
Vocational Education and Training and Social Capital in New Zealand

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ABSTRACT There is much interest from researchers and from third way governments in the concept of social capital. Debate exists over whether or not government interventions create or destroy social capital. This article explores the relationship between the vocational education and training (VET) policies of the New Zealand Labour Government and social capital. Although no empirical evidence is presented, by drawing on official evaluations of the Labour Government's key VET programmes and other documents, this paper argues that the Labour Government appears to have created social capital. However, it appears to be narrow in scope, it resides in the networks of professional providers and employers and it is highly regulated.

Introduction

This article explores the impact of the vocational education and training (VET) policies of the New Zealand Labour Government on social capital. Although the concept of social capital is not new, works such as those by Coleman (1988), Bourdieu (1997) and by Putnam et al (1993), stimulated a surge in interest in the concept from academics and policy makers. The election of 'third way' governments in the United Kingdom (in 1996), New Zealand (in 1999) and elsewhere, which have imported the concept of social capital into their policy agendas, has added to the concepts status. It is important to note that the concept of 'social capital' has several meanings (Winter, 2000) and not all forms of social capital improve economic prosperity (Portes & Landolt, 1996). At a basic level, Woolcock & Narayan, (2000, p. 225) define social capital as '[i]t's not what you know, it's who you know'. The many different conceptions of social

capital are derived from the basic principle that who you know comprises an important asset or liability.

There is debate about the impact of state policy on social capital. Social conservatives argue that State intervention can either create or destroy social capital. In terms of its destruction, social conservatives argue that social democratic forms of governance have directed attention within society into areas of life that are commercialised. This has occurred, in part, because promoting equality of opportunity requires advantages secured by individuals through their social capital to be suppressed. In the process of promoting equality of opportunity, the State has replaced the social capital, formerly embedded in familiar relationships and face-to-face interactions, with bureaucratic and impersonal relationships and interactions. For some social conservatives, the introduction of neo-liberal reforms hold out the strongest possibility of creating social capital because they are thought to revitalise face-to-face relationships, particularly as these exist within the family (Green, 1996).

Another perspective is offered by some left wing theorists who attribute a decline in social capital to the expansion of neo-liberal reforms (Codd, 1998; Cox & Caldwell, 2000; Hazeldine, 1998; Latham & Botsman, 2001). For example, Codd (1998) argues that neo-liberal reforms and the associated introduction of contractualism into the state sector has led to the creation of a culture of distrust within the educational sector. Although it does not directly draw on a concept of social capital, the work of Wolfe (1989a,b) presents a similar view. In his discussion of moral obligation, he argues that the moral codes created by neo-liberalism are not conducive to creating and maintaining interpersonal obligation. Wolfe argues that ensuring the functioning of free-markets ensures support from neo-liberals for a strong, authoritarian state. This form of administration is required precisely because capitalist development and state intervention have damaged those forms of interpersonal obligation that previously enhanced productivity. He adds that political and economic approaches to the management of society are not conducive to the creation of a civil society characterised by moral rules of interdependence. This is because these approaches establish abstract and formal rules that attempt to specify what we owe to one another. For Wolfe, moral obligation ought to be viewed as 'socially constructed practice, as something we learn through the actual experience of trying to live together with other people' (Wolfe, 1989a, p. 234). The more we rely upon impersonal mechanisms of creating obligation, the more we lose the ability to act as autonomous agents, capable of acting interdependently. From Wolfe's perspective, attempting to use the market as a source of moral guidance, risks the possibility that the method employed by neo-liberals to achieve their aims is the cause of the problems they are attempting to solve.

A third view is offered by New Zealand's Associate Minister for Education (Tertiary Education), Steve Maharey, who agrees with Codd (1998) that the reforms introduced by the previous neo-liberal government have depleted social capital by eroding trust between individuals and between individuals and the State. However, Maharey believes that carefully crafted government intervention can create social capital by, for example, introducing policies that create networks and partnerships, and increase collaboration between individuals, groups, and institutions. Maharey's argues a 'third way' can be navigated between left and right wing policies in order to devise social investments, which will increase social capital (Maharey, 2001a). Accordingly, the Labour Government believes that judicious use of both market and non-market strategies are likely to create social capital (Maharey, 2000).

It is important to note that the concept of social capital has captured the imagination of third way administrations because recent work in this area has connected the presence of social capital to greater economic prosperity (Fukuyama, 1995; Giddens, 1998). A lack of social capital is thought to reduce economic competitiveness in the global economy because, as trust between economic actors erodes, the cost of conducting business increases. Also, in a similar vein to Wolfe (1989a,b), the apparent erosion in social capital is seen by third way governments to have reduced the ability of local communities to develop solutions to their own problems. As a result, communities have come to rely more heavily upon already overextended central governments to resolve their problems (Maharey, 2001a).

Recent theoretical debates in the social capital literature support the New Zealand Labour Government's position by showing that state intervention does not necessarily destroy social capital. Rather, the impact of state policy on social capital varies and depends on the kind of social capital that is desired, the nature of the policies introduced, and the social and political environments in which these are implemented (Evans, 1996; Woolcock & Narayan, 2000).

There is a large body of published research exploring the impact of government policy on social capital, and some published research exploring the relationship between social capital and third way educational policy in the United Kingdom (Gamarnikow & Green, 1999). However, there has been little, if any, research based on the relationship between third way educational policy in New Zealand and social capital. This article helps address this gap by assessing the impact of the Labour Government's flagship VET programmes on social capital. The programmes considered here are the Modern Apprenticeship Scheme, which is designed to increase the number of young people obtaining apprenticeships and to broaden the range of industries that offer apprenticeships; the Gateway programme, which is designed to increase the links between school and businesses and create opportunities for

work-based learning; and the Training Opportunities and Youth Training Programmes, which are designed to increase the employment prospects of young people who hold low levels of formal qualifications. These programmes are the focus of this paper because they comprise New Zealand's major VET interventions designed to help young people make effective school-to-work transitions.

A particular focus in this paper is on the impact of outsourcing or decentralisation on social capital. At a basic level outsourcing involves the use of third parties to deliver services and, generally, to act in the name of the State. Outsourcing has led to the development of various strategies and the creation of incentives for controlling the work of providers of services and ensuring they produce the policy outcomes the State desires. The programmes evaluated here are funded and managed by the Tertiary Education Commission and the Department of Work and Income. In the case of the Modern Apprenticeship Scheme (henceforth MAS) and the Training Opportunities and Youth Training Programmes (henceforth TO and YT), providers are funded on the basis of the number of young people who are placed into employment and other training outcomes. In these programmes, providers compete with one another for the right to deliver services funded by the Government. In the case of Gateway, a variety of funding methods have been used. The current model includes a fee per-student-placed component and a grant, which is determined by the size of a school's senior role. Although it is not common, schools can elect to employ external contractors to place and manage Gateway students. As the programme is over subscribed, schools compete with one another for the right to deliver training. However, the Government is keen to build capacity across the country and a range of factors is considered when selecting providers.

Contradictions between the methods chosen by the Labour Government to deliver educational services and the desire to create social capital are apparent. Nevertheless, Labour's VET programmes have created social capital in the form of 'bridging' social networks in which intermediaries link recruiting employers to young job seekers (Woolcock & Narayan, 2000). However, consistent with the theory and practice of outsourcing, the processes which have led to the creation of this form of social capital relationship are carefully regulated to ensure the government efficiently 'steers' the outcomes of policy. This means that the approach adopted by the Labour Government is best understood as authoritarian; a 'top-down' strategy in which rule following is emphasised, rather than the 'bottom up' strategy in which local communities are empowered, as is promised in the Government's discourse. The bridging social networks have improved the employment prospects of those participating in the programmes, but new forms of selection have also been introduced as a way of generating social capital. In describing the creation of bridging social capital, the paper extends the

author's previous work (Strathdee, forthcoming; Strathdee & Hughes, 2000) and aims to improve our understanding of the relationship between VET, social capital and state policy. Specifically, it is argued that under the Labour government, social capital in the form of access to social networks is becoming commodified and subsumed into the way production and exchange are organised by the State under capitalism. The commodification of social networks represents the continuation by the Labour Government of a process of privatisation started by the previous neo-liberal administrations. The invasion of the capitalist form into more aspects of society is apparent in this process (Nichols, 2001).

The impact of outsourcing on social capital in New Zealand is likely to be of relevance in an international context, particularly the United Kingdom, where New Labour has increasingly outsourced the delivery of its social welfare services. The debate about the shape, direction and potential impact of third way policies is also important because, if their strategies do create social capital of the kind promised, then they deserve attention from the academic community and policy makers.

The term the 'third way' has been used to describe a variety of approaches to politics and, consequently, it has been criticised for its failure to describe a uniform set of policies that have been introduced in similar ways in different countries. Nevertheless, it is possible to identify policy themes common to third way governments that have come to power in the United Kingdom under Tony Blair, in Germany under Gerhard Schröder, in New Zealand under Helen Clarke, and in other nations. To identify these themes and to better understand the significance of social capital to third way thinking, it is necessary to examine the concept in more detail.

Social Capital

As noted above, Woolcock & Narayan (2000) suggest that social capital resides in the networks in which individuals participate. On the basis of their review of the literature, four inter-related perspectives on social capital and economic development are identified (pp. 229-236). These provide a useful overview of the various perspectives available in the literature and provide a way to explore the Labour Government's use of the concept.

The communitarian view posits social capital as residing in local clubs, associations and other groups. Communitarians are interested in increasing the number of groups and the density of the connections within these groups. They believe this form of social capital is inherently good and that, when the pool of social capital increases, all in society benefit. The institutional view argues that the strength of social capital is a product of the political, legal and institutional environment. It is the quality of the institutions that is most important and, in contrast to the

neo-liberal view, social capital does not necessarily thrive once the State retreats. And there is the network view. According to this view, social capital resides in the networks and associations, which exist between people and organisations and can have both positive and negative effects. For example, communities endowed with high levels of social capital in the form of dense social networks, strong civic associations, and high levels of trust, are seen to be better placed to solve social problems and to enjoy economic prosperity (Putnam, 1993). Another view combines the network and the institutional views and is known as the synergy view. This view posits that the State, communities, nor companies singly possess the resources needed to promote the development of social capital. It is important, therefore, that synergies and partnerships be developed between and within these different sectors. Moreover, the State can act as an honest broker in this process and have a positive impact on the development of social capital. Identifying the conditions under which these synergies and partnerships develop or fail to develop is a critical aspect of social capital research (Woolcock & Narayan, 2000). Analysing the role of the State in creating synergies and partnerships is critically important because of the State's role in the production process. For example, the State typically provides public services, it creates the conditions under which the economic system can function (by, for example, providing a economic currency and by protecting property rights), and it is ideally placed to forge alliances between different groups and individuals.

The synergy view most closely resembles the view adopted by the Labour Government. Accordingly, the Labour Government sees its role as re-building of the relationships between the government and the governed and between the State and civil society. As is the case in the United Kingdom with New Labour's concern about social exclusion, a 'fundamental concern' of the New Zealand Government is to strengthen the social ties and networks which help connect those experiencing social disadvantage to the communities in which they live (Maharey, 2000; Maharey, 2001a).

As noted above, it is important to recognise that simply having access to networks does not necessarily equate with having social capital. A number of distinctions need to be noted. First, as suggested above, for 'social capital' to be considered as capital it needs to be connected to resources of some kind. For example, Bebbington (1997) shows that social capital, in the form of networks, plays a crucial role in helping poor regions in the Andes improve their living standards. To realise the benefits of social capital a wider 'enabling context' is required. A high level of consumer demand for the products produced in these regions was found to be particularly important. Thus, networks can only be considered as social capital when they are linked to resources (Foley & Edwards, 1999). Secondly, like human and economic capital, social

capital is not equally distributed in society. This means that it plays an important role in the attainment of status (Lin, 1999). Thirdly, social capital is context specific and, in the end what you do shapes how you do it (Cohen & Fields, 1999). Cohen & Fields' observation highlights weaknesses in many contemporary accounts in which little consideration is taken of how the economic system impacts on social capital. A good example of this can be found in the work of Fukuyama (1995). Fukuyama argues that only those nations with strong civil societies and high levels of social capital in the form of trust will be able to compete effectively in the global economy. In his account, the development of trust is seen as preceding, not following economic change. Fukuyama's account is problematic because it assumes that high levels of social trust can be created within society without first changing the social relations of production which either enhance or destroy trust. Ultimately, individuals are abstracted from their positions in the social and economic structure. As Marx (1926) observed, it is important to look at the way production is organised when considering the way in which human relationships are shaped. Marx's observation has important implications for studying social capital and for critiquing third way policy because it emphasises the role of human action or practice in influencing how individuals relate and, ultimately, in shaping social capital. Studies which are grounded in practice, show that social capital works in different ways and has different effects. For example, Cohen & Fields (1999, p. 126) show that the presence of social capital in the form of 'performance-based trust' helps explain the economic success of Silicon Valley. They argue that this kind of social capital is 'vastly' different to that advanced by Putnam (1993), who argues that dense networks of civic engagement, which were based on a dense civil society, propelled development. For Cohen & Fields (1999, p. 112) '[u]ltimately, what you do shapes how you do it – all the way back up the value chain, all the way out into forms of social organisation'.

Cohen & Fields' (1999) research highlights an additional problem in much of the contemporary social capital research which is that, unlike economic capital, social capital is an amorphous concept which can not be easily measured. Consequently, it is unlikely that social scientists will ever develop a finely calibrated instrument through which social capital can be carefully measured – despite attempts by social scientists to do this (Stone & Hughes, 2002). In 1968, Thompson made a similar observation about the weaknesses inherent in sociological and political accounts in which elaborate measures of social class are advanced. It is worth quoting Thompson (1968, p. 9):

*... the notion of class entails the notion of historical relationship.
Like any other relationship, it is a fluency which evades analysis
if we attempt to stop it dead at any given moment and anatomise
its structure. The finest sociological net cannot give us a pure*

*specimen of class, any more than it can give us one of difference
or of love.*

Thompson's comments can be applied to social capital in the sense that social capital is the result of complex human interactions and practices, many of which have been built up over long periods of time. Thompson's account should also caution social capital researchers against the hope of ever finding a precise measure of social capital from which the implications for policy development and governance can simply be read off. However, this is unlikely to pose much of a problem to the usefulness of the concepts of social capital. Many researchers have been analysing social phenomena now considered social capital long before the concept was ever coined. So long as researchers define the terms they employ carefully, developments in areas now considered the domain of social capital will continue. From Thompson's (1968) perspective, it can be argued that recent shifts in production may have changed the way social capital is formed and how it functions, but this should not be taken as evidence that the stock of social capital has declined. Rather, social capital is reappearing in new forms. What we are witnessing then is not a decline in social capital, but changes in the way the social relations of production are organised under capitalism and processes of social capital formation, which are not the same for each generation.

As these observations suggest, it is important to look at the impact of policy on practice, when considering the relationship between the State and social capital. Before exploring the impact of the educational policies of the Labour Government on social capital it is necessary to briefly consider more precisely the third way's perspective on social capital.

Social Capital, Market Strategies and the Labour Party

Does the third way constitute a vision for New Zealand? Yes it does. The right says that the vision should be about values not politics. For social democrats, old and new, the challenge has always been to have values and politics. (Maharey, 2001b)

Unlike the situation in the United Kingdom where Tony Blair's Fabian Society pamphlet, 'The third way: new politics for the new century' (1998), is an important third way text, the New Zealand Labour Party's thinking is more dispersed throughout various policy documents (Maharey, 2001a,b; Office of the Prime Minister, 2002). Nevertheless, taken together, these documents and speeches provide a useful overview of Labour's approach. Labour argues policies can be developed to promote social connectedness, and reduce the social exclusion and inequality created by previous neo-liberal administration's policies. All of this can be achieved without creating the bureaucracy associated with

previous forms of social democracy. Besides the economic advantages noted above, creating 'social connectedness' is deemed to be beneficial because those 'who feel socially connected also contribute towards building communities and society' (Office of the Prime Minister, 2002). Accordingly, Labour's policies are designed to empower and strengthen communities through creating social capital in the forms of trust, reciprocity, altruism, networks and increased collaboration, and to encourage the involvement of citizens in government processes:

Communities want to take responsibility for local issues. They do not want to be passive recipients of someone else's decisions, someone else's largess. So government action should focus on building the capacity of communities to respond to local needs – that means first working to assist in the building of social capital ... Policy that takes account of, and builds on, social relationships and networks and which is developed through participatory and partnership processes is likely to be more effective in achieving the outcomes we all desire. (Maharey, 2001)

Although a focus on building communities and increasing partnership through careful policy formation distinguishes Labour from its neo-liberal predecessors, like other third way governments, Labour has adopted at least three core neo-liberal values. First, Labour does not believe state ownership of the economy is necessary. Secondly, Labour accepts globalisation and greater free trade is unavoidable and can have positive social and economic effects. Thirdly, Labour believes those who are able to work ought to be in work. To increase labour market participation, Labour has continued reform of the welfare system begun by its neo-liberal predecessors. Consistent with the third aim is the belief that the best way to overcome social exclusion and promote the level of economic growth required to make social investments, is through asserting the primacy of the wage-labour relationship. To this end, Labour maintains that placing people into paid employment is a key policy objective (Maharey, 2000). In addition, like other third way governments, the Labour Government is pragmatically disposed to the use of market strategies to achieve their social goals.

The adoption of market strategies and a focus on using 'what works' in order to achieve social goals is likely to impact on the kind of social capital created by the Labour Government. In this respect, the Labour Government followed the previous neo-liberal administration's lead by outsourcing some of its VET requirements, because 'it works'. As noted above, a central feature of outsourcing is the shift away from the State as a provider and funder of services, towards the State as a purchaser of services provided by private sector organisations and individuals. Outsourcing is part of a broader contract culture in which service level agreements are used to impose service delivery targets on service

providers. Outsourcing was originally a business strategy that involved manufacturers divesting themselves of production workers and buying components or completed products from third parties. The result is 'hollow', service-orientated businesses, which develop networks with contractors, who compete with one another for the right to supply product. Managers in hollow organisations are increasingly required to develop and manage inter-organisational networks, manage contacts, assess the quality of outputs and become strategic brokers. In such organisations, large investments in plant and workers to produce goods are of lesser importance in gaining competitive advantage than the knowledge and networks of managers. The ability of outsourcing to improve the profitability of private sector companies has captured the attention of governments who have applied the same methods initially to the provision of infrastructure improvements such as the development of new roads, and more recently to the provision of human welfare related services.

As is the case with its use as a business strategy, the central aims of outsourcing are to provide the State with the best possible service at the least possible cost, to provide the State with a more powerful means of directing policy outcomes and to change the culture of those who work with young people (Australian Industry Commission, 1996; Domberger, 1998; Guerin, 1997; Outsourcing Institute and Dun & Bradstreet, 2000; Webster & Harding, 2000). In addition, it is argued that outsourcing will create provider competition and, as a result, improve the provision of training by ensuring the VET and other sectors is more responsive to the labour market. For example, in the United Kingdom, outsourcing has been used in the 'New Deal' range of policy measures as a tool geared to reforming the work practices of benefit claimants, employers and public servants (Department of Social Security, 1998).

At a more theoretical level, critics argue that the rise of the contract culture and the use of service level agreements helps create a regulatory framework, which compels individuals to take greater responsibility for their own situation and to make up for any personal limitations (Dean, 1995). The rise in outsourcing is one aspect of a broader shift in the way relationships between the government and individuals are regulated. Under social democratic forms of social regulation, the government was a provider of services to groups of people. Under the approach adopted by the Labour Government, social democratic forms of regulation are being replaced by contractual relationships. Managing and policing these new relationships necessitates the creation of new institutional complexities and management strategies in which valuable policy outcomes are more tightly controlled by the State. As a result, social relationships become based on rules and regulations rather than on social capital (Codd, 1998), and the State emerges as a sponsor and financier of certain kinds of practice (Dean, 1995) and particular norms (Rhodes, 1997).

Commentators have noted that outsourcing is likely to have a deleterious impact on social capital found in community service organisations where the practices the State sponsors are inconsistent with the underlying values of these organisations. For example, McDonald (2002) argues competitive tendering has had a number of negative effects on the provision of welfare services in rural Australia. These include the erosion of community service obligations and increased secrecy between organisations. Similar observations have been made by Barnett & Newberry (2002) who, on the basis of their study into the impact of outsourcing on the provision of mental health services in New Zealand, support Codd's (1998) argument that the introduction of neo-liberal management systems is not conducive to the creation of trust. In the United States, Milward & Provan (2000) argue that there is comparatively little evidence that decentralisation generally has had a consistently positive effect on community level outcomes.

The literature is reasonably clear that outsourcing improves the ability of government to direct policy outcomes. However, the impact of outsourcing on social capital in New Zealand remains unclear. The Labour Government argues that, by acting as a partner or broker, which provides a framework to regenerate social capital and achieve social goals, its policies are designed to enable individuals and the communities in which they live to solve their own social and economic problems. However, research such as McDonald's (2002) suggests that the use of outsourcing is more likely to lead to quite different effects.

The Third Way and the Creation of Social Capital

As noted above, the VET programmes against which the Labour Government's campaign to create social capital is explored in this article, are the MAS, the Gateway programme and the TO and YT Programmes. To date, official evaluations of these programmes have reported favourably on the programmes and their impact and they are used to evidence the positive contribution made by VET to the creation of networks and partnerships (Maharey, 2002). In the case of the TO and YT Programmes, funding has been maintained and for the MAS and the Gateway programme, it has been increased. Combined, these programmes are emphasised in the Labour Government's policy agenda as being innovative. They are credited with having contributed much to the creation of a 'knowledge economy' and the creation of a socially inclusive society.

It is clear these programmes have increased the number of young people receiving VET. In this respect, it can be claimed that the programmes have contributed to the creation of a knowledge economy, although the extent of this contribution will continue to be a source of debate. To assess the possibility that the programmes have contributed

to the creation of social capital, it is necessary to look more closely at the how the programmes achieve their success.

The programmes that are the focus of this paper, target different groups of young people and have slightly different effects but at their heart, they function in similar ways. The key ingredient in the success of all three programmes is the use of brokers or co-ordinators, whose role is to link job seekers with employers (in the case of the MAS and YT and TO programmes) and school students with employers (in the case of Gateway). The role of the brokers/co-ordinators in all programmes is to create and maintain networks and partnerships with young people and employers in order to facilitate employment. Principally this involves creating networks, which create bridges between young job seekers and employers. For example, the evaluation of Gateway reported that schools participating in the programme have 'adopted a range of approaches for establishing employer contacts and building relationships with employers' (Skill New Zealand 2002, p. 10). The evaluation of the Modern Apprenticeship Scheme also emphasised the importance of 'extensive employer networks' in achieving positive employment outcomes (Skill New Zealand, 2001). Guerin (1997) provides further evidence of the importance of networks in achieving the Labour government's objectives. In the case of the TO and YT programmes, Guerin (1997) argues private sector training providers have obtained better further training and employment outcomes and that these have been obtained at a lower cost to government than public sector agencies. The reasons for their superior outcomes were attributed 'to a better mix of courses, closer employer and industry links, and stronger student support' (Guerin, 1997, p. 71).

In a recent speech, the then general manager of Skill New Zealand (which is now part of the Tertiary Education Commission), Max Kerr, argued that the role played by co-ordinators in delivering the employment and training outcomes purchased by Skill New Zealand held the key to the success of the programmes. Kerr draws on the impact of YT and TO programmes to illustrate this:

There is a long history of programmes such as Training Opportunities and Youth Training having a close connection to workplaces. This is a direct consequence of the policy which judges success primarily on the achievement of positive destinations for learners – either work or further training – after they have completed their time on the programme. These destination outcomes encourage tutors and providers to develop links with businesses, increasing the chances that the training offered is producing the skills that employers need. ... [P]artly this is astute recognition ... that spending time in workplaces as trainees gives them a foot in the door, opening access to contacts and networks that may, and often do, lead directly to jobs. (2002, p. 10)

To create new social capital and protect existing social capital, the brokers/co-ordinators in all three programmes report that it is important to select young people with appropriate attitudes. Typically, this means selecting those young people who come already equipped with 'employability' and the academic skills required for success. For example, the MAS co-ordinators report that it is important to screen potential recruits in order to select those who best match the requirements of employers and those who are most likely to succeed in meeting the training outcomes purchased by the Government (Skill New Zealand, 2001). An important reason for selecting trainees in this manner is that it improves the reputation of the brokers/co-ordinators as providers of 'work-ready' young people. In a related way, it builds trusting relationships between employers and brokers/co-ordinators. Similar processes are apparent in YT and TO programmes (Strathdee & Hughes, 2000) and in Gateway (Skill New Zealand, 2002).

It is important to stress that the VET programmes not only create social capital (conceived narrowly in the form of social networks) by selecting new recruits and linking employers with young people, they also create social capital through the brokers'/co-ordinators' management of trainees. As Kerr (2002, p. 12) puts it, through the 'practical helping hand' offered by the brokers/co-ordinations who aim to 'deal with hassle [associated with employing and training young people], if necessary by taking over the paperwork, and always being readily accessible for any fire-fighting that may be required'. This increases the value of the networks created by the brokers and the co-ordinators because employers are able to access a more valuable 'product'.

The Labour Government and the Commodification of Social Networks

As Marx established, labour power assumes a commodity form, under capitalism. This is because labour power is sold for a price in the market. Human capital theory has helped us better understand how investment in education and training, and work experience can improve an individual's value as a commodity in the labour market by allowing them to secure higher wages. As Bourdieu (1997) notes, this same relationship can be observed in relation to networks. Networks, he argues, are not natural or a given. Rather, they are the product of investment strategies aimed at establishing social relationships that are directly usable.

These observations improve our understanding of the relationship between social capital and Labour's VET strategy. Just as human capital, which enhances the value of labour power, makes an individual a more valuable commodity in the labour market, so too do the networks generated by the coordinators/brokers increase their value as a commodity. Although there exists a long history of social networks

securing individual's employment through, for example, existing employees, 'speaking to the gov'nor' on behalf of a job seeker (Young & Wilmont, 1957, p. 76), existing employees were not typically remunerated for providing this service. Such networks tended to operate within families and the communities in which they lived. Not only have familial networks historically played an important role in transmitting skill from one generation to another (Grieco, 1996), other family members policed the behaviour of younger workers and ensured they met the required standards of achievement (Grieco, 1987). For example, in their study of the family in East London, Young & Wilmont (1957, p. 76) describe how fathers who worked on the docks 'kicked their sons' arses until they did lay the ropes right'. In these ways, networks helped build labour market attachment and ensured that young workers obtained the required skills. However, recent growth in the proportion of young people growing up in work-poor households is likely to have reduced the ability of familial networks to complete these processes. This is because young jobseekers from work-poor households are less likely to have someone who can speak 'to the gov'nor' on their behalf or who can provide them quality advice about the kind of VET training required in order to obtain employment. Instead, in the settings evaluated in this article, these functions, formerly completed by familial social networks, have become embedded in the Labour's VET programmes. In addition, they have assumed a commodified form in the sense that achieving the outcomes required by the State is dependent on the value of brokers' social network capital. Like any other form of capital, the providers of the VET programmes described above, pursue a number of strategies, in order to protect and increase the value of their networks. Principally, they invest time and effort on establishing and maintaining networks and they also work to ensure they can offer a saleable product. It is evident that the most efficient means of achieving this 'product' is to select those young people who are most likely to produce the outcomes the State requires (Strathdee & Hughes 2000). However, the broker/coordinators also focus on encouraging those young people, who lack the necessary skills, to develop these through training. As argued elsewhere different aspects of society can be commodified and be put into competition against one another if a common 'currency' can be developed (Strathdee, 2003). In the case of the VET programmes reviewed here, the common currency is employment and training outcomes and the aspect of society commodified are the social networks.

Conclusion

This article has presented a critical assessment of social capital and its relationship to the VET policies of the Labour Government. It has been argued that the VET policies of the Labour Government have created

social capital in the form of bridging social networks. This is the result of the Government tying funding to the provision of training and employment outcomes. The dominant view within the previous neo-liberal administration was that improving the transition of young people into employment could be facilitated by improving their level of human capital through creating educational markets. One problem with this approach was that it assumes that improving the human capital held by young job seekers is sufficient to improve their transition into employment. What this approach lacked was recognition of the need for a social infrastructure through which information about new recruits can flow to employers and vice versa, and through which obligation, trust and 'connectedness' could develop. In other words, it lacked an appreciation of the importance of social capital in facilitating employment. Although the Labour Government has continued to develop market strategies, in VET, they have also been able to address weaknesses in human capital theory by creating social capital through funding brokers/co-ordinators to facilitate the development of employment networks.

However, as discussed, the use of market strategies and, in particular, the use of outsourcing, has had an important impact on the kind of social capital created. The focus on employment and training outcomes is buttressed by a regulatory framework, which has increased the Government's ability to control the practices of those working in the VET sector. From this perspective, the VET programmes described above appear to be top-down authoritarian initiatives. As far as one can judge, these programmes have created social capital but it is narrow in scope, it resides in the networks of professional providers and employers, and it is highly regulated.

The themes of this article draw attention to the emergence of new labour market authorities whose role is to broker employment opportunities. In doing so, the brokers reduce the 'hassle' associated with employing new staff by externalising recruitment, screening and basic training. For example, in the settings described, the brokers screen potential recruits and provide VET where skills are lacking. In 'workfare' programmes, brokers enable or assist the depression of wage rates by providing a ready supply of workers (Peck & Theodore, 2000).

In the short-term at least, the VET policies promoted by the Labour Government are unlikely to allow local communities to develop solutions to their own problems. Indeed, although it remains an issue for research and testing, the creation of social networks is likely to increase the rate of 'churning' in which employable people are exported out of the district and unemployable people are imported into it (Andrews et al, 2002). It may be that, in the longer term, the networks the State has purchased will become self-sustaining as young people, who find employment through these interventions, feed employment information back into the communities in which they live.

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