

Peter Bartelheimer, Ortrud Leßmann, Wenzel Matiaske\*

Editorial

## The Capability Approach: A New Perspective for Labor Market and Welfare Policies?

Despite all transformations of capitalism on different levels of political and economic organization as well as social structure and dynamics, labor market is still the main mechanism of producing and distributing welfare. As such labor market is focused by research of many disciplines, in particular those involved in this special issue: sociology, economics and business administration. From a sociological point of view, the labor market is a key variable in understanding the organization of society and social strata. Economics forms assumptions about the individual motivation to work and individual outcomes on the micro-level and analyzes the possibility to influence the labor market via fiscal and monetary policy on the macro-level. Issues of qualification for maintaining and enhancing the employability of the labor force and questions of organization and management concerning human resources at the level of the firm are focused by business administration. When scholars of these different disciplines come together to jointly look anew on the labor market, they need a framework they all can refer to, unifying enough to form a common basis of analysis and flexible enough to allow the different disciplines to draw on their respective body of knowledge.

The Capability Approach (CA), as developed by Amartya Sen (1985, 1999) and Martha Nussbaum (2000, 2011), aims at conceptualizing human well-being. It defines a person's well-being in terms of the beings and doings (the *functionings*) a person achieves and her *capability* to choose among different combinations of such functionings. Thus, it can be used for measuring and evaluating welfare policy.

*Functionings* can refer to elementary doings and beings such as being adequately nourished and being free from avoidable disease to rather complex ones, such as being able to take part in the life of the community, having self-respect and voicing

---

\* Dr. Peter Bartelheimer, Soziologisches Forschungsinstitut Göttingen (SOFI) an der Georg-August-Universität, Friedländer Weg 31, 37085 Göttingen, Germany. E-mail: peter.bartelheimer@sofi.uni-goettingen.de.

Dr. Ortrud Lessmann, Helmut Schmidt University Hamburg, Institute for Human Resource Management and International Management, Postfach 700822, 22008 Hamburg, Germany. E-mail: o.lessmann@hsu-hh.de.

Prof. Dr. Wenzel Matiaske, Helmut Schmidt University Hamburg, Institute for Human Resource Management and International Management and Research Professor at the German Institute for Economic Research (DIW), Berlin. E-mail: matiaske@hsu-hh.de.

one's concerns. In order to achieve a functioning such as being mobile, the individual has to have command over certain commodities (e.g. a bicycle) and must be capable of using such commodities (e.g. riding a bicycle). Formally, a person's capability is determined by her resources (represented by the budget set) on the one hand and her talents, skills and handicaps (her conversion factors) on the other. Those ways of life that are feasible for the person, in terms of both material conditions and her personal features, constitute the elements of her capability set. The functionings the person actually chooses from this set are called her achieved functionings. The person's well-being is now taken to be a function of these achieved functionings as well as of the capability set, i.e. all functionings that are feasible for her. Put differently, in CA the well-being of a person depends on the one hand on the functionings she achieves and on the freedom of choice she enjoys on the other hand.

For a long time research on well-being focused either on welfare in monetary terms or on mental states like satisfaction and happiness. John Rawls, in his "Theory of Justice" (1971), famously argued for the importance of rights and other procedural considerations. It was the CA, though, which not only broadened the conceptual foundation of well-being to a multidimensional theory but also provided a basis for studies in many disciplines as well as for interdisciplinary research on a variety of issues, including the analysis and measurement of poverty, health care policy, educational justice, participation, evaluation of development projects and assessment of living standards. CA is nowadays used in disciplines such as ethics, sociology, (welfare) economics, political philosophy, and psychology. Furthermore, policy makers make use of the paradigm, for instance in the Human Development Reports of the UNDP, the reports on poverty and richness issued by the German government and the concept of social monitoring in the European Union.

Recently, the International Commission on the Measurement of Economic Performance and Social Progress (Stiglitz, Sen, & Fitoussi, 2009, 2010), convoked by President Nicolas Sarkozy of France, has made a strong case for the CA by calling for a shift of focus in evaluation of economic performance from production output to individual welfare outcomes and their unequal distribution. The commission suggests a "comprehensive", multidimensional system of quality-of-life indicators, measuring both "people's objective conditions and their capabilities" (recommendations 6 and 7, Stiglitz et al. 2010: 15 sq.). The commission takes the issue of subjective data beyond "people's self reports and perceptions", as in the measurement of life satisfaction or happiness, arguing for the need of counterfactual information on "opportunities" and "freedom to choose" (ibid.) As a result of the report, EUROSTAT and the Statistical Offices across the European Union have been called upon to complement GDP in order to measure the progress of societies and to better assess inequalities and disparities.

However, until recently, the capability concept has rarely been applied to labor market issues and has hardly served as a reference point in designing welfare policies. As a rare exception, the large interdisciplinary, collaborative research project

CAPRIGHT<sup>1</sup> applied the CA to the assessment of European employment and social protection policies.

The guiding principle of research in the CAPRIGHT network was to assess in a comparative perspective how resources and conversion factors provided and defined by institutions and policies on the national, regional and corporate levels affect capabilities in individual working lives. On the national level, activation and flexicurity policies, forms of social dialogue and industrial relations were major research issues. Other strands of research focused on governance of local and regional employment and welfare agencies and corporate strategies regarding workplace participation procedures (Zimmermann, 2012), corporate restructuring and live-long learning.

The CAPRIGHT research experience shows both the immense potential of the CA as an analytical framework in labor market research and the methodological challenges inherent in the approach's normative individualism. On the one hand, using the CA implies a shift in the informational basis of value judgments. While standard evaluation designs attempt to measure how effectively policies, programmes and corporate activities reach their predefined outcomes, the values that individuals attach to personal outcomes become the key criterion of evaluation. As Goerne (2010) points out, to focus on individual outcomes as the dependent variable is a normative implication specific to the CA. How do policies address diversity of needs and risks? To what extent are programmes and services individualized?

On the other hand, as an evaluation paradigm, the CA does provide neither a specific methodology nor a sufficient normative framework and is therefore inherently incomplete. First of all, the dimensions of the "capability set" (see the paper by Leßmann in this special issue) largely depend on the issues under research. In CAPRIGHT, the proposed evaluation criteria ranged from comprehensive concepts of "capability for work", "capability for voice" to options for work-life balance and for transitions from unemployment. Secondly, the fault lines for insufficient capabilities have to be defined by reference to normative debates external to the CA. Therefore, one of the recurrent themes in CAPRIGHT was the need for "public deliberation" on normative issues of employment and welfare policies. Thirdly, most research inspired by the CA has not modeled the interaction between individual agency and social structure, i.e. issues of class, and individual capability in much detail. Fourthly, the concept has not yet paid much attention to the fact that capability sets and functioning vectors have to be assessed over time, as advantages or disadvantages accumulated

---

<sup>1</sup> "Resources, rights and capabilities: In search of social foundations for Europe", Integrated Projekt no 028549, co-funded by the European Commission under the 6th Framework Programme running from 2007 to 2010. For a comprehensive presentation of results, see Abbatecola et al. 2012; Bourgouin & Salais (eds.) 2011; CAPRIGHT 2010; Vladimirova 2010; Bonvin & Orton 2009; for a full documentation see the project website at <http://www.capright.eu>.

In the meantime, two other EU research networks have also chosen the CA as a guiding research concept: the network of excellence "Reconciling Work and Welfare in Europe – RECOWWE" (<http://www.recowwe.eu>) and the collaborative project "Making Capabilities Work – WORKABLE" (<http://www.workable-eu.org>).

over the life course (Bartelheimer et al., 2009). And finally, capability research calls for the observation of “refined” functionings, including counterfactual information on the sets of options and the choices that led to individual states or activities actually observed.

The positive response to our call for papers for a mini-conference on “The Capability Approach: A New Perspective on Labor Market and Welfare Policy?” at the Society for the Advancement of Socio-Economics (SASE) in Madrid 2011 has shown again that and how the Capability Approach can be fruitfully applied to this field. This special issue presents a collection of these papers.

The opening article by *Ortrud Leßmann* reports on empirical studies referring to the CA and labor market policies.

The question of individualization is taken up by *René Lewess-Litzmann*. The concept of flexicurity seems to reconcile individual preferences and business demands. This magic tool for labor market policy is, he argues, far from clear and could be criticized from some insights of the Capability Approach, mainly by emphasizing the importance of human freedom. *Michael Olejniczak* focuses on long term unemployment on German labor market and the deficits of the current policy in improving the situation of job seekers. CA is introduced as a standard to evaluate individual welfare as well as social policies.

*Jean-Michel Bonvin* and *Éric Moachon* investigate a precondition of enjoying certain freedoms, namely the capability for voice. They take the restructuring process of Rio Tinto Alcan as their case study and analyze whether the available instruments of employee participation ensure sustaining their capabilities. While employee voice is heard when suggesting measures to improve profitability and competitiveness of the firm, managers were not responsive with regard to maintaining and enhancing employees’ capabilities.

Human Resources Development activities are also discussed by *John Cameron* and *Abena Eyeson*, but with different emphasis and context. These authors use CA as a framework to understand and evaluate these instruments and activities in larger organizations, in particular transnational corporations. A case study of a transnational corporation in Ghana is used to explore how the capability CA can be applied in practice. *César Canton* touches upon human resource management as well, but in the context of corporate social responsibility (CSR). He suggests specifying the CSR-framework of Ruggie for incorporating human rights with the help of the CA since capabilities are closely linked to human rights. He illustrates his point with respect to gender equality.

We would like to thank not only our authors and reviewers for their contributions but also the participants of the mini-conference for exiting discussions, SASE for the possibility to organize it and Martha Zuber in particular for her friendly and motivating support.

## References

- Abbatecola, E., Lefresne, F., Verd, J.M., & Vero, J. (2012). Individual working lives through the lens of the capability approach: evaluation of policies and items for debate. *transfer*, 18 (1), 83–89.
- Bartelheimer, P., Moncel, N., Verd, J. M., & Vero, J. (2009). Towards analysing individual working lives in a resources / capabilities perspective. In *Sen-sitising life-course research? Exploring Amartya Sen's*

- capability concept in comparative research on individual working lives, Net.Doc 50, 2009: 21-50.  
Download:  
[http://www.sofi-goettingen.de/fileadmin/Peter\\_Bartelheimer/Literatur/Net-Doc-50.pdf](http://www.sofi-goettingen.de/fileadmin/Peter_Bartelheimer/Literatur/Net-Doc-50.pdf)
- Bonvin, J.M., & Orton, M. (2009). Activation policies and organisational innovation in the capability perspective. *International Journal of Sociology and Social Policy*, 29(11), 565–574
- Bourguin, A., & Salais, R. (2011). Le travail réinventé. Un défi pour l'Europe.
- CAPRIGHT (2010): Policy report. What reform for social European policies? Towards full employment based on a politics of work-and-life capability development. Download:  
<http://www.capright.eu/News/?contentId=9048>:
- Goerne, A. (2010). The capability approach in social policy analysis. Yet another concept? Edinburgh: RECOWWE Publication (REC-WP 03/2010). Download:  
[http://www.socialpolicy.ed.ac.uk/\\_data/assets/pdf\\_file/0006/43809/REC-WP\\_0301\\_Goerne.pdf](http://www.socialpolicy.ed.ac.uk/_data/assets/pdf_file/0006/43809/REC-WP_0301_Goerne.pdf)
- Nussbaum, M.C. (2000). *Women and human development. The capabilities approach*. Cambridge: Cambridge University Press.
- Nussbaum, M.C. (2011). *Creating capabilities. The human development approach*. Cambridge, Mass.: The Belknap Press of Harvard University Press.
- Sen, A.K. (1985). *Commodities and capabilities*. Amsterdam: North-Holland.
- Sen, A.K. (1999). *Development as Freedom*. Oxford: Oxford University Press.
- Stiglitz, J.E., Sen, A.K., & Fitoussi, J.-P. (2009). Report by the Commission on the Measurement of Economic Performance and Social Progress. [www.stiglitz-sen-fitoussi.fr](http://www.stiglitz-sen-fitoussi.fr) (last: 25.07.2011).
- Stiglitz, J.E., Sen, A.K., & Fitoussi, J.-P. (2010). *Mismeasuring our lives. Why GDP doesn't add up*. New York/London: The New Press.
- Vladimirova, K. (2010). *Transformations in labour: Social security and social dialogue*. Sofia: Ciela.