

The Human Capability Framework:

A better paradigm for the labour market

Rupert Tipples

**IERA 2003 Teaching, Learning and
Research Symposium, Hotel Grand
Chancellor, Christchurch, New Zealand.**

29-31 January 2003

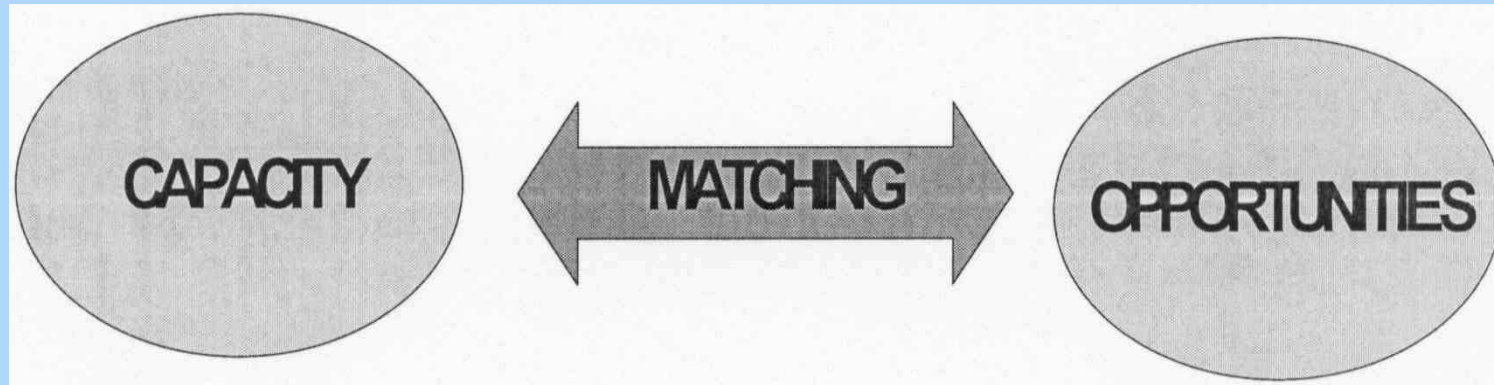
Aims of the paper

- To review and explore the development of the Human Capability Framework
- To outline its public policy uses
- To review its uses in research and teaching
- To suggest some future research possibilities

What is Human Capability?

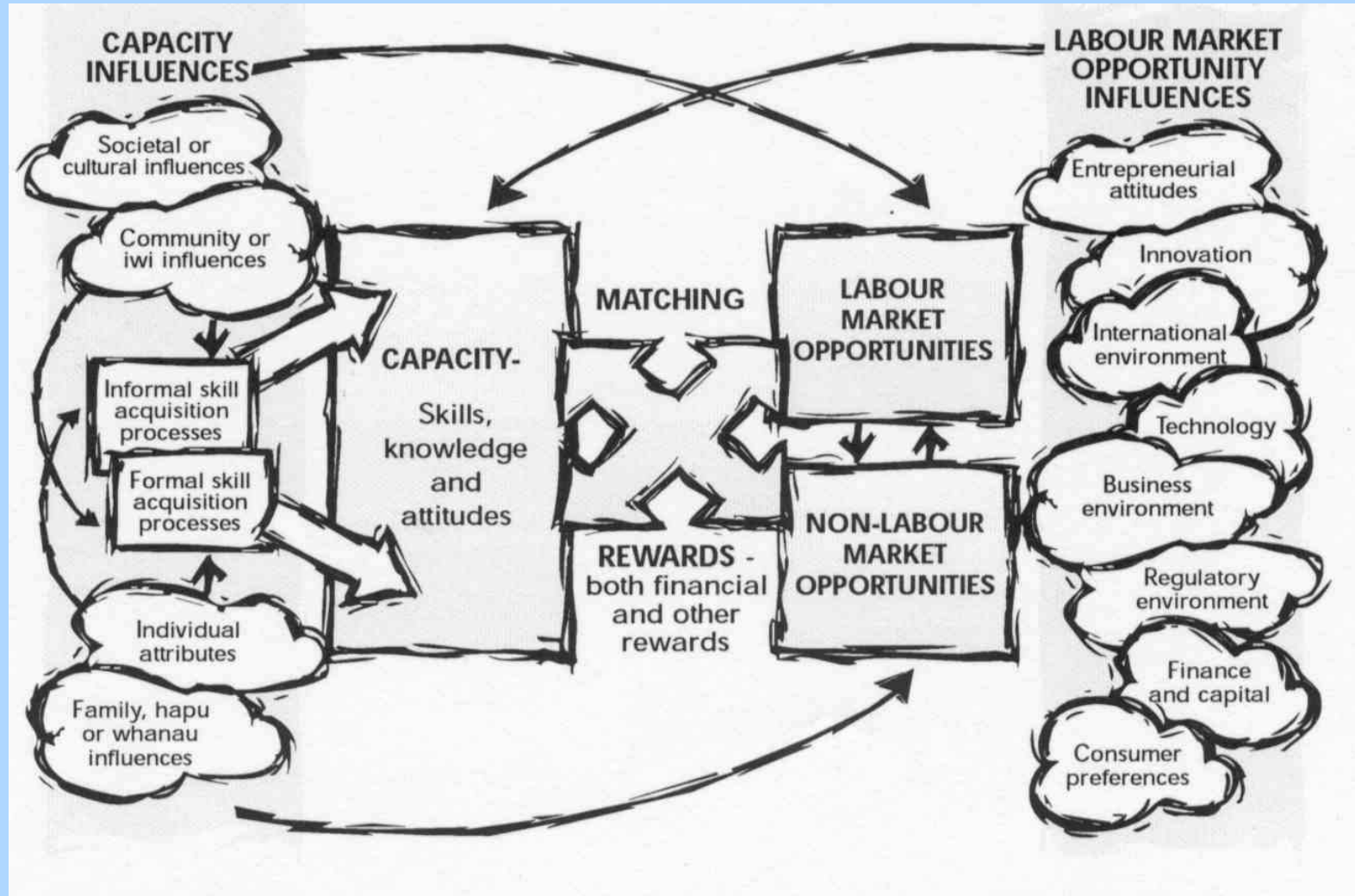
- Human capability is the ability of people to do things - both the capacity and the opportunities

The Human Capability Framework



- Capacity: what people, e.g. existing and potential staff, are able to do.
- Opportunity: the options available to people to use/get rewards from using their capacity
- Matching: the processes of matching ‘capacity’ and ‘opportunity’ e.g. the process of a job seeker finding a position in return for reward

The Human Capability Framework



My perceptions of how the HCF developed

- The DoL's culture changed - Restructuring, post the ECA 1991:
 - Comprehension of the real world of employment was replaced by 'free market labour economics' - the culture of the day!
 - The 'labour market' became the central idea
 - LEW9 conference (2000) a Massey team were excited about the Human Capability Framework developed by LMPG
 - The DoL was changing!

What had happened?

- Transfer of employment services 1998/99
- Re-thinking of DoL's purpose and mission, and role of LMPG
- Human capital theory advanced by OECD had proved inadequate alone
- Secretary of Labour began search for a framework for policy for developing NZ's human capability

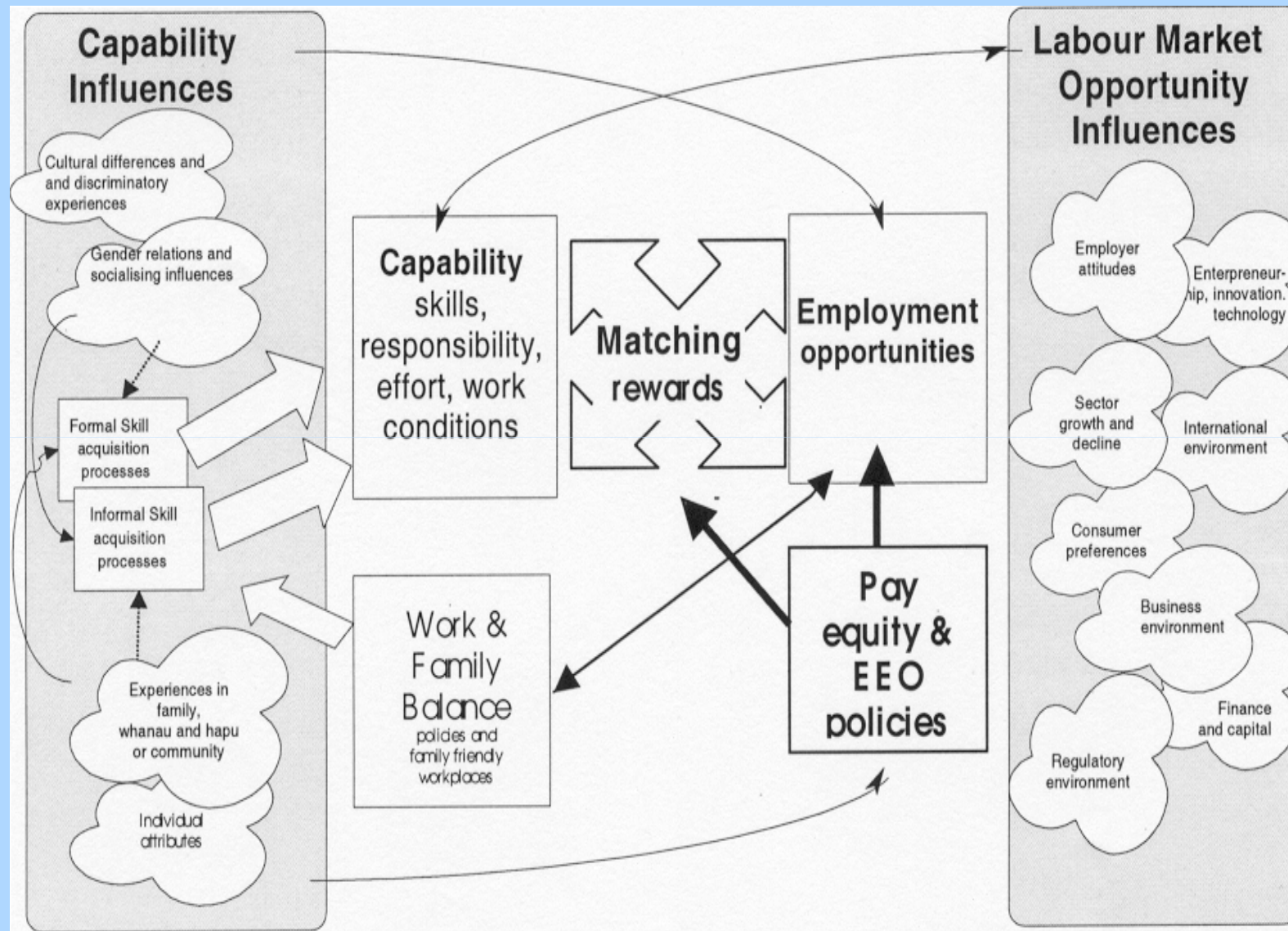
Policy uses of the HCF

- Developed from late 1998
- *Human Capability - A framework for analysis*, Department of Labour, October 1999
- Briefing papers for incoming Minister of Labour, November 1999

Policy uses cont.

- Central to Department of Labour policy documents
 - Corporate Plan 1999-2000, *Strategic Directions 2000-1* onwards
 - Annual Reports of the Department of Labour from 1999
 - *Workforce 2010*
- *Towards Pay Equity - a background paper on equal pay for work of equal value*, Ministry of Women's Affairs (2002)

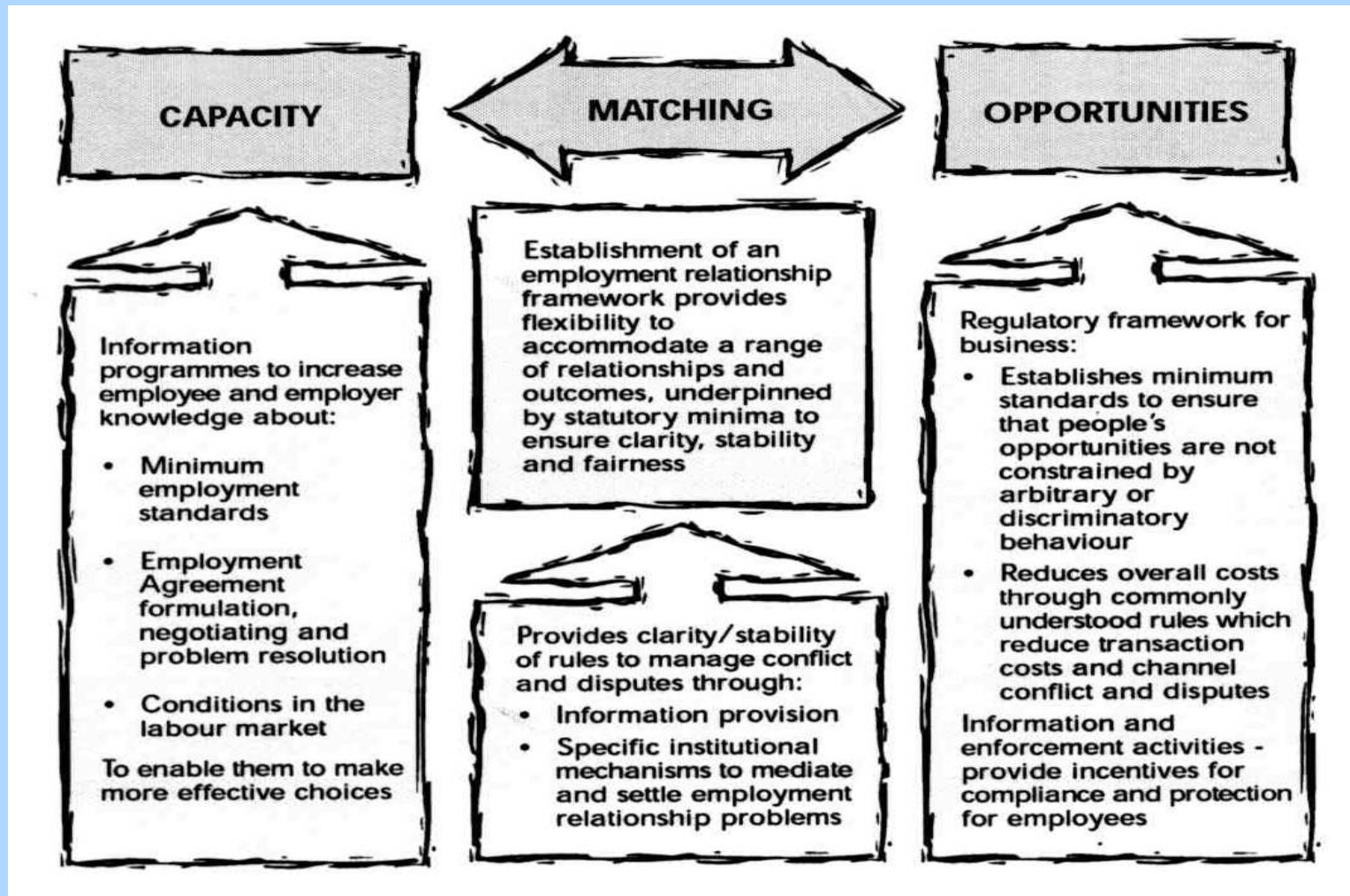
Pay equity in the Human Capability Framework



Uses in DoL documents

- Linking economic and social issues
- Integrative across Government departments
- Inclusive framework for disadvantaged groups - concerned with the wellbeing of all New Zealanders
- Model applied to each area of DoL policy and service

Employment Relations and the HCF



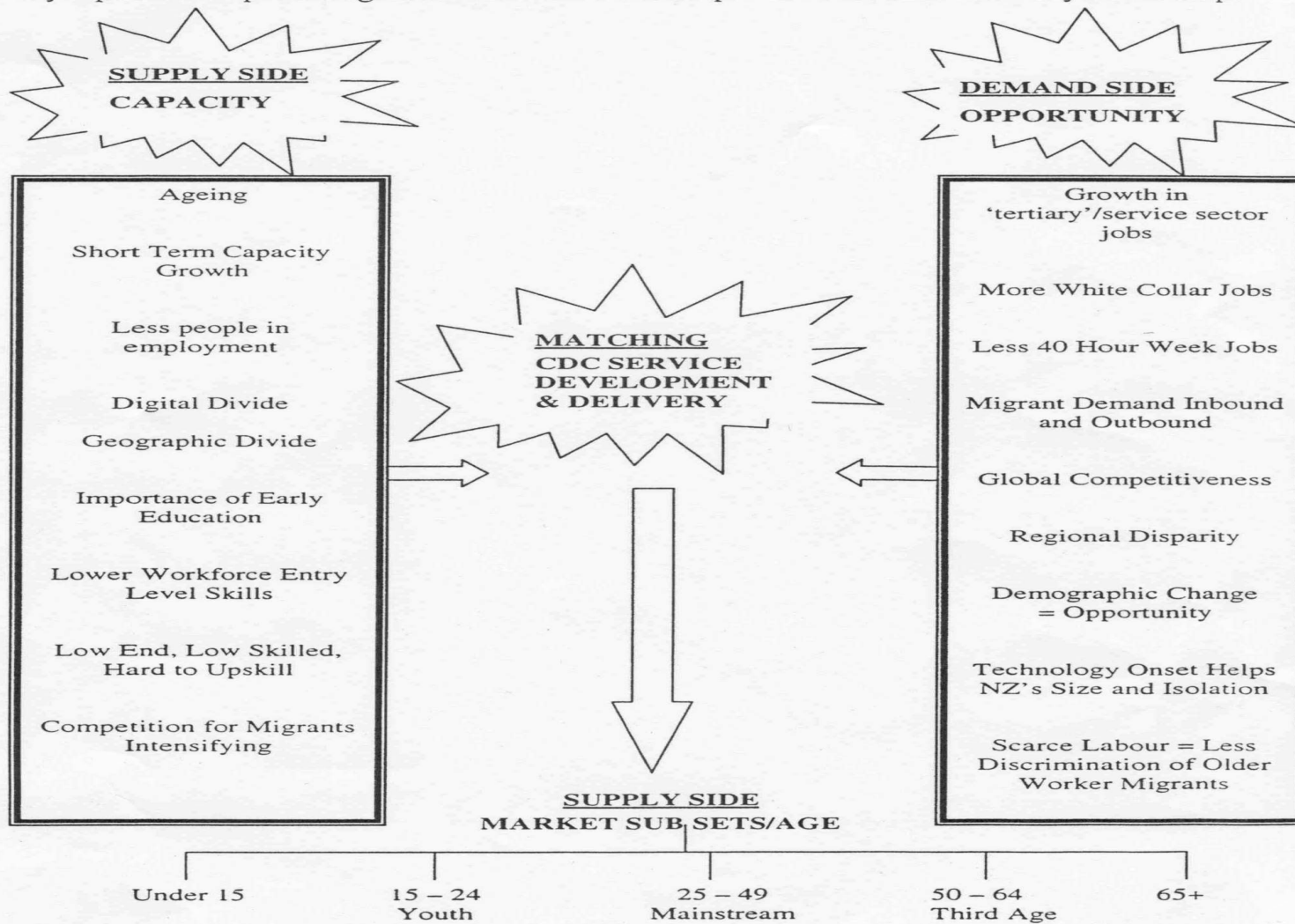
Regional policy application

- *Workforce Capability & CDC (2002)*
 - Application of HCF to Canterbury
 - Application of *Workforce 2010* to Canterbury
 - Comparison of supply and demand sides, risks and challenges
 - Matching risks and challenges

Canterbury key issues map to 2010

KEY ISSUES MAP

A synopsis of the preceding issues and risks sections provides the basis for a key issues map.



Research uses of HCF

- Massey: *Labour Market Dynamics Research Programme* (LEW 9, 2000) and subsequent publications
- Massey/Lincoln: *Skill and labour requirement in the primary sector - 'People make the difference'* (MAF, 2002)
- Edkins: *Dairying and employment in the Amuri 1983-2002* (2001-2, IERA 2003)

'People make the difference', 2001

- In 2000 farmers said a shortage of skilled labour was a major concern
- Labour shortages have been used to press governments to provide more cheap, compliant labour
- Research design: HCF provided conceptual framework
- Massey: Capacity - live internet website of all industry training and education courses and their providers
- Lincoln: Opportunities - literature and statistics reviews, postal survey of primary producers

Results - Massey

- 101 education and training providers
- 433 primary sector E/T programmes
- Numbers of EFTS had fallen over the 90s
- Free education market had delivered more courses to fewer students
- No shortage of provision

Results - Lincoln

- Producers were engaging more contractors rather than employees for work
- Recruiters found supply of applicants adequate (53%), inadequate (47%) (n=233)
- But 58% of producers 'perceived' there was a shortage (n=442)
- Producers sought largely generic skills/attitudes

Table 1: Matching Qualification Aims and Learning Outcomes with Needs of Employers

| Skills and attributes | Number of citations by employers | Percent of total employer citations (%) | Number of citations in Qualification Aims and Learning Outcomes | Percentage of total Programme citations (%) |
|--|---|--|--|--|
| Good work ethics and attitudes | 399 | 30 | 11 | 3 |
| Honesty | 241 | 18 | 0 | 0 |
| Good skills and practical experience | 188 | 14 | 249 | 66 |
| Willingness to learn and follow instructions | 129 | 10 | 0 | 0 |
| Good communications, listening skills and compatible personality | 94 | 7 | 33 | 9 |
| Common sense and intelligence | 60 | 4 | 0 | 0 |
| Others | 232 | 17 | NA | NA |
| TOTAL | 1,343 | 100 | | |

Source: Morriss *et al.*, 2001, p. 51.

Teaching uses of HCF

- University teaching in NZ has to have a strong Research/Teaching nexus
- The HCF provides a multiple and interdisciplinary view of labour markets
- The HCF shows why they are dynamic
- It takes account of the lack of perfect information in labour markets and participants non maximising behaviour

Teaching uses of the HCF cont.

- It recognises that employment is not just a matter of discrete economic transactions but ongoing social relationships
- It is more inclusive of marginalised and frequently discriminated against social individuals and groups
- It is concerned with far more than human capital theory's focus on economic production

Reactions of academe

- AIRAANZ presentation February 2002 of *'The farm labour crisis - A problem for the new millennium?'*
- Request from NZJIR editor to be refereed with a view to publication
- Rejected by referees: *'...very simplistic model of the labour market'*, supported by IERA referee for this Symposium, who is not convinced *"that it is a better paradigm"*.

Future research questions

- Is the Human Capability Framework a valuable concept?
- How can HCF research become acceptable to academic journals?
- What were the key ideas and influences leading to the development of the concept? What was its theoretical parentage? Human capital theory, Sen on 'human capability'?
- What other uses are there? What limitations does it have?