are not merely derived demand data but arise out of complex social relations within the firm. Objective three has a distinct flavour of human capital theory thus is potentially subject to mainstream economics treatment.

With this background, the structure of this report is as follows. Firstly, the literature is reviewed for what it can add to the human capability framework. This review covers a number of disciplines as few disciplines examine the labour market holistically as does the human capability framework. Recognising the limited discipline domain, the

logic of the literature review has been to focus upon what the literature has to add to those conceptual parts of human capability: supply-capacity; demand-labour market opportunities. The industrial relations literature informed the examination of labour market matching.

This literature review is followed by a presentation of the key findings that arose from the case studies. With these findings, together with the literature, we then identify a number of weaknesses in the human capability framework as originally formulated. We then present an alternative conceptualisation as better able to reflect practice. We then review the research objectives in the light of this re-conceptualisation of developing human capability. Lastly, we outline a modified developing human capability framework and examine what this framework means for those that influence social arrangements in the labour market.

Review of Literature on Human Capability

One of the central challenges for the research has been defining human capability. As Bryson, Pajo, Ward and Mallon (2006, p. 281) note, the notion of capability is a contested one. Various literatures refer to diverse aspects such as organisational capability, economic capability and individual human capability. There are also varied meanings attached to capability in the literature with the concept portrayed variously as an outcome (a capable nation, a capable worker, an informed citizen), an output (productivity, performance) and as an input (knowledge, competency, ability to perform). The particular focus of this paper is of human capability at the level of the organisation and of the individual. We view the various meanings attached to capability at these levels reflecting on a wider debate centred in the literature on high performance management. This literature discusses the factors which lead to improved organisational performance in the contemporary uncertain external environments which organisations face. As such, capability is a useful heuristic device to think about and put together developments across various management disciplines which each have improvements in management as their aim, but because of their disciplinary boundaries choose not to conceptualise organisations holistically. Within this wider debate we also view human capability as a prescriptive device which favours relatively 'benign' forms of human resource management as the optimal route towards improved organisational performance.

In earlier papers we started our explorations of human capability from a broad base in the literatures on learning organisation, human resource development, human resource management, workplace learning, and adult education. We found burgeoning and overlapping interests in these literatures, largely underpinned by an implicitly instrumental view of human capability as a tool for the achievement of organisational goals. However, the small but growing critical strands of these literatures (particularly in workplace learning and adult education) are informative. These show us that workplaces can be characterised as more or less supportive of learning, and that various factors are influential in this including: job design, the context in which workplace learning takes place, access and opportunity, particular organisational strategies and goals (Billett, 2002a; Billett, 2002b; Billett, 2004; Fuller & Unwin, 2004, Keep, 1997). It also shows that there remains a persistent gap between the haves and have-nots in access to development opportunities (Rainbird et al, 2004), and our own cases (Bryson et al, 2006) confirm the suggestions in the literature that development opportunities may be differentially experienced according to level in the organisational hierarchy or type of job. This critical perspective in the literature has seriously questioned the assumed mutuality of purpose and outcome of learning activity for the individual and the organisation (Thomson, Mabey, Storey, Gray & Iles, 2001; Fenwick, 1998). The amount of choice and self-direction individuals have in their own learning and career is arguable (Grimshaw, Beynon, Rubery & Ward, 2002) and the assumption that individual learning and knowledge are commodities, useable for organisational competitive advantage is still pervasive (Casey, 2003; Gherardi, 2000; Bryson, 2006). In a trenchant critique of learning organisation and the knowledge based economy, Casey (2004) argues that "economic discourses of work and organisations, and of adult education, have precluded significant attention to the cultural dimensions of work – the non-material, personal and relational aspects of productive activity – which defy economic and productivity measures" (p. 620). She

appeals for education and skill acquisition to be directed towards goals of self and community development for living and working in participatory democratic society. In turn we will argue in this paper that a rebalancing in favour of a more holistic view of developing human capability is a much needed antidote to the economic rationalist assumptions dominating current debate.

Another strand of the HRM and management literature which is highly influential on organisational practice and discourse is that pertaining to high performance workplaces.

High Performance Management

The dominant construct of capability at the level of the organisation and of the individual arises out of the management literature on high performance management. In this literature is contained the debate over the emergence and shape of new forms of work organisation which have appeal to various social actors as the high-wage, high-skill productive base upon which contemporary social and economic development aspirations can be met. Capability, we argue is a useful heuristic device to link and to give conceptual coherence to the various streams within this debate.

As Butler et. al. (2004) note, commentators on new forms of work organisation tend to privilege certain aspects of the management function and fail to present a coherent holistic view into how factors and practices combine to produce outcomes within organisations. They usefully identify and review a number of formulations and conceptual frameworks which range in focus from production management to work organisation to employee relations (see Table 1 below). None of these formulations are necessarily wrong but need to be recognised as reflecting both the particular interest and emphasis of the researcher(s) concerned and of the varying degrees and forms of actual practice. Nevertheless, such diversity does not assist in conceptual clarity.

In order to provide greater clarity Butler et al (2004) develop a taxonomy of the rather diverse high performance literature. The categories for this classification are drawn from the work of Bélanger, Giles and Murray (2002). They identified three interrelated spheres (production management, work organisation and employment relations) and placed analytic focus upon the relations between these different spheres, rather than on just one or two of these spheres as typically occurs in the literature. Production management concerns the logic of the overall organisation of the systems and processes through which goods and services are produced (for example, batch or unit production), the ways in which the production process is laid out (for example assembly lines or modular groups) and which parts of the process are internal to or external to the production process (such as the degree of outsourcing). Work organisation related to the ways in which jobs are defined and configured within the overall organisation of the production of goods and services. For example, the degree of discretion in the way workers do their jobs, whether work is organised individually or in teams, and the degree or form of supervision. Employment relations are the policies and practices which govern the employment relationships of individuals and groups involved in production. These include the broad range of human resource management (HRM) practices such as recruitment, remuneration,

training and promotion that are designed to direct workers skills and motivations towards the achievement of employers' goals, and the negotiation and application of rules such as collective agreements.

Table 1: A Taxonomy of New Forms of Work Organisation

Terminology	Studies	Dominant Emphasis
High-performance work Systems	Appelbaum et al.(2000) Danford et al. (2004) Farias et al. (1998) Harley (2002) Ramsay et al. (2000) Thompson (2003)	Production management
High-performance work practices	Handel and Gittleman (2004)	
High-performance work organisation	Ashton and Sung (2002) Lloyd and Payne (2004)	
High-involvement work systems	Edwards and Wright (2001) Felstead and Gallie (2002) Harmon et al. (2003)	Work organisation
High-involvement work practices	Fuertes and Sánchez (2003)	
High-performance practices	Goddard (2004)	
High-involvement management	Forth and Millward (2004)	
High-performance employment systems	Brown and Reich (1997)	
High-commitment management	Baird (2002) Whitfield and Poole (1997)	Employee relations

Source: Butler et. al., 2004, Table 1, p. 5

Bélanger et. al., argue that it is crucial to consider all three spheres of the workplace in order to make sense of the diverse array of workplace practices. The construct of capability provides a means or device to do this as illustrated by Tamkin (2005) in her '4A' model of workforce capability which is reproduced in Figure 2 below.

Figure 2: Tamkin's '4A' Model of Workforce Capability
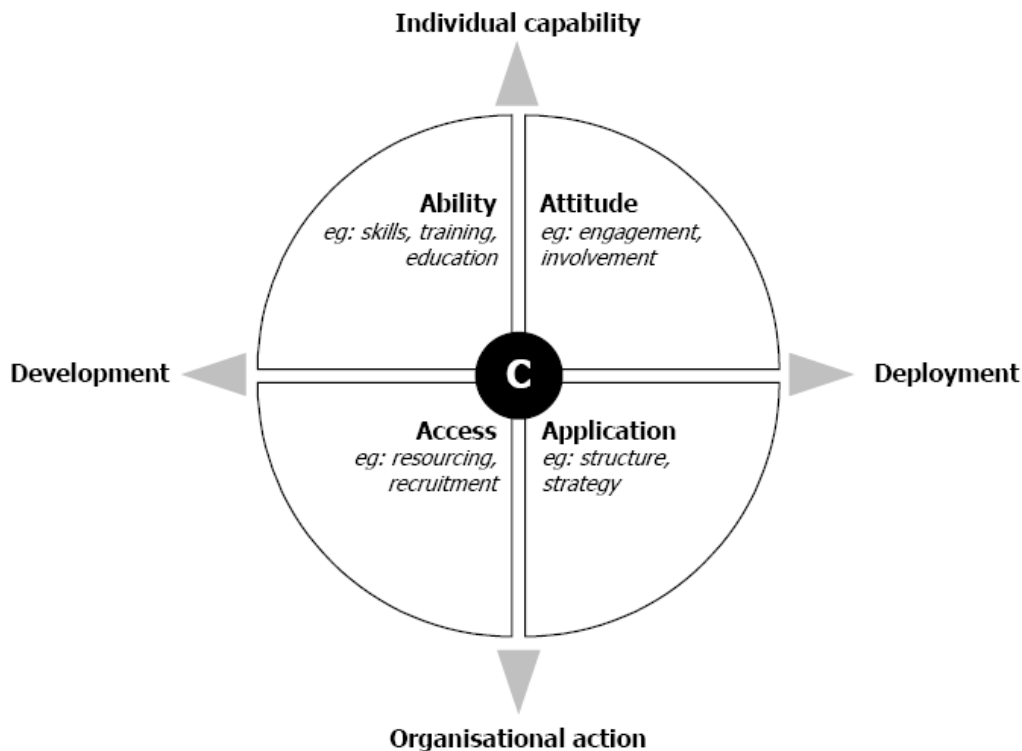
Source: Tamkin, 2005, Table 3.3, p. 35

As with Bélanger et. al.'s (2002) conceptualisation, Tamkin's model draws upon the diverse literature on workplace change and considers the elements which constitute the effective deployment of the workforce within an organisation. She identifies two dimensions of workforce capability: the development and deployment of the workforce on the one hand, and the interplay between the individual and organisational capability on the other. Putting these dimensions together Tamkin arrives at four quadrants: access; ability; attitude; and application. By access, Tamkin is referring to those policies and practices to do with the entry of workers into the organisation or onto new roles within the organisation. Such policies and practices include recruitment policies and practices, and the processes for internal job filling. Ability encompasses the existence and development of workplace skills and competencies and includes the skill and competency of the workforce, the way in which skill is developed through training and other means of development. Attitude encompasses the motivational and psychological side of capability and encompasses the policies to improve engagement and the way people are kept informed as to what is expected of them. Application refers to the way in which skills and engaged workers are utilised by the organisation through the jobs they do, the resources they have available to them and the strategy that the organisation pursues. Together, these quadrants constitute workforce capability. To the left of the model are factors which primarily contribute to the development of capability: worker capacity in terms of

worker experience and education; the investment organisations put into training and development and the decisions organisations make about recruitment and job placement. On the right are the deployments of capability, the efforts the workforce is willing to put in, the resources such as physical capital the organisation makes available, the organisation of work and the overall business strategy.

Capability as used in this sense by Tamkin (2005) recognises: the various elements which constitute the ability of the workforce to perform; is a useful device to capture the diversity and complexity in the organisation of production; and opens the space to accommodate developments and debates within these elements, such as the relative importance of workplace learning to formal learning. It must also be recognised that it is a construct that is instrumental and management-driven and concerns how management can make use of human capability to control and direct worker effort. Human capability in this instrumental sense is in part about the use of power to control the heart and minds, as well as the labour power, of an organisation's workforce towards organisational goals. There is little in this model of capability that explicitly recognises agency other than that of management and it places emphasis on the employee relations/HRM sphere in work organisation.

Nevertheless, there is a subjective side with regard to the impact on workers of this instrumental approach to human capability in organisations. Whilst not made explicit in models such as Tamkin's, implicit in workforce capability is that 'benign' forms of HRM optimise workforce capability. The conceptual grounding of Bélanger et. al.(2002) informs this claim as they argue that clarity in workplace trends is improved if the level of analysis of workplace practice is lifted to that of a 'production model'. To these authors conceptual confusion is created by researchers attempting to generalise from the wrong level of research. Much literature, for instance that on workplace learning, teamwork or total quality management, is placed at the microscopic level where specific practices are isolated for detailed examination. The findings of such literature are important in developing understanding of workplaces and workplace change. However, no matter how informative the analysis of particular practices may be, to capture the extent of workplace change it is necessary to go further and examine relationships between the various practices and their contexts. This occurs in that literature which focuses on 'bundles' of firm or establishment-level practices and conceive of these as systems in which they aspire to bring together a range of different practices into more general systems or models. Among the most common are 'flexible production systems', 'lean production systems', 'high performance work practices or systems' and the 'high involvement' workplace (see Table 1). The key notion at this level of analysis is the difficulty in accounting for diversity in practices. Research at this level frequently focuses on whether particular sets of practices or other organisational characteristics such as corporate structure and product market types constitute coherent models or systems or inhibit or facilitate their adoption. To Bélanger et. al.(2002) such diversity actually reflects the 'considerable variety of productive arrangements to be observed in workplaces experimenting with change across the industrialised world and their relative volatility in terms of employment relations' (p. 31), but which in their diversity certain key characteristics cannot be seen at this level of analysis.

Bélanger et. al. propose another, more abstract, level of analysis in the form of the 'production model' in which the contours of an emerging production system can be

seen. By production model the authors are referring to 'a simplified theoretical representation of the relations that exist between different concepts or parts of a whole' (p. 18). They argue that it is possible at this level of analysis to 'identify the major principles underlying an emergent model of production', but make the key point that 'the mere identification of distinctive principles does not confer internal cohesion to the model' (p. 19). Rather this model contains 'significant tensions and contradictions' which are expressed in the diversity and fragility of 'new production systems' observed in practice and analysed in the literature at lower levels of abstraction.

In this emergent production system, production management is concerned with aspects of productive flexibility and process standardisation. An important aspect of such standardisation is quality management disciplines which institute close monitoring and management of process performance within certain margins (Butler et al, 2004). The successful achievement of both production flexibility and standardisation of processes offer tremendous competitive advantages to organisations. Production flexibility in the provision of goods and services enables firms to innovate in response to changing consumer demands and standardised processes enable the organisation of production of goods and services to be done with maximum quality and lowest cost. The achievement of these principles has implications for the organisation of work as it implies work based on mobilisation and sharing of tacit knowledge, autonomy in the achievement of individual jobs and 'polyvalence' rather than specialised skills, much of which can be achieved with team work. Given the requirement for a committed rather than a compliant workforce, the realm of employment relations is the vital ingredient holding together production management and work organisation. Belanger et al (2002) discuss the coherence that employment relations provides the system in terms of : i) alignment of task flexibility with flexibility in mode of employment, and ii) the role of HRM in capturing hearts, minds and efforts of workers to support organisational goals. On the first point they note far greater diversity of employment arrangements which result in less job secuirty. On the second point Butler et al (2004) note that employment relations focuses on the creation of a social system in support of the technical system.

Bélanger et. al. are careful to state that this model of production continues to be 'work in progress' (p. 31), because, despite its enormous productive potential there remains serious contradictions and tensions within and between the three spheres of production. For instance, in the organisation of work, the move towards team work may encounter resistance from professional or highly skilled workers used to autonomy in their work domain. The move to new forms of work organisation often occurs in a context of organisational down-sizing and is associated with deterioration in working conditions rather than in improvement, thus with disenchantment with workplace change. Team working also makes it hard for unions in union-management relations to use job definitions and demarcations between different trades and job categories to protect members' employment and safeguard undue demand on their labour effort.

The solutions to these tensions are often seen to rely on achieving employee consent and commitment in the sphere of employment relations. However, the dilemma of promoting worker commitment in a context of uncertainty and increased insecurity is fundamentally intractable. The other side of employment flexibility is that the

employment environment firms create results in increased worker mobility, and reduces the ability of organisations to retain scarce employees. Other disadvantages include that the scope for increased worker input into the production process is often limited and less than expected because of management control. Additionally flexibility in employment undermines the role of unions, making it difficult for them to organise among workers or to facilitate genuine worker 'voice' within workplaces.

From a worker's perspective there is thus a fundamental tension whether, in this emergent model of production, employment relations are constructed so as to empower them and increase their intrinsic rewards through work or whether they are constructed to simply extract greater effort. Ramsay, Scholarios & Harley (2000) provide a useful discussion of this conundrum in their testing of the high performance management notion through survey data from United Kingdom workplaces. They note the unchallenged assumption in the literature that the 'causal link which flows from practices through people to performance' (p. 503) has positive outcomes for workers. They go on to suggest that adding a labour process perspective to high perforamcne management acknowledges such systems may enhance workplace performance through some increase of employee discretion but that the trade-off may be increased work intensification, job insecurity and stress for workers.

Capability, considered as the ability of a workforce to perform activities which contribute towards organisational outcomes (e.g. Tamkin, 2005), is an alternative construct to capture the contested contours of the 'work in progress' of an emergent model of production. As such, it does not add much to the understandings of the contours of workplace change debated in the literature. The elements of capability emphasise those aspects of the organisation of production and of employment relations that build commitment of workers as the optimal route towards improved organisational outcomes. Unlike the more expansive discourse in the literature on workplace change however, there is a tendency in the construct to exaggerate the rationality and effectiveness of HRM practices to 'create a social system in support of the technical system' and to underplay management and worker agency in resolving the social tensions and technical constraints that occur in production.

Human Capability in New Zealand Organisations

As part of this research programme, qualitative research into human capability in New Zealand organisations was undertaken. This research involved interviews of workers, managers and owners in organisations across four sectors: wine production, furniture manufacture, mental health services, and in the arts sector as part of the Maori research strand. Interviews were also conducted with education providers, and a range of industry representatives and stakeholders for each case study. In total approximately 200 interviews were conducted in over 30 organisations. Case studies based on these interviews have been reported separately (Bryson, Mallon & Merritt, 2004; Bryson, Pajo, Ward & Mallon 2006; Blackwood, Bryson & Merritt 2006; O'Neil, Bryson, Cutforth & Minogue, 2008; O'Neil, Bryson & Lomax, 2008). This section draws together the themes on human capability which these interviews and case studies suggest for New Zealand organisations.

Table 2, following this discussion, provides a summary of the key influences on the development of human capability that were identified through analysis of all the case study interviews. This utilised the analytical frame of drivers and barriers to human capability development. Drivers are interpreted as those factors which actively catalyse the development of human capability, and barriers as those factors which stop or constrain people from developing or using their capability. Barriers, of course, may simply be the lack of driver factors, but they can also be active barriers which prevent capability development even in the presence of drivers. These two categories were further subdivided according to the level at which they were reported as occurring: a) institutional, i.e., factors related to broader systemic arrangements in society such as policy, legislation, regulation and social attitudes; b) organisational, i.e., factors related to practices within organisations; or c) individual, i.e., factors personal to the makeup of an individual.

What we found in our case studies were a variety of workplace, industrial and sector contexts where the principles of production flexibility with a concomitant focus on quality and cost competitiveness were everywhere in evidence. The dominant driver of these production principles were the uncertainties of competition forced upon producers in an open economy. In the private sector, this drive came from competing in export markets, as with wine production, and with competition from imports, as with furniture manufacture which was focused on the New Zealand market. In the public sector, as with mental health services, these production principles were evident and driven by state agencies which were aiming to achieve both efficiencies in the way public resources were spent together with a responsive delivery of quality public good outcomes.

Evident across the case studies was the widespread practice of outsourcing to contractors and subcontractors to manage production flexibility. This acted as both a driver of, and a barrier to, capability development. Within the arts sector, most workers were subcontracted, and often the key function within the 'core' firm delivering the final product was project management of this diversity of subcontractors. Much of the work which was now contracted out had previously been done 'in-house' and outsourcing was being used as a deliberate strategy to manage uncertain demand and to economise on costs by externalising them through competitive supply. Similarly, in the state sector, a large proportion of community-based mental health care was supplied on a competitive tendering basis by non-government organisations to the District Health Board funder. Again, this network of subcontractors was a deliberate strategy by the District Health Board to manage changing demands for public heath services and to economise on costs. Across the case studies the great majority of these subcontractors were small firms and often were owner/operators. Aside from retaining a management function within the 'core' firms in order to coordinate production, core firms also retained key people with firm specific skills that were difficult, if not impossible, to purchase through contracting.

The organisations in these case studies were also broadly similar in the spheres of work organisation and of employment relations where the organisation of work and of HRM practices, whether they existed formally or informally, were often being used to reinforce management and owner fiat and control, and were not being used to mobilise the tacit knowledge of the production processes which workers held. Human capability development, both individual and collective (the workforce), as the

potential to perform, was thus constrained by the inability or unwillingness of owners and managers to mobilise worker knowledge. Whilst the principles of knowledge, 'multi-skilling' and worker self-regulation offer considerable synergies in support of the principles of production, it is clear that many owners and managers are more comfortable with the legally ensconced, hierarchical command structure to resolve the real problems and tensions in organising cooperation and productivity in the labour process.

The exceptional circumstances where workers and workforces could and did use their knowledge and discretion in the production process were where management control could be mediated through the autonomy over work which a trade or a profession conferred on workers. Entry into trades such as cabinet-making or professions such as nursing is controlled by the trade or profession itself, and often regulated by unions. The level of skill in the trade or profession is thus governed internally as is the culture, particularly with regard to how to engage in cooperative work. In our cases, tradespeople and professionals in their work offered their knowledge, were inherently multi-skilled, and worked in self-regulating teams, because they could and desired to out of professional pride.

The majority of workers however had little formal opportunity to use discretion in their work. Tacit knowledge was relied upon as the silent contributor to workplace productivity, but formally the organisation of work and the definition and control of tasks was a responsibility of management and accepted as such. Where participation was sought, it was largely to provide a rationale to justify the role for management to make decisions, and not one of joint-participation in decision-making.

When one looks across each sector and its network of core and subcontracting firms, the labour market structures appear as a series of interlaced labour market segments in which there is a strong tendency towards dualism. That is, whilst there are sectoral variations, jobs are allocated across primary and secondary sectors. In the primary sector are the better jobs in the labour market – those which offer relatively high wages, secure employment and some form of career progression through an internal market. Formal skill levels in this sector are high and the organisational capability – often enhanced with ICTs, is well advanced. In the secondary sector are the least desirable jobs – those with relatively poor wages and working conditions in which the threat of unemployment is constant. Jobs in the secondary sector are also associated with small firms that have little organisational capability and are technologically backward. In our case studies it seemed that there was also a difference in social composition between the two sectors as well, with the secondary sector dominated by Maori women and the young, whilst the primary sector is the domain of pakeha and new immigrant, prime-aged professionals and tradespeople.

However, the antithesis to this somewhat bleak managerial and workforce picture also emerged across our cases in a variety of forms. Institutionally the presence of industry-wide responses to economic and other pressures often encompassed a concern for capability. Hence industry strategies acted as drivers and served to ameliorate the tendency to very short term focus of many of the organisations we visited. Organisationally two things were key to determining the practiced business strategy and culture in relation to human capability. These were the beliefs and motivations of the owner or general manager, and the practices of line managers and

supervisors. People in these different tiers of management significantly influenced the organisation culture around human capability by virtue of their beliefs and actions. There were employers interviewed, even from very small organisations, who simply had a belief in developing the next generation of workers in their profession, trade or industry. Similarly many workers identified as important a key supervisor or employer in their working lives who had actively encouraged or supported them.

The cases also showed the power of proactive individual behaviour to enhance the achievement of human capability. Workers who had the awareness, confidence and interest to ask, make time, shape the work environment to suit their needs, were more likely to get the capability development they desired. Access to, and take up of, opportunities through work were positively influenced by proactive individual behaviour. Individuals are not without some agency in most work situations, the question is whether they exercise it or not. Interviews with workers revealed that numerous factors determine this including awareness of rights and possibilities in work and life, issues of identity (cultural, occupational, etc), confidence and self efficacy. These in turn are linked to educational and family experiences, presence of role models or supportive facilitators at work and outside of work.

Table 2: Summary of key influences on the development of human capability reported in some New Zealand workplaces

	Drivers	Barriers
Institutional	Social attitudes which are supportive of education, work, and skill development	Social attitudes which eschew post compulsory education and some types of jobs
	The state of the economy and industry. Those industries that had strategies and engagement at industry level (either through ITO's or other industry/sector groups or government initiatives focused on specific sectors) tended to drive greater capability development.	The state of the economy and industry. Those industries that were experiencing increased competition or tightening in their markets and had no effective response, faced a downward spiral in human capability.
	Industry education infrastructure and policy has driven greater skills development and credentialing. In particular the reintroduction of the apprenticeship system.	Industry education infrastructure and policy can involve tensions between differing incentives for ITOs and providers. Also some perceived the atomised nature of unit standards made workers less capable in understanding whole processes and adapting to changes in processes.
	Education system, e.g. the stair-casing of industry training builds capability (particularly for those with poor secondary school experiences); formal, structured learning drives broader understandings and capability development, and establishes professional networks	School and other influences on job choice which discouraged or failed to encourage students into certain occupations or industries.
	Existence of regionally based publicly funded education providers who operate with input from the community.	State constraints on funding for publicly funded activities
	Iwi political and economic organisation (e.g., regional alliance of Maori providers enhances capability)	Lack of acknowledgement by employers of Maori cultural knowledge that is drawn on in the workplace.
	Shortage of some types of workers drives a broad range of capability development initiatives	Rural geography can constrain some capability development opportunities
	Institutional norms which endorse industry and organisational practices of contracting out/outsourcing arrangements which require skill or development standards to be met, e.g., in mental health provision, has driven up-skilling (and consequent increase in individual confidence, choice and capability)	Contracting out of service provision can also lead to limited investment in capability development, and constraints on career pathways
	Jobs which are local, available, long term work in a tight local job market	

	Drivers	Barriers
Institutional cont'd	*Additional factors from Maori organisations* Political shifts extending tino rangitiratanga: - legitimation of iwi organisations as peak political organisations of Māori - social justice restoring land and resources through Treaty settlements - cultural restoration revitalising Māori language - state funding model based on the notion of efficiency through private provision leading to partnerships between iwi and state agencies - projects to expand Māori economic pathways - Increasing confidence in iwi identity - Strong rohe (traditional land) focus	*Additional factors from Maori organisations* Structural barriers: - poor resource base for economic self-development for many iwi - Reliance on state funding for many developmental activities
Organisational	Management belief in goals of the organisation (e.g., mental health through to high quality furniture making), facilitating team work and reflective practice Supportive employers, managers, supervisors were consistently cited as key drivers of human capability development. This support manifested in a wide variety of ways. Pay systems, particularly those that were skill related were cited as an important incentive to increase skills (as long as the design of the job gave the opportunity to use these skills). Additionally, fair pay in general allowed workers to live the lives they desired. Work design and practices drove capability. In particular practices which enabled developing an understanding of a whole process and where one's own job activities fit. Importance of a balanced team – mix of experienced with inexperienced workers for effective workplace learning, mentoring and sharing of capability Appropriate resourcing and infrastructure drives quality and capability. For instance, the organisation paying study fees, and providing paid time off work for study; good staffing levels to allow this.	Short term focus of business owners and business strategy Small size of organisations (a well rehearsed argument) presents some practical barriers (financial, no one to fill in, time constraints). But this is also a failure to think beyond the obvious barrier to alternatives (which some organisations did). Inability to share capability (between individuals & between organisations) Occupations – the need in some industries to resource exponential increase in occupational qualifications constrains organisational ability to fund basic qualifications Management – performance management based solely on efficiency of production and outputs Lack of support (in workplaces and in professional training) for use of Te Reo or Maori values impacts on Maori capability and non-Maori capability in a Maori environment

	Drivers	Barriers
Organisational cont'd	Social or other treats for workers were noted, both in large and small organisations, as important motivators. Good customer and supplier relations led to greater sharing of capability and continuous improvement. Occupations – recognition of certain work areas as worthy occupations with certain skill needs and broader capabilities (e.g., mental health nursing and community mental health work) Professional standards and competency assurance mechanisms Unions adopting a partnership approach with a desire to engage with employers not just on pay and conditions but also on capability related issues (e.g., productivity, service to users, etc) *Additional factors for Maori organisations:* - Vision of iwitanga with iwi economic self-determination - Strong marae giving mandate to iwi organisations - Improving asset base especially as result of Treaty grievance settlements - Dual industry structures - Kaupapa Māori management style esp. fostering whanau-style relationships - Partnership agencies especially in social services providing employment and skill development - Voluntary work for the iwi as an initial source of capability development	Absence of active union presence in many workplaces without alternative voice mechanisms was, for some, a barrier to any focus on capability Perceived inadequacy of organisational induction processes in some organisations Perceived inequalities in professional development and promotion processes in some organisations *Additional factors for Maori organisations*: - Lack of coherent strategy for economic self-determination (conflict between traditional social organisation of production for use and contemporary social organisation of production for exchange) - Insufficient resources to attract, train appropriate people
Individual	Attitude was consistently reported to drive capability. In particular the willingness and desire to learn, and interest in the work. Skills, passion for the job, enjoyment of job, self awareness and a supportive team Aspiration to improve one's lot in life or that of one's family Personal beliefs and values and interests influence career choice and desire to foster personal development and well-being	Poor schooling experiences The absence of confidence, motivation, or no way to access it Poor attitude to work, and to capability development Lack of literacy

	Drivers	Barriers
Individual cont'd	Proactive individual behaviour was a key driver. The desire to continue learning and developing through experience and to proactively shape the work environment or ask for the development in order to achieve this. Qualifications and up-skilling opportunities give confidence to be capable Networking and links to the community enhance capability, as do a role model or encourager (often 'someone like me' who has done well) *Additional factors for Maori organisations* - Strongly iwi-centric and desire to work for iwi collective interest - Genealogical affiliation - Proactive personality - Networks of friends, whanau and extended kin - Formal education - Work experiences	Other priorities outside of work were seen by some as barriers to capability development at work. However, for many these priorities were the drivers of living a life that they desired. *Additional factors for Maori organisations* - Limited opportunities to progress - Relatively low wages - Limited business experience

An Alternative Emergent Meaning of 'Developing Human Capability'

As stated in the introduction, the broad aim of this research project is to identify the conditions for the optimal development of human capability in New Zealand organisations within a broad context of state efforts to facilitate economic transformation and development in New Zealand. Whilst the specific meaning to attach to 'development of human capability' was open at the beginning of the research phase, because of the economic aims and context of the overall research project, a prior working definition of human capability tended to be one of 'the sustained ability of workers to perform' and developing human capability tended to be equated with skills and training.

Although the research began with a working definition of capability, in the interviews of workers in a range of different industries and workplaces (see Bryson, Pajo, Ward & Mallon, 2006; Bryson & Merritt, 2007; Bryson, 2007; O'Neill & Bryson, 2007) we observed a serious contradiction with respect <u>to whom</u> does developing human capability relate. Does human capability refer to the capability of people within organisations to meet or serve the goals of the organisation, and therefore does developing human capability refer to aspects such as training and development? Alternatively does human capability go beyond the organisation and refer to workers themselves and how they live or would like to live their lives? In such a case the subject/focus becomes the humans themselves, of which work is but part of a broader capability to live.

In our reading of the interviews we have tended toward the latter interpretation of human capability. Capability in the sense of competence to meet organisational ends was important in the interviews we conducted but such capability was part of a wider endpoint which related to the ability to lead a good life of one's own choosing. Capability to "do the job" was merely part of how people defined themselves and what they could do with their lives. For example, through the skills and training 'to do the job' to assist patients recover from their illnesses, mental health workers in Northland were also purposefully developing their personal interest towards self-knowledge and self-awareness. For Maori mental health workers, capability 'to do the job' also encompassed the capability to have a valid and legitimate life and existence as Maori. There is also diversity in the reasons why people entered a job or profession, diversity in what people bring into a job, and diversity in what people take out of a job.

Capability to "do the job" as merely part of how interviewees defined themselves and what they could do with their lives, and the diversity in lived experiences of the workers we interviewed, leads us to thinking of human capability as the freedom to achieve things. This sense of capability as a positive freedom is one which resonates within the 'capability approach' of the Nobel laureate, Amartya Sen. Sen's capability approach helps inform an emergent meaning to attribute to developing human capability which the interviews expose.

Sen's use of the concept of 'capability' originates in debates within welfare economics and is principally applied in the context of economic development. Sen's

thought has been widely summarised and presented in the literature[2]. Sen himself has provided many summary accounts of his thoughts[3]. Whilst Sen's 'capability approach' raises complex philosophical issues and is developed out of a detailed critique of mainstream economic approaches to welfare, the essential point of departure of Sen's work is his focus upon human well-being and within that his arguments that the purpose of development is the expansion of people's well-being and freedoms so that people have the opportunity to expand their achievements.

As Sen himself (1993) and other commentators (Robeyns, 2000; Sehnbruch, 2004) emphasise, the capability approach operates at three levels, but is primarily and mainly a framework of thought, or a mode of thinking. Sen stresses 'the plurality of purposes for which the capability approach can have relevance' (Sen, 1993, p. 49), below which is a critique of other welfarist approaches in welfare economics. On a third level is the capability approach as a formula for interpersonal comparisons of welfare.

The capability approach involves 'concentration on freedoms in general and the capabilities to function in particular' (Sen, 1995, p. 266). The major constituents of the capability approach are the concepts of functionings and capabilities. In *Development as Freedom*, Sen offers a set of definitions of functionings and capability:

> 'the concept of "functionings"… reflects the various things a person may value being or doing. The valued functionings may vary from elementary ones, such as being adequately nourished and being free of avoidable disease, to very complex activities or personal states, such as being able to take part in the life of a community and having self-respect… A capability [is] a kind of freedom: the substantive freedom to achieve alternative functioning combinations' (Sen, 1999, p. 75).

Functionings are thus the 'beings and doings' of a person, whereas a person's capability is the various combinations of functionings that a person can achieve. The two concepts are related but distinct in that:

> '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, 1987, p.36).

A key point that Sen is making out of his critique is that the availability of a commodity (such as a money wage or a job) does not necessarily or automatically imply that people can achieve an intended act or state of being. With the concept of 'functionings', Sen is trying to capture the notion that what 'doings and beings' a person achieves depends upon command over a particular set of commodities, her individual circumstances, the physical and social environment she lives in, and all other factors that may impact on the conversion of commodities into achievements.

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[2] see for example, Pressman S. & Summerfield, G. (2000); Osmani, 1995; Gasper, 2002.
[3] See for example Sen, 1984; 1985;1987; 1992; 1995; 1999.

Following Robeyns (2000), a schematic representation of the capability approach is presented in Figure 3 below. By introducing the concept of functionings Sen is concentrating on what an individual can achieve with a particular set of commodities given that person's circumstances. In this process, they have to make choices and take decisions. Capabilities captures this notion of choice by considering what people *could* achieve given a certain set of commodities. Capabilities thus refer to the ability of a person to do or be something, whereas functionings refer to the actual actions or states of people. The capability of a person thus corresponds to the freedom that a person has to lead one kind of life or another, chosen from a range of options.

Figure 3: A Schematic Representation of the Capability Approach
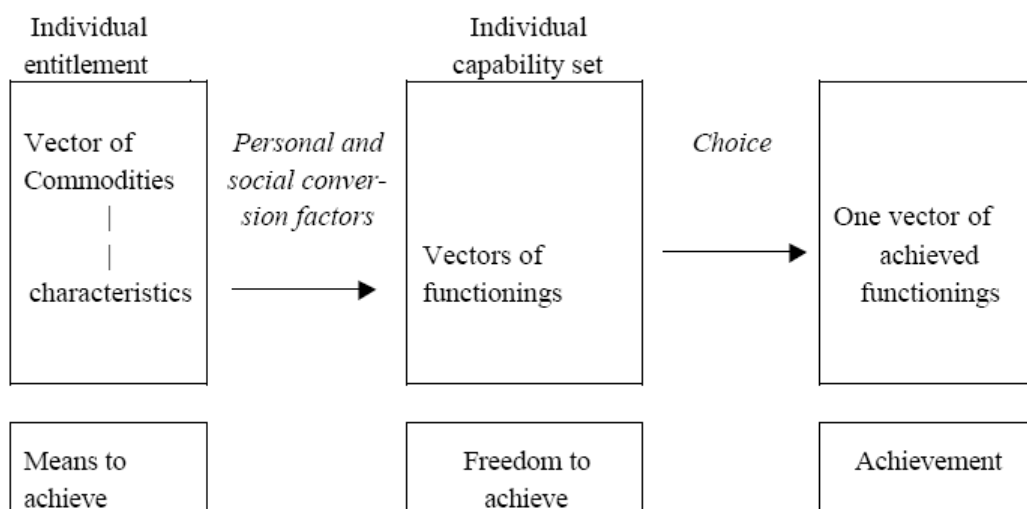
Source: Robeyns, 2000, p. 5

In recognising agency, crucial to the capability approach of Sen, is what Browne, Deakin, and Wilkinson (2004) refer to as the conversion factors which facilitate freedom or capability. These conversion factors are the characteristics of people, the society and the environment they live in, which together determine a person's capability to achieve a given range of functionings. Personal characteristics in this sense include such things as a person's metabolism, age and gender. Societal characteristics would include such things as societal norms, legal rules and public policies. Environmental characteristics would include such things as climate, physical surroundings, infrastructures and legal-political institutions.

The capability approach of Sen thus provides an alternative framework of thought or lens through which to identify the factors that lead to the optimal development of human capability in New Zealand organisations. It asks, what are the social arrangements or conversion factors that lead to the ability of people to do or be something? Viewed through this lens, the research becomes an end-based approach: in organisations focusing on workers as ends-in-themselves, their ultimate well-being,

rather than merely as a means-based approach focusing on the income workers earn, the skills they have or the type of job they hold[4].

Application of Sen's Capability Approach to Human Capability Development in New Zealand Organisations: a Framework for Practice

This section develops a framework for human capability development. The purpose of this framework is to inform practitioners in the field of industrial relations and human resource management into how, through their work, they can be instrumental in developing or reproducing those social arrangements which develop human capability. This framework is informed by our reflections, firstly at the level of the organisation, that organisations in New Zealand are not fully mobilising the tacit knowledge of production processes which workers possess and this is hindering the capability of workforces. Secondly, this framework is informed by our reflections from interviews that at the individual level human capability was about the freedom to live a life that was personally perceived as valuable, and that the capability to perform work for an organisation was merely a means towards that end. This framework builds upon Sen's approach to human capability by first establishing what it is that workers want in a job which would add to their human capability. At the level of the organisation the drivers and barriers to the achievement of human capability are then identified. A number of these drivers and barriers were identified as placed at the institutional level and the framework also reflects this. The implications of this framework for actors influential in workplace change are then discussed.

This framework was developed by a series of iterative steps. As stated above, from our qualitative research involving interviews of individuals in organisations we had formed some working hypotheses as to what human capability was at the organisational and at the individual level. We decided to focus upon Sen's approach to human capability and undertook a further literature review into the applications of Sen's capability approach to work and employment. This review identified two interrelated areas of application: in the field of the quality or inequality of employment and in the field of human rights. Utilising an approach developed by Vizard and Burchardt (2007) for the UK Commission on Equality and Human Rights, we developed a set of human rights based upon the United Nations Declaration of Human Rights, which we felt, that if it was universally based in practice, was a capability set that permitted the development of human capability. We then presented this set of human rights to members of a series of targeted focus groups together with a set of questions. These questions asked:

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[4] The means-based focus has already slipped into the project description with reference to the linkage between human capital, skills and training. Whilst not denying the relevance of the concept of human capital, its focus upon skill and its individual rational acquisition misses the point that the individual also needs the effective means to apply such skill into an achievement. Skills are only a part of a wider concept of a person's broad capability to achieve his or her goals. The case studies highlight how this capability develops or declines depending on daily circumstances in life and work, at least as much on formalised periods of education and training.

1. if this set of human rights represented a set of human capabilities, what would you as workers want in your job which would allow these capabilities to exist in practice?
2. what would be the characteristics of the workplace which would facilitate this human capability development?
3. what are the drivers and barriers to this human capability development?

The rationale for choice of focus groups was to cross a spectrum of the social division of labour in workplaces. Seven focus groups were held with a total of forty-five people participating. These focus groups were:

- Organisational consultants
- Government policy-makers
- Maori union organisers and union delegates
- Unionised workers
- Non-unionised workers
- Managers both unionised and non-unionised
- Managers and workers both unionised and non-unionised

The discussions in these focus groups were taped then summarised into a draft human capability framework. This framework was then tested with two further focus groups: one of union educators and another of human resource managers, who were potentially influential agents in workplace change. The draft framework was presented and explained to these focus groups and they were asked for feedback through a series of questions:

1. does this framework make sense, seem logical?
2. would there be a better way to present it or explain it?
3. In terms of a framework or tool for practitioners:
   a. Can you see implications for practice?
   b. Could this be useful in your work?
   c. How would you use it?
4. Are there gaps or ways you would like to see it made more useful?

The framework presented in this paper is the result of this final feedback.

Application of Sen's Capability Approach in Work and Employment

The capability approach of Sen has found a number of applications, most notably in economic development where it has emerged as a leading alternative to standard economic frameworks for thinking about poverty, inequality and human development generally. The framework is also sufficiently flexible to allow it to be developed and applied in a number of different ways. Thus applications are found in disciplines such as political philosophy, and in business and development ethics, and in fields such as education, gender studies and other studies focusing upon inequality and social exclusion (Alkire, 2002, Clark, 2005).

Because Sen's approach argues that human capability is the positive freedom of people to live lives they value and have reason to value, many studies using the capability approach focus upon inequalities so as to understand and explore how and why societies limit development and freedoms for all. Sen's capability approach provides a fresh perspective when examining inequality. For instance, in the education field, the capability approach provides the conceptual framework to go beyond a productive approach to education, in which educational outcomes are given by technical combinations of educational inputs (and therefore conceivably measurable), to examine issues such as who has access to education and how such access is shaped. The capability approach thus examines how social norms, such as labour market norms, and social inequalities driven by ethnicity, gender and so on, and how education, shapes life-skills and life options in terms of being able to know, act and live together in a social environment (Lanzi, 2007, Saito, 2003). The field of education is mentioned deliberately here because it features so prominently as a 'supply-side' solution to the so-called workplace skills shortage in New Zealand[5]. However, it is clear from the case studies: a) that there is considerable variability in the opportunities opened up for 'high-skilled' within organisations (hence a question over the demand for workplace skills); b) that the production of 'skilled workers' involved an extensive period of informal workplace learning through experience; and c) that insofar as what formal training did occur, whilst on the one hand often criticised for its connection to the realities of the workplace, formal education was on the other hand valued for the exposure it gave for the possibilities of achievement in autonomy, agency and well-being and in opening career pathways[6].

Whilst there are few studies which apply Sen's capability approach to work and employment in developed states such applications, where they exist, focus upon inequality in employment and employment outcomes. A notable example is the work of Sehnbruch in her study of the Chilean labour market (Sehnbruch, 2004). Sehnbruch's starting point is that in the Chilean case, economic liberalisation in the 1980s may well have led to a reduction in unemployment, the creation of more jobs and rising income levels per capita compared to state responses to earlier crises, but ignores the fact that the benefits of such economic development have been very uneven and have not spread to the lower income groups. Mirroring Sen and his capability approach, Sehnbruch argues that economic growth should 'focus upon how and whether the benefits of growth are passed onto the individual through employment' (op. cit., p. 6). In other words, it is the quality of employment that matters as much as the quantity of employment when considering the benefits of economic development.

In New Zealand, whilst employment has grown and unemployment has fallen since market de-regulation began in the 1980s, such de-regulation has caused increased income inequality (Weeks, 2005). The mainstream response to such inequality,

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[5] see for example, the recent New Zealand Skill Strategy Discussion Paper (NZ Skills Strategy, 2008) in which the value of education is presented in purely instrumental terms of enhancing the attributes of people that are productive in a given economic context and in which the social returns and the intrinsic value of education does not feature. See also arguments by Casey (2003, 2004).
[6] see in particular the Northland Mental Health Case Study where the requirement by the Northland District Health Board for certification of workers in the non-government organisation provider sector as a means to raise the quality of mental health service provision also proved emancipating for many of the low-skilled and young workers concerned

following their belief in the fiction of purely competitive markets, is that such inequality, if it persists, has occurred in the market not because of the market. Such commentators point to persistent 'external influences' such as trade unions preventing market adjustment, or that labour markets reflect the human capital endowments of the labour supply thus 'in a fully competitive market people tend to get out of the productive process just about what they put into it' (Wootton, 1955, p. 14). It is however difficult to reconcile this response with the persistent and chronic inequalities characterising the distribution of work. The burden of labour market risks continue to be borne by ethnic minorities, women, the disabled, the old and the young. The mainstream response is that such discrimination occurs before such groups enter the labour market (that is, in the education and training system) and the labour market subsequently reflects those inequalities in an even-handed way. The evidence however suggests that patterns of inequality are not simply inherited but are in fact magnified by the labour market. Firstly, individuals of equal human capital endowments continue to experience different levels of exposure to labour market risks, and secondly, the magnitude of income inequalities in the labour market continue to exceed those associated with virtually all measures of human capacity (Thurow, 1975).

More sociologically-based and historically grounded accounts of labour market dynamics than mainstream economics, point to social regulation of labour markets, the forms of which vary enormously, ranging from formal labour law to socially embedded work norms (Peck, 1996, O'Neil, 2005). These institutions and social forms are conceived as endogenous to labour markets and are deeply implicated in their structures and dynamics and which segment labour – that is, 'separate the labour market into different segments within which workers are treated differently' (Villa, 1986, p. 257). Contemporary labour market segmentation theory thus argues that labour market structures and dynamics do not derive from a fully coherent inner logic. Rather, the labour market is a complex, composite structure bearing the imprints of a diverse range of influences. Some of these influences are grouped together in the spheres of labour demand, labour supply and the state. Labour demand often takes primacy as an explanation of segmentation. Here a diversity of demand-side causes: factionalised industry structures, imperatives for labour control, workplace struggles, variable product market conditions, technological development, which can take institutionally and socially variable forms, are recognised. On the supply-side, it is recognised that the structure and dynamics of the sphere of social reproduction exert relatively autonomous influences on forms of segmentation. Social restructuring is not reducible to demand-side factors, but are related to a range of relatively autonomous factors, in particular, the role of the household division of labour in shaping labour market participation, the stigmatisation of certain social groups as secondary workers, processes of occupational socialisation, and the influence of unions in restricting labour supply to certain occupations. Also state actions and institutional forces are afforded a central causal role, where sources of segmentation are traced to the structure of education and training systems, industrial relations regimes, and welfare systems (Rubery, 1992, Peck, op. cit.).

Each causal sphere has its own characteristic structure and dynamic and each brings with it different tendencies towards segmentation. Segmentation thus arises as 'the outcome of the contingent and dialectical interaction of several causal tendencies: the state, the sphere of social reproduction and demand-side factors' (Peck, op. cit., p.

75), the precise form of which cannot be determined purely by a priori reasoning (Wilkinson, 1983).

The central point of this discussion on segmentation theory, is that there are arguments which point to causes *within* labour markets that cause persistent inequalities in labour market outcomes. From the perspective of the capability approach of Sen, for those for whom such structures lead to poor quality employment relative to those who obtain good quality employment, their capability to lead lives they value has been compromised by factors which have disadvantaged them relative to others. There is thus an ethical argument that such inequalities are unfair, and in a 'fair society', for the existence of social arrangements which address differences in equalities in employment.

There have been a number of studies internationally, including New Zealand, on the quality of employment. Following an earlier useful literature review by Johri (2004), a recent New Zealand study on work quality commissioned by the Department of Labour identified twenty-six work values from the people surveyed[7] (UMR Research Ltd., 2006). These work values are listed in Table 3 below in order of relative importance by the survey respondents

Table 3: Key Work Values of New Zealand Workers

1.	Job satisfaction	14.	Creativity and innovation
2.	Good relationship with boss/manager	15.	Positive culture
3.	Equality and fairness	16.	Manageable workload
4.	Enjoyment and fun	17.	Working as part of a team towards common goals
5.	Meaningful and rewarding work	18.	Flexible hours
6.	Resources to do the job	19.	Training and development
7.	Respect and trust	20.	Money
8.	Recognition	21.	Ease of commuting
9.	Variety and challenge	22.	Personal employability
10.	Work-life balance	23.	Good physical environment
11.	Good relationships with colleagues	24.	Participate in and influence decision-making
12.	Safe and healthy workplace	25.	Career progression and advancement
13.	Job security	26.	Networking

Source: UMR Research Ltd., 2006, p. 10

Although there are methodological differences across studies, these values and their rankings are broadly in line with results from studies elsewhere in New Zealand and overseas which consistently rank intrinsic work factors and a sense of achievement over extrinsic work factors such as pay[8].

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[7] This work was commissioned by the Department of Labour to a market research firm, UMR Research Ltd. This firm obtained their primary data by 'brainstorming' ideas with nine focus groups and four mini-groups and a series of questions which arose from the focus groups to UMR's online panel.
[8] See Johri (2006) for a review of these studies.

The 2006 study referenced above also asked respondents to identify those work values that were associated with a high-quality job and with a low-quality job. The work values most frequently associated with a high-quality job are presented in ranked order in Table 4 below.

Table 4: New Zealand Work Values Associated with a High Quality Job

1.	Money	7.	Good relationships with colleagues
2.	Having a good boss or manager	8.	Recognition
3.	Work-life balance	9.	Flexible hours
4.	Variety and challenge	10.	Respect and trust
5.	Job satisfaction	11.	Enjoyment and fun
6.	Positive culture		

Source: UMR Research Ltd., 2006, p. 11

Interestingly, money ranked as the highest work value associated with high quality work. Whilst comment is made in the report that references to pay were often accompanied by perceived negatives of being in a highly-paid job, such as poor work-life balance, high stress levels and long hours, the difference in ranking may also be due to differences in the methodological approach taken by the authors to obtaining key work values and the identification of values associated with high-quality and low-quality work.

This limitation notwithstanding, these results are broadly in line with overseas studies[9]. Overseas studies do identify a large variation in work values within a population as well as differences between populations. For instance workers in some sectors of the populations of Canada, Australia and in Western Europe, valued most the intrinsic characteristics of work, while in the countries of Central-Eastern Europe workers valued most the extrinsic characteristics of pay and material rewards of work (Vercernik, 2003). In England however, Edwards and Burkitt (2001) found that for low and middle-income earners the quality of employment was not much of an issue as it was outside of their work experience. This mirrors the recent work out of SKOPE which argues that Britain does not have a skills shortage problem but a problem of labour shortage for low-skilled, low quality jobs (Lloyd and Payne, 2006; Keep, 2000;Keep and Payne, 2004; Keep, Mayhew and Payne, 2006).

The characteristics commonly associated with low-quality work in the 2006 study referenced above are presented in Table 5 below.

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[9] See Johri (2006) for a review of these studies.

Table 5: New Zealand Work Values Associated with a Low Quality Job

1.	Boring, monotonous, repetitive work	10.	No training or prospects
2.	Dirty and dangerous	11.	Not respected or listened to
3.	Discrimination and harassment	12.	Not rewarded or recognised
4.	Having to take work home	13.	Poor boss/manager
5.	Lack of flexibility	14.	Poor physical environment
6.	Long hours	15.	Poor work-life balance
7.	Lots of work for low pay	16.	Stressful
8.	Low morale	17.	Unappreciated
9.	No job security	18.	Unhappy/grumpy colleagues

Source: UMR Research Ltd., 2006, p. 12

As these authors note, these characteristics have much in common with those mentioned in relation to 'precarious', non-standard employment. For example, Tucker (2002), in a review of the New Zealand literature on precarious non-standard employment, suggested a number of potential indicators of precarious employment that could be used in the New Zealand context. These indicators are presented in Table 6 below.

Table 6: Possible Indicators of Job Precariousness in New Zealand

1.	The job can be terminated with little of no prior notice by the employer
2.	Hours of work are uncertain or can be changed at will by the employer
3.	Earnings are uncertain and irregular
4.	Functions of the job can be changed at will by the employer
5.	There is no explicit or implicit contract for ongoing employment
6.	There is, in practice, no protection against discrimination, sexual harassment, unacceptable working practices
7.	The job is low income – at or below the minimum wage
8.	There is little or no access to 'standard' non-wage employment benefits such as sick leave, domestic leave, bereavement leave or parental leave
9.	There is limited or no opportunity to gain and retain skills through access to education and training
10.	The task performed or the health and safely practices at the workplace makes the job unhealthy or dangerous

Source: Tucker, 2002, Table 3, p. 26

Aside from the similarities between the values associated with low-quality jobs and indicators of job precariousness, the connection has a number of attributes that relate to human capability. Firstly, those in precarious employment or low-quality jobs are more likely to be women, young, an ethnic minority, and less-skilled and less-educated[10] (Tucker, 2002), thus, relative to other social groups, have less capability to live the life they value. Secondly, for some, precarious employment is not a problem and reflects their capability preferences. For example, registered nurses in the non-government segment of the mental health sector, have relatively precarious employment because of contract funding compared to permanent colleagues in the District Health Board doing the same job, but choose this principally because it frees

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[10] There is some limited New Zealand evidence to this effect (see Brosnan and Walsh, 1996)

them from shift work. Thirdly, for most of those in precarious employment, their potential life options were severely constrained by their being in such employment. For example, in a New Zealand case study on precarious employment, some employees felt they could not, or were not aware they could, bargain for improvements in pay and conditions of work, had no control over work, and were unable to see how they could improve the quality of their life in the present job or in alternative employment (Web/LMPG, 2004). For such workers therefore, human capability – the possibility of choosing the kind of life they valued, was severely constrained by the precarious nature of their employment.

The literature on inequality in employment thus corresponds quite closely with the capability approach through the theoretical framework which postulates systematic inequalities in outcomes in employment and through studies which identify the characteristics of forms of unequal employment. From the perspective of the capability approach, through systematic inequality in employment, the people so affected can be presumed to be constrained in living the lives they have reason to value. This presumption is read from this literature however. There is no empirical connection. Further, although segmentation theory points to where the sources constraining human capability development may lie, there is little empirical work in the New Zealand context which identifies both the drivers and barriers to human capability development in employment[11]. This is the purpose of the next section which attempts to make an empirical case for the development of human capability through employment in New Zealand organisations.

A Rights-based Approach to Identifying the Optimal Conditions for Developing Human Capability in New Zealand Organisations

As discussed above, the literature on inequality in employment, while it suggests who are the likely groups to be affected, and the form of such inequality, does not make any particular claims as to what ought to constitute equality in employment in practice. The focus of the capability approach is on the expansion of substantive human freedoms in the form of human capabilities, thus inherent in the approach is equality in human capability. Nevertheless, what ought to constitute a capability list is contestable. Sen himself has been reluctant to endorse a specific list of capabilities.

> The problem is not with listing important capabilities, but with insisting on one predetermined canonical list of capabilities, chosen by social theorists without a general social discussion or public reasoning. To have such a fixed list, emanating entirely from pure theory, is to deny the possibility of fruitful public participation on what should be included and why (Sen, 2004, p. 77).

In contrast, Nussbaum has argued that Sen's position in relation to the formulation of capability lists is too vague and that both the theoretical development and practical application of the capability approach requires the endorsement of a specific capability list. On the basis of this critique, Nussbaum has developed a list of central human function capabilities (see Nussbaum, 2000, pp. 78-80), which has been adopted for many empirical studies on the capability approach. Nevertheless, as

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[11] Excellent New Zealand insights can be read from the Web/LMPG, 2004 report

Burchardt (2006), Vizard and Burchardt (2007) and Vizard (2007), discuss, various concerns have been expressed about the broad nature of Nussbaum's capability list – 'relating to the substantive content of the list, the focus on philosophical derivation, and the lack or absence of democratic legitimacy and participation' Vizard and Burchardt (2007, p. 33). Alkire (2007) argues that the wide range of methodologies adopted for the selection of capability lists is a strength of the capability approach and develops a set of categories for developing capability lists.

Vizard and Burchardt (2007) draw on Alkire in their development of a methodological framework for the United Kingdom Equalities Review Commission. This framework combined two approaches to the development of capability lists: pragmatic consensus and deliberative/participative methods. Vizard and Burchardt invoked the United Nations Declaration for Human Rights as the basis of a 'pragmatic consensus' for reaching agreement on the nature and scope of a capability list. To these authors, this Declaration serves as a pragmatic starting point to develop a capability list because:

> 'it has the advantages of drawing upon established processes of international consensus-building around the central and basic freedoms that are of value in human life and that are at least in part deliberative and democratic (rather than being purely of an "expert" or "technocratic" nature") (p. 11)

The capability list that was developed from the United Nations Declaration of Human Rights was then subjected to deliberative consultation with interested and affected parties.

Because our project was constrained by the time scale and resources available, it was decided to draw upon the final capability list which Vizard and Burchardt developed for the United Kingdom Equalities Review Commission as our 'pragmatic' starting point for a capability list for developing human capability in New Zealand organisations. This list is presented in Table 7 below.

Table 7: Capability List for Developing Human Capability in New Zealand Organisations

Capabilities (from literature, based on UN Declaration of Human Rights)
The capability to be alive, to live in physical security and to be healthy
The capability to be knowledgeable, to understand and reason, and to have the skills to participate in society
The capability to enjoy a comfortable standard of living, with independence and security
The capability to engage in productive and valued activities
The capability to enjoy individual, family and social life
The capability to participate in decision-making, have a voice and influence
The capability of being and expressing yourself, having self-respect and knowing you will be protected and treated fairly by the law

Source: Vizard and Burchardt (2007), pp. 5-8

Participants in targeted focus groups were then presented with this capability list and asked: if this set of human rights represented a set of human capabilities, what would

you as workers want in your job which would allow these capabilities to exist in practice? what would be the characteristics of the workplace which would facilitate this human capability development? and, what are the drivers and barriers to this human capability development? The responses to these questions were collated and are presented in Table 8 below.

A Human Capability Framework

Our human capability framework is presented in Tables 8. The framework works from left to right. In the left-hand column is the basic set of human capabilities borrowed from Vizard and Burchardt (2007) which we propose is what human capability development aspires to as an end. If individuals can have these freedoms, they are in a position to choose those achievements they value, which we see as the appropriate end-point of economic and social development.

The relevance of the concept of the capability approach, as we have developed it, lies in the idea that mobilising the economic capabilities of individuals is not simply a process of them receiving the necessary financial resources through a money or social wage so as to exploit their endowments. Rather, the institutional framework of the market needs to be examined in order to establish how far it facilitates or constrains the potential of individuals to lead the kind of life they value.

Our approach to examining how workplaces facilitate or constrain this human capability development was to identify what workers want in a job that would facilitate this freedom. Column two of the framework in Table 8 presents our findings to this question. What is notable in these findings is that the information found from the focus groups is already well-known as what constitutes quality work. A more complete list of what constitutes quality work as drawn from the literature is presented in Column three of Table 8 for comparison.

Columns 1 and 2 of Table 9 presents our findings of those workplace factors which facilitate or constrain the expression of these workplace characteristics and thus which facilitate or constrain the development of human capability.

Table 8: Developing Human Capability in New Zealand Organisations

Capabilities (from literature, based on UN Declaration of Human Rights)	Worker Capability: What workers want in a job (from focus groups)	Workplace characteristics which facilitate human capability (from case studies and literature)
The capability to be alive, to live in physical security and to be healthy	Work that is safe and healthy in the short and long-term. Workplace free from harassment and unfair discrimination.	Safe and healthy workplace: • removal of traditional exposure factors • regard for impact of organisational change on working conditions • regard for impact of intensification of work • regard for impact of working hours • regard for impact of age • regard for impact of employment status • regard for impact of gender differences. Freedom to voice concerns. Access to health services. Minimal stress at work. Job design: • job rotation • work teams.
The capability to be knowledgeable, to understand and reason, and to have the skills to participate in society	Work that lets you develop your skills and abilities. Work where you receive the training you need to do the job effectively. Work where the communication is good among the people with whom you work. Work that uses your skill, knowledge and experience. Work hours that let you participate in the community.	Ongoing training and development. Collective rights to deliberation, consultation, involvement in organisational change. Positive intrinsic work: • offered initiative opportunities, • employer interest in work, • promotion over time • opportunity for advancement and challenge
The capability to enjoy a comfortable standard of living, with independence and security	Work that pays well. Work where your job security is good. Work where the people you work for treat you with respect.	Positive extrinsic job characteristics: • decent pay, • hours of work to meet needs • place of work meets needs Freedom against unjust dismissal. Job and income security: • permanent employment status

		• social support to reconcile job flexibility with job security (flexicurity)
The capability to engage in productive and valued activities	Work that is interesting. Work where the people you work with are friendly and helpful. Work that gives you a sense of accomplishment. Work where you receive recognition for work done. Work where your chances of career advancement are good.	Positive intrinsic work characteristics: • offered initiative opportunities, • employer interest in work, • promotion over time • opportunity for advancement and challenge Flexible working time arrangements. Equitable pay and work arrangements. Adaptation to older workers.
The capability to enjoy individual, family and social life	Work that allows you to balance your work and family and personal life.	Positive extrinsic and intrinsic job characteristics. Work schedules: • shift work • compressed work week • flexible hours • work hours preference Flexible working-time arrangements: • length of working hours • flexibility of working hours • predictability of working hours • organisation of 'urban' times • adaptation to life cycle Sick/ bereavement/annual leave rights. Adaptation for older workers.
The capability to participate in decision-making, have a voice and influence	Work that allows you freedom to do your job. Work where you can choose your own schedule within established limits. Work that allows you to participate in decision-making. Work that allows you to form and join civil organisations and solidarity groups, including trade unions. Work that allows you to participate in the local community.	Structures which facilitate worker voice. Job design. Union presence. Positive employer (supervisor)-employee relationship. Positive employee-employee relationships.
The capability of being and expressing yourself, having self-respect and knowing you will be protected and treated fairly by the law	Work where the people you work for treat you with respect.	Know and express/defend employment and human rights. Continuing education.

Table 9: Drivers and Barriers to Developing Human Capability in New Zealand Organisations (from case studies & focus groups)

	Drivers	Barriers
Institutional	Social attitudes which are supportive of education, work, and skill development.	Social attitudes which eschew post compulsory education and some types of jobs.
	The state of the economy and industry. Those industries that had strategies and engagement at industry level (either through ITO's or other industry/sector groups or government initiatives focused on specific sectors) tended to drive greater capability development.	The state of the economy and industry. Those industries that were experiencing increased competition or tightening in their markets and had no effective response, faced a downward spiral in human capability.
	Legislative compliance and government policy as a clear signal of acceptable practice (e.g. the ERA, HSE, Holidays Act and other employment legislation).	Industry education infrastructure and policy can involve tensions between differing incentives for ITOs and providers. Also some perceived the atomised nature of unit standards made workers less capable in understanding whole processes and adapting to changes in processes.
	Industry education infrastructure and policy has driven greater skills development and credentialing. In particular the reintroduction of the apprenticeship system.	
	Education system, e.g. the stair-casing of industry training builds capability (particularly for those with poor secondary school experiences); formal, structured learning drives broader understandings and capability development, and establishes professional networks.	School and other influences on job choice which discouraged or failed to encourage students into certain occupations or industries.
		State constraints on funding for publicly funded activities.
	Existence of regionally based publicly funded education providers who operate with input from the community.	Lack of acknowledgement by employers of Māori cultural knowledge that is drawn on in the workplace.
	Iwi political and economic organisation (e.g., regional alliance of Māori providers enhances capability).	Rural geography can constrain some capability development opportunities.
	Shortage of some types of workers drives a broad range of capability development initiatives.	Contracting out of service provision can also lead to limited investment in capability development, and constraints on career pathways.
	Institutional norms which endorse industry and organisational practices of contracting out/outsourcing arrangements which require skill or development standards to be met, e.g., in mental health provision, has driven up-skilling (and consequent increase in individual confidence, choice and capability).	

Institutional (cont.)	**Drivers** Jobs which are local, available, long term work in a tight local job market. Recognition and awards for good employer practices, co-ordinated by agencies such as EEO Trust, HRINZ, etc. *Additional factors from Māori organisations* Political shifts extending tino rangitiratanga: • Legitimation of iwi organisations as peak political organisations of Māori • Social justice restoring land and resources through Treaty settlements • Cultural restoration revitalising Māori language • State funding model based on the notion of efficiency through Private provision leading to partnerships between iwi and state agencies • projects to expand Māori economic pathways • Increasing confidence in iwi identity • Strong rohe (traditional land) focus	**Barriers** *Additional factors from Māori organisations* Structural barriers: • Poor resource base for economic self-development for many iwi. • Reliance on state funding for many developmental activities.
Organisational	Management belief in goals of the organisation (e.g., mental health through to high quality furniture making), facilitating team work and reflective practice. Supportive employers, managers, supervisors were consistently cited as key drivers of human capability development. This support manifested in a wide variety of ways. Pay systems, particularly those that were skill related were cited as an important incentive to increase skills (as long as the design of the job gave the opportunity to use these skills). Additionally, fair pay in general allowed workers to live the lives they desired. Work design and practices drove capability. In particular practices which enabled developing an understanding of a whole process and where one's own job activities fit. Importance of a balanced team – mix of experienced with inexperienced workers for effective workplace learning, mentoring and sharing of capability.	In corporates, a Board or a senior management team which prioritises shareholder return ahead of workforce development. In SMEs the beliefs/values of the owner or General Manager. Short term focus of business owners and business strategy. The organisational strategy (as it is actually practiced) underpinning the business model. For example, a profit maximisation goal achieved through cost minimisation, and /or standardised production at the expense of worker autonomy, control over work and capability development. Or a networked production/subcontracting model at the expense of capability development, knowledge sharing and communities of practice. Management – performance management based solely on efficiency of production and outputs.

Organisational (cont.)	Drivers	Barriers
	Appropriate resourcing and infrastructure drives quality and capability. For instance, the organisation paying study fees, and providing paid time off work for study; good staffing levels to allow this. Social or other treats for workers were noted, both in large and small organisations, as important motivators. Good customer and supplier relations led to greater sharing of capability and continuous improvement. Occupations – recognition of certain work areas as worthy occupations with certain skill needs and broader capabilities (e.g., mental health nursing and community mental health work). Professional standards and competency assurance mechanisms. Unions adopting a partnership approach with a desire to engage with employers not just on pay and conditions but also on capability related issues (e.g., productivity, service to users, etc).	Work design focused on efficiency and targets at the expense of innovation and personal development. Tension between drive for profit through employees meeting targets and work/life balance. Lean staffing levels. Lack of trust of employees and autonomy in the job (within limits), e.g. in standardised production models, and in micromanaged performance target models. Small size of organisations (a well rehearsed argument) presents some practical barriers to training and career development (financial, no one to fill in, time constraints). But this is also a failure to think beyond the obvious barrier to alternatives (which some organisations did). Deliberate strategy to poach, not train Occupations – the need in some industries to resource exponential increase in occupational qualifications constrains organisational ability to fund basic qualifications. Managers/supervisors who are unable or unwilling to share their capability (between individuals & between organisations), or who take a narrow employee control focus rather than a more expansive employee development/facilitation focus. Absence of management of the relationship between employer and employee, and between employee and employee. A focus on the employment relationship as purely transactional, for example, just wages, hours of work and leave arrangements. "Good people as custodians of bad policy/practice".

Organisational (cont.)	**Drivers** *Additional factors for Māori organisations:* • Vision of iwitanga with iwi economic self-determination • Strong marae giving mandate to iwi organisations • Improving asset base especially as result of Treaty grievance settlements • Dual industry structures • Kaupapa Māori management style esp. fostering whanau-style relationships • Partnership agencies especially in social services providing employment and skill development • Voluntary work for the iwi as an initial source of capability development	**Barriers** Lack of support (in workplaces and in professional training) for use of Te Reo or Māori values impacts on Māori capability and non-Māori capability in a Māori environment Absence of active union presence in many workplaces without alternative voice mechanisms was, for some, a barrier to any focus on capability. Perceived inadequacy of organisational induction processes in some organisations. Perceived inequalities in professional development and promotion processes in some organisations. Lack of mechanisms for genuine employee input. For example, consultation aimed to endorse or improve management decision making and not to increase worker participation in decision making. Lack of open communication or transparency of information. An organisational culture which discourages questioning. *Additional factors for Māori organisations*: Lack of coherent strategy for economic self-determination (conflict between traditional social organisation of production for use and contemporary social organisation of production for exchange). Insufficient resources to attract, train appropriate people.

Individual	Drivers	Barriers
	Attitude was consistently reported to drive capability. In particular the willingness and desire to learn, and interest in the work. Skills, passion for the job, enjoyment of job, self awareness and a supportive team. Aspiration to improve one's lot in life or that of one's family. Personal beliefs and values and interests influence career choice and desire to foster personal development and well-being. Proactive individual behaviour was a key driver. The desire to continue learning and developing through experience and to proactively shape the work environment or ask for the development in order to achieve this. Qualifications and up-skilling opportunities give confidence to be capable. Networking and links to the community enhance capability, as do a role model or encourager (often 'someone like me' who has done well). *Additional factors for Māori organisations* • Strongly iwi-centric and desire to work for iwi collective interest • Genealogical affiliation • Proactive personality • Networks of friends, whanau and extended kin • Formal education • Work experiences	Poor schooling experiences. The absence of confidence, motivation, or no way to access it. Poor attitude to work, and to capability development. Lack of literacy. Other priorities outside of work were seen by some as barriers to capability development at work. However, for many these priorities were the drivers of living a life that they desired. Lack of role clarity, and staff who do not know their own jobs or how they connect to the work of others. Thus, for example, the ability to work as a team or collegially is compromised. Lack of ability for employees to question or challenge the workplace culture. Mode of employment, i.e., differential status and rights depending on whether one is a permanent full time, part time, casual, fixed term or contractor. Unwillingness to confront and manage poor performance. Lack of awareness, confidence, proactivity or organisation based self esteem of workers thus unwillingness to push for improvements in the workplace. Worker ignorance of employment rights and responsibilities. *Additional factors for Māori organisations* - Limited opportunities to progress - Relatively low wages - Limited business experience

Implications of the Developing Human Capability Framework for Practitioners

As discussed in the introduction to this final paper, an aim by the researchers in this project was to produce a framework or model of human capability development that was of practical benefit to practitioners in the fields of industrial relations, human resource management and in the field of formation of government social and economic policy. This framework is summarised in Tables 8 and 9.

It is important to understand the philosophy behind the framework. This is that human capability is about humans being able to function in doing the things they value. Such capability ought to be the end point, or purpose, for individuals and groups engaging in productive activities. It thus includes, but goes beyond, capabilities to work towards organisational goals. Drawing on Sen's human capability approach, we define human capability as the capability to choose a set of beings and doings that an individual values. We express this substantive freedom to choose as the capability set in Table 8, a set which is derived from the United Nations Declaration of Human Rights.

From this philosophical position, the relevance of the framework for practitioners is as a tool to closely examine the institutional and social structures within and around the workplace so as to establish how far they go to facilitate or constrain the potential or freedom of individuals to achieve their desired functioning as human beings. The framework is not a 'one model fits all' framework. Rather, it assists those in organisations involved in their particular workplace change contexts to recognise the full scope of human capability and the factors that are likely to drive or constrain it. It is also a framework around which parties with different interests, particularly unions and employers, can debate and discuss the wider opportunities and threats on human capability which are posed by particular workplace change proposals.

A particular space opened up for discussion and debate amongst workplace agents concerns the overlapping spheres of the organisation of work and its regulation so as to mobilise the discretionary efforts of workers. The argument has been developed in this paper of the productivity potentials of an emergent model of production whereby production goals of flexible production of goods or services of high quality and competitive cost are achieved through the organisation of work which mobilises the tacit knowledge of direct workers. There was evidence through the case studies of widespread application of flexible principles of production but which were very much still 'work in progress' because organisations were focused primarily upon transferring the uncertainties of flexible production and seeking lower costs by outsourcing work previously done 'in-house', and by constructing sub-contracting arrangements with peripheral firms for parts of production. There was, in contrast, little evidence of organisations actively constructing the internal organisation of work and its regulation in order to mobilise the discretionary effort of workers. Whilst outsourcing and externalising employment relationships may be an appropriate short-term competitive strategy, it is not the optimal long-term route towards the high-value, high-wage, high-skill economic transformation agents are seeking. The optimal competitive route, which is also the route which optimises the development of human capability as we have defined it, is through actively organising work and employment relations which produce good quality jobs. The human capability framework opens up

these two sides of mutual interest. On the one hand it provides the narrative for a business case for good quality jobs, and on the other hand, it provides a rationale for unions or other workplace forms of democracy, to participate in workplace decision-making towards good quality jobs.

Through the provision of good quality jobs and work environments, organisations improve upon their role as capability enhancing institutions in society. The framework provides important balance to a picture dominated by human capital at the expense of human capability. It does this by articulating a much needed action-guiding moral base for management, and particularly human resource management, decision making. Our research has demonstrated that other than legal compliance as a clear driver of capability development and organisation behaviour, there is no accepted set of principles guiding employers. Management and HRM practice are largely buffeted along on the tide of 'best practice', personal beliefs, or meeting the demands of a business strategy, where the needs of business survival and shareholder prosperity often outweigh other considerations. The capabilities in the framework, and their drivers and barriers, facilitate a questioning and rebalancing of the norms currently driving business decisions and behaviour.

As is evident from the capability framework in Table 8, the state plays a deep role in facilitating human capability development at all levels, but particularly at the institutional level. At the same time, such state influence on developing human capability is also driving (and to a degree constraining) the development of good jobs which in turn underpins the productive potential of flexible production. Such state intervention in the form of an extension of social rights into the workplace is conventionally thought of as entailing economic costs which must be weighed in the balance of the social gains expected. However, from the perspective of the framework, such state interventions are also an investment in and providing much of the social support to realise the productive potential of new forms of work organisation. As such, the framework opens the space for policymakers to consider the appropriate role of social policy which complements economic policy. This is a direction currently being debated within the EU (see, Barnard et. al., 2001; Salais & Villeneuve, 2004).

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