Lifting performance through facilitating capability

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The answer is not skill, the answer is not education, training or job design or better management, or workplace democracy or communication or a raft of other things, because - the answer is not simple. The answer is complex and multi layered, and different for different people and for different workplaces. The answer is all of these factors and more. And the question?

Well, sometimes we forget the question, if we ever knew it. Is it how do we foster economic growth and prosperity for our nation? (thus a question of national economic performance). Or is it, how do we improve the performance of our businesses and public services? (thus a question of industry sector or organisational performance). Or is it, how do we equip people for contributing to the economy (and society)? (thus a question of individual performance). *Or is it all these questions?*

One prominent solution, individual skill development, has been widely advocated. Let's have lashings of skill so that we can live the dream – the high skill high wage economy; the innovative high value organisation; the engaged productive lifelong learner – the perpetually employable employee, the clever entrepreneur and job creator. Well, the journey to nirvana continues, we all work hard educating and training, and hope we'll get there. But big multi faceted answers and questions require big multi faceted analytical tools to assist us to see the whole (as well as the sum of the parts/instead of just the parts). So, that is what this paper is about. It is an attempt to use the capability approach (expounded originally by Amartya Sen, then Martha Nussbaum, and more recently by Sabine Alkire, Severine Deneulin, Ingrid Robeyns, and others) to take a more holistic view of the place of skill (& VET) in individual lives, organisational performance and institutional arrangements. First, I'll revisit the connection between skill and performance. Then I will introduce human capability as a different way to look at lifting performance.

(So) Where does skill fit? (what is) The place of skill in performance (?)

Fascination with managing/controlling individual performance (and thus organisational performance) has, arguably, always existed - whether it be by physical coercion (the overseer with the 'stick'), inducement (the carrot), or more indirect control through the design of the work (Taylor, Ford, and scientific management; Osborne, Gaebler and new

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public management). Methods have varied not only due to management style & belief & fad & theory but also depending on social structures/status and thus employment arrangements - are we slaves, servants, freemen, employees, contractors, etc (bought off by the kings shilling, press ganged into service, seagulling daily on the wharves, conscripted, or rostered by a temp agency, sub contracted by a builder/farmer/ ?? or full time permanent employee?…). Social arrangements matter – they have influence on our fates.

 But where does skill fit in performance?

For many years the research literature told us that performance was a function of ability and motivation:

P = f(Ability x Motivation) [Maier 1955; Vroom 1964]

In 1982 Blumberg & Pringle decided that this performance formula was in fact incomplete and should more accurately be presented as performance is a function of opportunity and capacity and willingness:

P= f (OxCxW)

It is this formula that Boxall & Purcell have re-popularised in recent years (2003, 2008) as performance is a function of ability, motivation and opportunity:

P= f(AMO)

But the devil, as they say, is in the detail of these formulas (and the tacit performance beliefs of supervisors, educators, workers…)

In a recent overview Hunter, Schmidt, Rauschenberger and Jayne (2001) summarise these different theories of how individual skills connect to job performance. One, the 'lay theory of performance' suggests that the dominant determinant of individual differences in performance is effort. Thus managers and staff who subscribe to this view believe that lesser performers are just lazy or poorly motivated. Another view, 'learning theory', suggests that individual differences in job performance are explained by intelligence or ability to learn. Managers and staff subscribing to this view believe that lesser performers are not bright enough. Schein (1980) puts it: "management has often accepted organisational circumstances as a given and has explained behavioural variations as a function of different motives: the good worker could be assumed to have a high achievement need while the poor worker or alienated worker could be assumed to lack ambition. In some cases, this assumption might have been correct, but in other situations, it would have been more correct to see the good worker as having a boss who provided challenging work while the poor worker had a boss who provided a fragmented and intrinsically meaningless assignment" (p. 98-99).

In another strand of research, Gardner and Pierce (1998) report that organisational-based self-esteem is the strongest predictor of ratings of job performance and employee satisfaction. Because of this, they recommend that: organisations should provide employees with clear roles, and support for skills that contribute to effective performance; managers should create opportunities for employees to experience success and then help them make personal attributions for that success, and give employees timely, positive, encouraging messages; organisational structures should be such that they send signals of inherent trust in employees as competent, valuable, contributing individuals. This message is in line with Bandura's concept of Self efficacy "people's judgements of their capabilities to organise and execute courses of action…not the skills one has but the judgements of what one can do with whatever skills one possesses" Bandura, 1996.

We have similar messages emerging from (and implicit in) the workplace learning literature. Billett (2001) has explored workplaces as learning environments. He argues that engaging workers as participants and learners is important, and the quality of learning experiences can be seen in terms of workplace affordances – in particular the kinds of activities and guidance that individuals are able to access and the sequencing of experiences which can improve workplace performance. Hence Billett maintains that learning through work is interdependent between the individual's participation (influenced by personal goals and directions) and workplace affordances.

Further to this, Fuller & Unwin (2004) in a number of case studies found that learning environments that offer employees diverse forms of participation foster learning at work. The authors as a result of their research developed an expansive versus restrictive continuum, a model for evaluating both the quality of a learning environment and the type of workforce development strategy an organization employs. Expansive learning environments in the workplace were also indicative of a workplaces ability to provide for both personal and organizational development needs. Restrictive environments were much more limited in the opportunities and access they afford their employees and as a result personal development and organisational development were less aligned.

Felstead, Fuller, Unwin, Ashton, Butler & Lee (2005) report on findings from the UK 'learning at work' survey. This highlights the importance of work and the workplace as a source of learning: "working provides the most important source of learning once in a job", "activities more closely associated with the workplace – such as doing the job, being shown things, engaging in self-reflection and keeping one's eyes and ears open – were reckoned to provide more helpful insights into how to do the job better". In addition 'good line management also enhances learning' and results in more effective and productive staff.

As we know this is also reflected in contemporary NZ discussions of productivity. The Department of Labour and Workplace Productivity Working group promulgated seven key drivers of productivity to assist New Zealand organisations – these range across capable management, workplace culture, technology, skill development, networks, and measurement. A range of research across New Zealand continues to highlight aspects of these drivers. For example the recent Competenz survey of manufacturing, food and

engineering businesses on the best ways to increase productivity found that "investing in people is related to higher business growth and more improvements in business process" (2011, p. 3).

The ITF/NZCER research to be launched at this forum also adds to our knowledge of how learning happens at work.

We all know that Lifting performance happens through the utlisation of skills, not just their development. Lifting performance also happens through: technology investment, motivation etc – this is well rehearsed in the performance literature that we have just skated over! All of this, I will argue, requires the opportunity and freedom to be capable.

More recently Griffin, Neal & Parker (2007) note that: 'the meaning of work performance in the field of organisational behaviour has changed over the last 40 years' (p 327). They attribute this to the changing nature of work and business environment which mean that jobs are no longer static specifications of tasks. They argue that two of the most significant changes are the increasing interdependence and uncertainty of work systems – which require a broader range of skills and behaviours to contribute to effective performance. They propose a new model of work role performance by cross-classifying three levels at which role behaviours can contribute to effectiveness (individual, team and organisation), and three different forms of behaviour (proficiency, adaptivity and pro-activity) into sub dimensions of work role performance. They argue that this permits a more relevant view of performance – than the traditional focus of research and of performance management systems on individual task proficiency. (and indeed one could divert at this point onto a review of the changing notions of skill, competency; changing occupations, etc. Suffice to say, as I said at the outset, performance in the workplace is at the confluence of a wide range of factors – institutional social, economic, technological, personal..).

A recent OECD (2010) report 'Innovative workplaces: making better use of skills within organisations' note that those countries which are leaders in innovation are also those where companies offer more opportunities of learning and training to their employees. On top of this 'designing organisations and management practices that are conducive to innovation is part of the challenge' particularly given that 'the organisation of work largely falls out of the scope of policy making' (thank goodness!) . They find that the bottleneck to improving the innovative capabilities of European firms may not be low levels of R&D expenditure, but rather the widespread presence of working environments that are unable to provide fertile grounds for innovation. They argue the need for pro-innovation organisational practices (eg employee participation, good HR practices, good organisation design) and institutional frameworks that create the right conditions for employee learning (eg policies moving the unemployed into employment). [the confluence of factors]

So, we have here a mix of common themes emerging across decades of research on individual performance, work place learning, skill development. These themes pinpoint ability/capacity, motivation/willingness, and opportunity as important to performance, and impacted by management behaviour, individual behaviour, work environments and institutional policies. In short, performance (at whatever level) is about achievement, about doing things. Skill is a vital component of the means to achieve. But **between** the means and the achievement lies the capability or the opportunity freedom to achieve, i.e., the conditions for performance. The central argument of this paper is that we need to pay greater attention to facilitating capability (or opportunity freedom) in order to realise the benefit of skill (and thus VET) or lift performance.

So, let's talk a bit about capability.

For this I am drawing on the notion of human capability developed by Nobel laureate & development economist, Amartya Sen. The capability approach provides an analytical device for examining skill: its purpose and contribution to achievement in the workplace (and more generally), and the factors which influence achievement. It offers several advantages: it is multi dimensional allowing that several things matter at the same time; it sees education as central to human flourishing; it recognises that skill alone is not enough to ensure achievement or well-being; and it offers a frame for analysing the purpose of skill (& VET) as well as the influences on achieving that purpose.

So, we will proceed by very briefly looking at what we mean by capability (and its link to performance); then what capabilities can reasonably be expected in/from a workplace; and finally factors influencing capability and thus performance.

Creating the conditions for performance - facilitating capability

What is capability?

Sen talks of human capability as the freedom to live a life one has reason to value. His capability approach contains 3 major elements – functioning, capability and agency. Functioning is an achievement (the various things a person may value being or doing), capability is the freedom to achieve various functionings that one values. Agency is a person's ability to choose, pursue and realise goals one values.
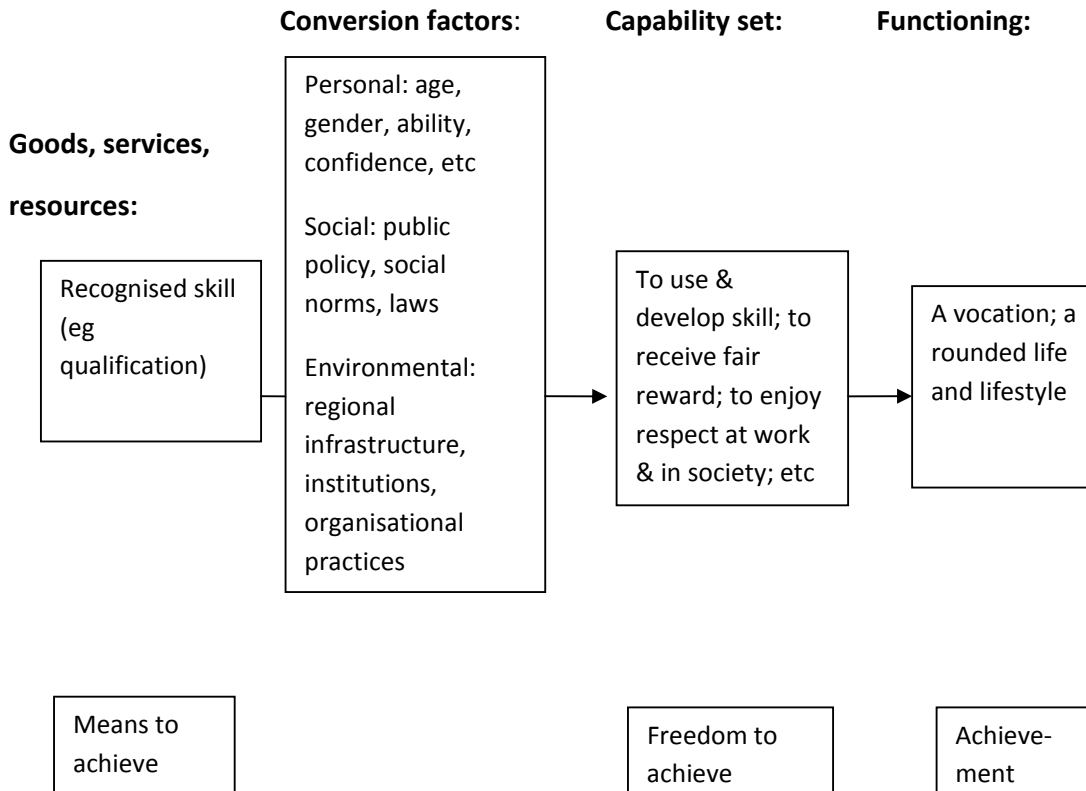
This is represented in the slide diagram (see the freedom to achieve – capabilities – and the achievement – functionings). But note that the means to achieve is also an important part of the picture (goods, services, resources like a job, a wage, a qualification), and conversion factors – the characteristics of the society and environment people live/operate in which together determine their capability to achieve certain functionings.

For example, thinking of current skills debates, they tend to reduce education to a process for creating a set of productive workplace skills and ignore the challenges that both accompany and follow skill development. Hence development and recognition of skills through qualification or credentials have featured prominently in policy prescriptions, but the ongoing utilisation of skill, its ultimate purpose, and other benefits of education have received far less attention. From a capability perspective this would seem to be more of a focus on the goods, services, resources (the qualification or credential) than on the capability set (opportunity freedoms) or the functioning. The capability approach, however, emphasises capabilities as well as functionings, and 'stresses the importance of conversion factors and diverse institutional arrangements for educational inputs to be translated into valuable outputs' (Unterhalter, 2009, p. 207).

This next slide (9) shows that the skills debate has featured a policy focus on the means to achieve, rather than on the freedom to achieve. Addressing the freedom to achieve is, of course, very complex because it requires consideration of multiple conversion factors – some controllable, some not.

Alternatively one could also argue that current skills policy falls short because it tends to configure the recognised skill as the desired functioning (the achievement) rather than as the goods, services, resources (means to achieve). As a result current policy is less concerned with the purpose of skill, the opportunity or freedom to achieve with one's skills and the conversion factors which limit or expand those opportunities.

Skill (or VET) and achievement from a capability perspective

Conversion factors: **Capability set:** **Functioning:**

Goods, services, resources:

| Recognised skill (eg qualification) | Personal: age, gender, ability, confidence, etc Social: public policy, social norms, laws Environmental: regional infrastructure, institutions, organisational practices | To use & develop skill; to receive fair reward; to enjoy respect at work & in society; etc | A vocation; a rounded life and lifestyle |

| Means to achieve | Freedom to achieve | Achieve-ment |

Thus a human capability lens emphasises that successful policy intervention requires reflection on a complex range of influences in order to appreciate their impact on achievement (and well-being) at work. In this context developing human capability is an important goal as it provides the key to unlock the potential of individuals and groups. If capability is the freedom to achieve certain functionings, then lifting performance through facilitating human capability requires enabling the freedom to achieve or to exercise certain functionings. Thus conversion factors or the conditions impacting on this freedom become very important because they can support the freedom, constrain or remove it.

I have been involved in New Zealand research over the last few years that has looked at some of these conversion factors (conditions that enhance and that undermine capability – thus potentially impacting performance). Today I will just briefly recap some of the findings from that research – and other NZ research that has had related findings – in order to illustrate how performance (at a variety of levels) can be lifted through creating conditions that facilitate capability.

One of the things our research did was to try to establish what capabilities (or opportunity freedoms) it is reasonable to expect from a job or workplace. In order to do this we ran about 12 focus groups with managers, workers, union delegates, and consultants. We gave them a general capability list (not work related) developed in the UK by Vizard & Burchardt (2007) as a kicking off point.

This is the list that was finally arrived at.

Capabilities or opportunity freedoms workers want in a job:

- Work that is safe and healthy in the long and short term

- Workplace free from harassment and unfair discrimination

- Work that lets you **develop your skills and abilities**

- Work where you **receive the training to do the job effectively**

- Work where the communication is good among your fellow workers

- Work that **uses your skill, knowledge and experience**

- Work hours that let you participate in the community

- Work that pays well

- Work where your job security is good

- Work where the people you work for treat you with respect

- 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

- Work that allows you to balance work, family and personal life

- Work that allows you freedom to do your job

- Work where you can choose your own schedule within 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

We compared the identified capabilities with insights from recent research focused on quality of employment and what New Zealanders want from work (national conversation about work, regional reports: Human Rights Commission, 2009; Literature review of factors

affecting job quality: Johri, 2005; NZ Values Study: Rose, Huakau & Casswell, 2005; Tucker, 2002), and with themes from our interviews. This confirmed the relevance of the list and helped us to begin to think about the workplace characteristics which might facilitate these capabilities. From a capability perspective these characteristics were in essence a limited range of conversion factors. This was an initial step towards identifying the conditions which underpin developing human capability in the workplace.

Thus this research goes some way to establishing a normative base of the capabilities it is reasonable to expect to be able to access through work. This is an important baseline, and it is not difficult to see parallels to existing legislation, HRM best practice guidelines, and ILO decent work principles. It demonstrates that a focus on capability enables one to ask what are the social arrangements or conversion factors that lead to the ability of people to do or be something/to perform? Next, our research provides a consolidation of these conversion factors.

Broad categories of factors that influence conditions for the development of human capability in organisations

Institutional factors	Organisational factors	Individual factors
Economic setting Nature and state of the product market Nature of the labour market Nature of the legal form of employment Geographic setting	**Philosophy of economic and working life** Beliefs of the Board or equivalent, and of individual managers Connection to the industry sector or region or other collectives Underpinning business model	**Attitude, confidence and self efficacy** Personal beliefs, interests and aspirations Awareness Proactive behaviour
Role of the state/public policy Publicly defined standards Public funding Policy concerning indigenous community	**Key structures and practices** Scale of operation Work organisation & design Skill formation	**Perception of work arrangements & culture** Role clarity Job enjoyment Colleague environment Employment status and

	arrangements Workplace [industrial] relations and cultures	rights
Educational arrangements Infrastructure Integration of different elements Sensitivity/engagement with local conditions		**Educational experience** Qualifications Literacy and numeracy Educational confidence
Cultural/ideological legacies		**Life, capability and experience beyond work**

Some of you may have seen this before, apologies, but it provides a good illustration of just how complex and multi-layered the influences on facilitating capability, and thus lifting performance from skill, are. I will only speak to a couple of these:

It was apparent that social arrangements created in and by organisations (such as: hierarchies, teams, role delineations, communication or voice mechanisms, etc.), and by government policy (such as: labour market institutions, education infrastructures, etc) were highly influential in both positive and negative ways on the freedoms and opportunities individuals had to *achieve at work.*

For instance, at the institutional level (sub factor: geographic setting) local cohesion can facilitate coordination between employers, education providers and workers or potential workers, thereby enhancing capability. Alternatively the problem of distances and lack of critical mass can undermine capability *ie reducing opportunity for skill development*. Another sub factor (role of the state/public policy: publicly defined standards) indicates that legislation, regulation and policy can provide clear signals of acceptable workplace practice which can enhance human capability. But if standards are set too low they can reward rogue or self-interested behaviours (e.g., the level of minimum wage, the level of standards for health & safety) and this can seriously undermine capability.

At the organisational level (philosophy of economic and working life) the beliefs and values of boards, owners and managers can either enhance or undermine capability. Managers and supervisors who are supportive of staff through encouragement, facilitating opportunities and freedoms, significantly enhance human capability. Similarly boards and owners who take a balanced view of organisational stakeholders provide conditions which enhance

capability. Whereas boards and owners who prioritise maximising shareholder return over workforce concerns, or adopt a consistently short term focus can seriously undermine human capability for the organisation and the sector. At the individual level (perception of work arrangements and culture) clarity about your job, where you fit, the relevance of your skills and a supportive team, are all conditions which enhance human capability. However, lack of role clarity, lack of permanent employment status, ignorance of employment rights and responsibilities can undermine capability.

A human capability perspective:

- Demonstrates that skill alone is not enough to ensure performance and achievement

- Shows that social arrangements surrounding work and skill are important

- Facilitates a more holistic, multidimensional (and realistic) analysis

- Agreeing a capability list provides a normative base of reasonable expectations

- Attention to conversion factors is important in order to:

  - expand people's freedoms to achieve;

  - assist societies, employers, and others to create conditions for performance and achievement

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