

Towards mitigating human capital deficiencies of ethnic minorities

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ABSTRACT

This paper highlights aspects and implications of the lower educational attainment of Maori and Pacific Island Groups. An examination of selected initiatives for closing the ethnic education gap ensues. Some implications of the "Tomorrow's Schools" education reforms, especially in relation to urban labour market disadvantaged South Auckland communities are also discussed. The consideration of cultural capital is suggested as a short-term solution for mitigation of the lack of conventionally defined human capital of ethnic minorities.

Introduction

Since the sharp job losses resulting from the mid-1980s economic restructuring in the manufacturing sector and state sectors such as railways, forestry and public works where employment of Maori¹ and Pacific Island ethnic groups was concentrated, labour market disadvantage of these groups has continued. Thus for example, Maori have much lower labour force participation rates, on average around three times higher unemployment rates, higher underemployment and significantly higher long-term and youth unemployment and joblessness rates, than non-Maori (Te Puni Kokiri, 2000: 21-25). Similar disadvantage is evidenced among the Pacific Islands ethnic group. For instance, in the March 2000 quarter this group's labour force participation rate was 61.4% and unemployment rate was 12.3%, comparing unfavourably to the European/Pakeha rates of 66.4% and 5.0% respectively (Statistics New Zealand, 2000).

The deficiencies in conventionally defined human capital (i.e. formal education qualifications) of Maori and Pacific Island ethnic groups is closely linked to their lower labour market status. Explanations for disparities in labour market outcomes between these two ethnic minorities groups and the majority European/Pakeha group can be classified into two - supply and demand side labour market effects. On the supply side, the characteristics of an individual such as education and age and how the market values these characteristics will influence the individual's employment prospects. The changing industry composition of employment would by contrast, be a demand side consideration. Thus, heavy occupational concentration of ethnic minorities in declining industries would be a demand side influence contributing to their unemployment. As more manual, less skilled jobs in the primary and manufacturing industries declined therefore, particularly Maori men tended to become unemployed, as they were over-represented in these jobs (Haines, 1989). Furthermore, the initial under-representation of these ethnic groups in industries where employment was expanding rapidly, such as the 'Business and Financial Services' industry category (Winkelmann,

1999), coupled with the low transferability of their skills to these jobs, reduces their probability of finding work in the growing sectors. Hence there is a mismatch of the individual's characteristics with those valued highly in the industries where employment is growing. Obviously demand and supply side considerations interconnect, with the human capital factor being common to both sides.

An interesting and significant finding of recent research has been that human capital affects the employment outcomes of Maori to a much larger extent than the non-Maori group. "For instance, Maori males with a tertiary qualification had an employment probability of 15.4 percentage points above the rate for Maori males without a qualification. For non-Maori males, in contrast, the corresponding difference amounted to only 5.5 percentage points" (Winkelmann, 1999: 33).

Overseas empirical studies too highlight the relationship between human capital and low socio-economic status of ethnic minorities. A World Bank study of indigenous people and poverty (Psacharopoulos and Patrinos, 1993), for example, shows that education and experience is an important factor in explaining the overall earnings differential between indigenous and non-indigenous workers. At generalised national and individual levels, educational qualifications are important determinants of the economic outcomes and quality of life (OECD, 1997).

In the light of the importance of human capital to improving the economic outcomes of ethnic minorities that has already been highlighted in this introductory segment, the following two sections of this paper move on to outline some specific features of the low human capital levels of Maori and Pacific Islanders and examine recent measures that have been taken to close the ethnic education gap. Some underlying difficulties in raising achievement in schools in urban labour market disadvantaged areas, following the *Tomorrows Schools* reforms, are also examined. The paper then argues that a limited notion of human capital, which takes into account mainly formal educational qualifications, circumscribes thinking on how to mitigate human capital deficiencies. It fails to recognise adequately the cultural capital of individuals and communities. It is therefore suggested that the concept of human capital should be widened to include embodied cultural capital, with the term used in the Bourdieuean sense (e.g. Bourdieu, 1986). Broadening the definition of human capital in this way would overcome the predilection to believe that some groups, especially ethnic minorities, are necessarily less employable because they are lacking in human capital. Furthermore, innovative community initiatives could recognise and utilise this dimension of human capital to provide employment for ethnic minorities. This widened definition would also provide a theoretical underpinning to support direct job creation, particularly practical programmes to create jobs at the local "flaxroots" level.

Human capital of ethnic minorities

Compared with the total New Zealand population both Maori and Pacific Islanders have fewer formal educational qualifications. Table 1 highlights their lower educational status, over all age groups, in the Census year 1991.

Table 1

Educational Qualifications by Ethnic Group, 1991 (%)

Age (Years)	Pacific Island		Maori		Total NZ Population	
	None	Post-school	None	Post-school	None	Post-school
15-24	26	17	37	18	19	25
25-34	41	26	51	26	26	45
35-44	54	22	56	27	32	45
45-54	63	20	64	22	42	40
55+	75	11	68	15	45	27
Total	44	20	50	22	32	25

Source: Department of Statistics, *New Zealand Census of Population and Dwellings*

Consistent with expectations with regard to a migrant population, however, Pacific Islanders who are New Zealand born, tend to have higher levels of educational achievement than those born overseas. This is evidenced by the higher post school educational qualifications of New Zealand born Pacific Islanders. Yet despite the fact that New Zealand born Pacific Island people aged 25 and over are more likely to hold formal, post-school qualifications than either their Island born counterparts or New Zealand Maori (Krishnan et al., 1994), the gap between the educational attainment of Pacific Island ethnic groups and the total New Zealand population is still significant.

Although formal educational achievement is low in the older age group, the comparatively lower levels of attainment of the 15-24 age group for both Maori and Pacific Islanders is of particular concern. The younger demographics of these two groups also heightens the seriousness of this gap, as the relative numbers of Maori and Pacific Island school students have increased significantly. Thus for example, between 1976 and 1994, the number of Maori children in primary schools increased by 25% and in secondary schools by 43% while the number of non-Maori children in primary schools declined by 25% and in secondary schools by 10%. One in five school students today is Maori (Ministry of Education, 1995: 7).

Table 1 shows the different rates in attendance in post-school or compulsory education (after age 16). It embodies the substantial improvement in post-compulsory participation that had taken place in the inter-census period, 1987 - 91. In fact participation in formal education had increased sharply with enrollment rates of 17 and 18 year olds increasing from 35% and 19% in the mid 1980s to 65% and 39% in 1992, respectively (OECD 1996: 74). The minimum school leaving age has also increased from 15 to 16 in 1993. In all ages and for both sexes the Maori rate had increased relative to the non-Maori rates and hence the gap between Maori and non-Maori participation appeared to be closing over the 1991-94 period. Thereafter however, post-compulsory participation rates for Maori and Pacific Island groups unfortunately began to decline. In 1996 and 1997, Maori attendance rates in post-compulsory education tended to decline while non-Maori rates recovered for all ages and sexes, to the highest levels ever recorded among 18 year olds. By 1997, the gap between Maori and non-Maori had widened for all ages and both sexes to pre-1991 levels (Ministry of Education, 1998). A parallel for Pacific Islanders too is evidenced. In 1991, people of Pacific Island ethnicity 15 years and over with school qualifications (without tertiary) was 27.08% and this percent had increased to 33.35 in the 1996 Census year. The percent of the Pacific Island ethnic group with

tertiary qualifications however, fell from 22.27% in 1991 to 19.37% in 1996 (Statistics New Zealand, 1998).

Lower participation rates of ethnic minorities, by themselves however, are not a true picture of the post-compulsory education differential between these minority groups and the rest of the New Zealand population. The nature of the post-compulsory education too is of relevance to gauge the extent of the gap. The level of post-school training of Maori school leavers is most frequently participation in the Training Opportunities Programme (TOP) which is specifically designed for people with low or no qualifications, or limited skills to gain work skills. The proportion of Maori, particularly Maori male school leavers going on to polytechnics and universities is significantly lower than non-Maori. The under-representation of Maori in more advanced types of postschool education and training is clearly evident Table 2 below.

Table 2

Proportion of 1996 School Leavers in Post-Compulsory Education and Training

	Maori		Non-Maori	
	Female	Male	Female	Male
College of Education	1.2	0.3	2.2	0.4
Polytechnic	12.9	10.9	19.4	18.7
University	8.5	6.3	27.3	22.8
Wananga	0.9	0.7	0.0	0.1
Private Training Establishment	1.2	0.4	3.3	1.6
Training Opportunities Programmes	15.9	19.2	3.9	4.5
All Sectors	40.6	37.6	56.2	48.2

Source: Ministry of Education (1998) – Table 19

While Tables 1 and 2 emphasise the ethnic differences in post-school education outcomes, the differential is one which commences from pre-school education, or early childhood care and education (ECCE) which is an integral part of the education system. Although between 1991 and 1998, enrolments in early childhood education has increased considerably, a marked disparity persists. While Maori made up 26% of the early childhood population, they comprised only 19% of enrolments in 1998 (Te Puni Kokiri, 2000: 16). In the light of research findings that participation in pre-school education has a positive impact on later life chances (see for example Ball, 1991: 9; OECD, 1997), the lesser participation of ethnic minority groups in the early years of education is a shortcoming of the education system that needs to be addressed.

The low achievement of ethnic minorities at school level is a serious inadequacy of New Zealand's education system. While there have been significant improvements in the retention rate in the decade to 1994, the retention rate has trended downward since then and the disparity gap in secondary school retention rates of 16 and 17 year olds, has increased from 1995. The grade distribution also shows lower grades being achieved than the rest of the school population across all senior school examinations and assessments (for Maori grade distributions see for example Te Puni Kokiri, 2000: 18). As evidence shows, however, school leaving choice is influenced by factors "at work for a long period of time. Both personal ability, and household income constraints and socioeconomic background are influential in school retention choices, and exert and influence through factors such as academic performance and school effects" (Maani, 2000: 21). It also exerts an influence on the decisions of the type of institution attended (Maani, 2000).

Despite over a decade of education reform, the ethnic education gap persists and appears to be widening. This is a matter of deep concern for the future economic and social wellbeing of New Zealand. The following section of this paper examines some initiatives which attempt to close this gap.

Closing the ethnic education gap

There is recognition that the lower educational attainment of Maori and Pacific Island Groups is a problem that necessitates specific solutions (OECD, 1996). Initiatives for strengthening Maori language occupy centrality in the strategy to progress Maori education. It is believed that:

Maori achievement in education is intimately linked with the strength and confidence that comes from a clear sense of cultural identity and pride. The renaissance of the Maori language is directly contributing to greater involvement and success in the education system. And that involvement and success is in turn bringing new life and energy to the language (Ministry of Education, 1995: 46).

A two pronged approach aims at improved educational attainment for young Maori through emphasis on learning te reo Maori. Education in the medium of the Maori language is being encouraged through the growth of kohanga reo, kura kaupapa Maori and wananga,² and in Maori medium classes in mainstream primary and secondary schools. The latter approach is important because the great majority of Maori students remain within the mainstream education system, despite the sharp increase in dedicated Maori medium education.³

Maori language initiatives receive significant funding support from the Government, and by far the largest area of spending in this area is on kohanga reo which are now a proven success. The kohanga reo movement has resulted in a significant increase in Maori participation in early childhood education during the nineties. Between 1991 and 1995 the number of Maori children participating in some form of early childhood education increased one third to 29,000. 46% of these children were enrolled in kohanga reo. Attention is also being increasingly focused on other areas of Maori medium education, chiefly Kura Kaupapa Maori and Maori language teacher training.

The annual Ten Point Plan for Maori education, *Nga Haata Matauranga*, sets out the strategy for progressing Maori education over the forthcoming year. Commencing in 1991, these plans have been part of an evolutionary and consultative process, with objectives and actions tailored to meet Maori needs and aspirations and a changing Maori education scene. The key points of the 1995/96 plan (Ministry of Education 1995: 47) are:

1. increase the opportunities for Maori language learning;
2. increase participation of Maori children in early childhood education;
3. support and strengthen kohanga reo;
4. remove barriers to Maori education in schools;
5. support and strengthen Kura Kaupapa Maori;
6. increase the number of Maori students in training and further education;
7. develop indicators of Maori education outcomes;
8. increase understanding of Maori educational needs through research;
9. develop the Ministry of Education's bicultural perspective; and,
10. explore the options for Maori education in the future.

In 1999 the *Maori Education Strategy* (MES) was instituted. MES:

is a comprehensive package aimed at making sustainable, long term changes to the educational results of Maori children. Improving mainstream education for Maori, the development of Maori education authorities and strengthening Kura Kaupapa Maori, comprise the three main strands of the MES. The strategy provides a range of key policy initiatives that will:

- improve the educational performance of Maori students in all mainstream schools (i.e. schools that are not Kura Kaupapa Maori);
- provide practical assistance to teachers and Boards of mainstream schools on how they can address the educational needs of Maori students;

- empower more Maori communities and whanau to participate in the education of their students; and,
- enhance Kura Kaupapa Maori education (Te Puni Kokiri, 1999)

Realisation that separate education initiatives are also necessary for Pacific Islanders has resulted in some initiatives including early childhood education measures. Language centres offer programmes covering a variety of Pacific Island communities in New Zealand: Samoan, Cook Islands Maori, Niuean, Tongan, Tokelauan, Tuvaluan and Fijian. These centres range from informal playgroups meeting once or twice a week to licensed and chartered centres. The programmes focus on language development, both the Pacific Island language as well as English, and improved parental knowledge in early childhood care and education. Additional expenditure of \$3 million over 3 years, announced in October 1995, to increase the number of licensed early childcare centres servicing the Pacific Island population is the chief initiative specifically aimed at this group. This initiative is designed to improve the quality of childcare, since at 1 July 1994 only 9% of the 201 Pacific Island childcare centres were licensed. Parent support in early childhood education and care is also the focus of the Anau Ako Pasifika Programme. This is a home-based project run by the Early Childhood Development Unit, the government agency that supports the education of 0-5 year old children. The programme has operated for the last six years in Auckland, Wellington and Tokoroa and has been funded at \$400,000 per annum by the Bernard Van Leer Foundation, an international philanthropic organisation. From 1 July 1996, the Government took over funding for the programme.

Raising achievement levels of school students is the aim of the Pacific Islands School-Parent-Community Liaison programme based in Auckland, Wellington and Tokoroa. Additionally, the two pilot programmes which also target increased student achievement - *Project Achievement* and the Collaborative Learning Programme will be evaluated. Project Achievement, running in selected secondary schools, is designed to increase the numbers of successful Pacific Island Group school leavers taking up further education, training and career options that they wish to pursue. It aims to also promote a strengthened commitment among parents and leaders to education as the key to success.

In recognition of the unique educational needs and lower levels of achievement at the senior secondary level of the growing Pacific Islands population, a formal education plan has been developed by the Ministry of Education. The Pacific Island Education Plan is named: *Koe Ako 'a e Kakai Pasifika*, which means:

Education is the key to unlocking the potential of the Pacific Island community to pursue its own self-betterment.

The Plan involves a number of areas for policy development in consultation with community representatives. These areas include early childhood education and bilingual education, students at risk of educational failure, community languages policy and Pacific Islands curriculum statements, participation in post compulsory education and training, resourcing, increasing Pacific Islands representation on school boards of trustees and improving support for parents and caregivers.

Even among Pacific Island people with post-school qualifications, the unemployment rate is more than double that of the total labour force (Krishnan et al., 1994). This suggests that the Pacific Island Education Plan should pay close attention to ways of making the school curriculum as well as post-school training more suited to the needs of Pacific Island people. The portability of qualifications obtained in the Islands also deserves attention.

Another initiative to close the ethnic education gap is the *Skill Enhancement*⁴ programme which provides vocational education and training linked to the National Qualifications Framework for young Maori and Pacific Islanders between the ages of 16 and 21. Provision is in both institutional and work-based environments and usually contains an element of on-the-job training. The trainee outcomes aimed at are the achievement of qualifications linked to the National Qualifications

Framework (where available) and the movement into employment or further training. The programme continues to be modified in line with current vocational and training needs of the target groups.

A close eye, with a view to extending them to other areas, should be kept on new programmes such as Tu Tangata which is designed to bring the Maori community into the school, and has been a success in Parkway College in Wainuiomata (see Matheson 1996; Ministry of Education 1998). Furthermore, improving the quality of education provided in schools with a predominance of Maori and Pacific Islanders must be given priority. In this respect, Ministry of Education projects in operation such as the AIMHI (Achievement in Multicultural High Schools), the Tuhoe Robe and Schooling Improvement Project and the Strengthening Education in Mangere and Otara⁵ should be closely monitored and any worthwhile proposals such as those contained in the Education Review Office (1996) report for South Auckland schools and discussed in the following section of this paper, should also be given consideration. As recommended in this 1996 report, it also now appears vital for incentives to be introduced both for attracting quality teachers into such schools, as well as for the exit of less competent teachers.

The “Tomorrow’s Schools” reforms – some implications

Education reform that followed on from the Picot Report (1988) and *Tomorrow’s Schools* (Ministry of Education, 1988) centred on the principles of greater contestability and competition between providers, enhanced student and parent choice and increased decentralisation of decision-making, management and control. The remedial action determined by the Taskforce was that:

Individual learning institutions will be the basic unit of education administration. This is where there will be the strongest direct interest in the educational outcomes and the best information about local circumstances. People in the institutions should make as many of the decisions that affect the institution as possible - only when it would be inappropriate should decisions be made elsewhere (Picot Report, 1988: xi).

The ensuing change involved parents and communities in the governance of schools. Under the new system, schools were to be run by locally elected boards of trustees. The board comprised five parents elected from the parents of the pupils of the school, the principal of the school, a staff representative and for secondary schools there was also a pupil representative. Additionally, it was possible for boards to co-opt up to three more members, "to ensure that the board properly reflects the composition of the community, or to ensure that particular expertise is represented and available to the board" (Picot Report, 1988: 50). This latter option may be seen as a safeguard to ensure adequate representation of ethnic minorities, particularly Maori and Pacific Island people on boards and to allow "outside" expertise to be brought in if required. The first elections for boards of trustees were held in April 1989.

The reforms gave effect to two accountability mechanisms: voice and exit. Parents were given a voice in the management and spending decisions of the school through appointment of their own parent representatives on the Board of Trustees. The removal of zoning meant that they could exercise their right of choice by not sending their children to the local school.

The expected benefits of the new system were greater flexibility, local control and choice chiefly in the allocation of funds, staffing, and competition between schools for students. The issue of effective involvement in school governance however, was not given due consideration when these changes were implemented. The low levels of administrative and management expertise in low income areas has meant that in these areas school trustees often lack the ability to ensure sound governance. Inadequate training of often overburdened volunteers, who are expected to ensure that their schools function effectively, has contributed to the current low standards of education in several schools in urban disadvantaged areas such as Otara and Mangere in South Auckland. A mid 1990s Education Review Office report on these schools in South Auckland argued that although the

45 schools in this region are located in disadvantaged socio-economic contexts and 37 of these schools are classified as having the highest level of national socio-economic disadvantage, the poor performance of the board of trustees, the principal or the teaching staff are important contributory factors to the poor educational outcomes of students in approximately 80% of these schools (Education Review Office, 1996). A strong correlation exists between shortcomings in the governance performance of trustees and weak or failed teaching provision. The Education Review Office identifies the following as the most common symptoms and causes of poor board performance:

- trustees who do not exercise their governance role;
- trustees who have limited understanding of their governance role;
- trustees who lack the necessary technical knowledge and management skills;
- trustees who have no sense of the need for management systems as a necessary precondition for proper accountability and informed decision making;
- trustees whose English language skills adversely affect their operational capacity; and,
- trustees who defer instinctively to the professional authority of the principal (Education Review Office, 1996: 8).

It is clear that the *Tomorrow's Schools* model has worked well in schools where there is no shortage of parents with the professional skills necessary for proper management. In communities lacking in these skills, such as the urban disadvantaged South Auckland communities of Otara and Mangere, however, the devolution of responsibility to the community has reinforced, "the contradictions inherent in the policy itself, particularly the contradiction between choice and equity" (Codd, 1990: 204).

Reform has not been accompanied by a government enabling process of adequate and appropriate training for trustees to perform the tasks required of them. The generic training approaches available to school boards are also likely to be ineffective because they are "often delivered off-site and in a manner not easily understood by trustees; not clearly related to the needs or contexts of their particular schools; and without the capacity to provide on-going support" (Education Review Office, 1996: 13). There is, therefore, a need for appropriate and on-going training and support for trustees if they are to develop the skills of governance needed to run *Tomorrow's Schools*.

The establishment of a *Schools Strategic Development Centre* is one of the Education Review Office recommendations to help overcome the management problems faced by schools such as those in Otara and Mangere. The Schools Strategic Development Centre would be a Crown entity which would provide a range of brokered (rather than directly provided) services, in order to facilitate the strategic development and management of these schools. The minimum range of services should include professional advice, needs analysis, training and well-targeted support in the areas of: human resources, curriculum, financial systems and property development and management; and public relations and marketing, truancy and key student health services (Education Review Office, 1996: 15). Thus for example, the Schools Strategic Development Centre would broker high quality teaching in service training packages which will be tailored to meet the specific requirements of teaching in Mangere and Otara schools. The Education Review Office envisages the Schools Strategic Development Centre as a Crown entity because current low levels of demand make it unlikely that private providers will enter the market initially. This is one example therefore, which 'illustrates the importance of appropriate government intervention in the education arena. The Education Review Office also sees a role for government in providing financing for substantial incentives for recruitment of new staff and secondment of "strategic support teachers", as well as exit incentives for poorly performing staff in these schools.

Although the Education Review Office does make some sound recommendations for alleviating the problems faced by under-performing schools, the public highlighting of these problems and failures is nevertheless:

at the cost of tainting a large community and its schools. A key element in education is the self-esteem of everyone involved and the communities involved are now struggling to regain their confidence. It could lead to further fragmentation and an increase in the exodus of students and teachers rather than reform (Principal of Otarā's Hillary College, quoted in Samey, 1996).

The outflow of students from schools that are perceived to have a lower reputation only aggravates the problem of financial and human resources. Thus for example, the Hillary College student roll has declined steadily from 700 in 1989 to 420 in 1996. The resource implications of this outflow from the school are compounded by non-payment of fees by more than two thirds of parents. Widespread media publicity of educational problems also makes it more difficult to attract quality teachers to the area, especially in the current context of a grave nation-wide teacher shortage.

It cannot also be downplayed, as the Education Review Office report does, that poverty has a strong influence on ability to learn as well as ability to teach effectively. As bluntly stated by the principal of Bader Intermediate, Mangere, "before you can teach that one and one makes two you have to make sure that your students aren't hungry, and that they haven't been beaten up the night before, that they have pencils to write with. In other areas you don't have to worry about things like that. You just teach" (quoted in Ferguson, 1996). There is strong evidence of food inadequacy among significant numbers of children in Manukau City. 31 schools and 4 kōhanga-reo receive food through the Manukau City Food Coordinator and between 800 and 1080 meals per week are prepared for hungry children on school food programmes (Burge, 1996).

General social conditions contribute to educational problems in these poorer areas. It is not, therefore, only a matter of education policy and financing, but rather other policies as well, that are needed to tackle educational problems. For instance, housing conditions can contribute to low educational attainment and housing policy in turn affects housing conditions. The 1993 Manukau City housing study revealed that in the suburbs studied there are a substantial number of households experiencing a considerable degree of overcrowding and housing stress, and overcrowding in Manukau City had increased between 5-20% since the 1991 Census (Auckland UniServices, 1993). Poor housing in turn impacts on health and thereon, once again on educational attainment. Thus, cold and damp housing was suggested to link with the high rate of asthma, pneumonia and respiratory disease among Māori and Pacific Island people in Otarā (Mitchell, 1995: 17).

It is not, however, only the quality of teaching and school management that affects performance of pupils and schools. Health, nutrition, housing and home environment, neighbourhood conditions and state of the local economy all impinge on the ability of students and schools to produce quality educational outcomes.

In a study examining the interaction of local economic performance and the vocational education and training system in Britain, a cumulative causation process is identified. It is argued that the outputs from the locality's educational and training system determine and in turn are determined by the area's stock of high-skilled workers:

Economic, social and educational deprivation are self-perpetuating and requires government intervention on a substantial scale, if the process is to be reversed (Bradley and Taylor, 1996: 13).

Substantially more resources to raise the quality of the local educational and vocational systems and more vigorous policies to encourage indigenous employment growth, preferably in high-skill content industries, are among the interventions advocated in order to reverse the forces of cumulative causation in economically disadvantaged localities. These conclusions appear highly relevant to the New Zealand context as well.

Working within the human capital constraint

Improving the quality of *Tomorrow's Schools* and special initiatives to increase formally recognised education and skills, will undoubtedly help increase human capital and reduce the labour market disadvantage of those of Maori and Pacific Island ethnicity. This argument, however, fails to recognise the multi-faceted nature of human capital and the need for a broader approach to employment creation. Immediate, shorter-term strategies for reducing ethnic unemployment working initially within the existing constraints of human capital are necessary. Extensions to the conventionally defined concept of human capital as well as the improvements in human capital, which will result as a corollary of community employment schemes, must also be taken into account. The concept of human capital should be given a broader interpretation so that the cultural and ethnicity based potential and talents of people could be utilised to mitigate the impact of their lower levels of educational qualifications. It is suggested that the common perception of human capital, especially among employers, which mainly considers formal education and training of the individual, should be widened to give greater recognition to cultural capital (de Bruin and Dupuis, 1995; de Bruin, 1999).

The concept of cultural capital adopted here is that of social theorist, Pierre Bourdieu. According to Bourdieu (1986), cultural capital signifies particular kinds of knowledge, social styles, talent and abilities, and comes in three states. The first, embodied cultural capital, manifests itself as the ability, talent, style or even speech patterns of people in a group; for example, a particular ethnic group. The second type is objectified cultural capital and comprises cultural objects such as works of art, books, instruments etc. These goods while being an expression of cultural identity, can also be sold on the market for monetary consideration. The third category is institutionalised cultural capital, where the cultural capital is directed, into institutional structures that can enhance economic status. Although a form of objectification, the institutionalised state is quite a distinct category.

Bourdieu (1986: 244) explains embodied cultural capital which is "in the form of what is called culture, cultivation, *Bi/dung*", as external wealth converted into an integral part of the person in such a way that it appears natural and effortless. It is the embodiment of characteristics that in general are acquired over time and/or through the socialisation process and tend to be the identifiable features that distinguish one group from another. This state of cultural capital is not instantaneously transferable and cannot be bought or sold. Although acquired, it has the appearance of being innate and very often remains unrecognised.

Bourdieu initially used the notion of cultural capital to explain the variation in academic achievements of children from different social strata or classes and highlight the transmission of the intergenerational process of social inequality (Bourdieu, 1973; Bourdieu and de Saint-Martin, 1974; Bourdieu and Passeron, 1977). The embodied cultural capital of some individuals can be transformed and institutionalised into formal educational qualifications. This, however, often depends on social class. The cultural capital of the dominant class, including their language and speech styles, values, definitions of basic knowledge and assumptions, enables this class to succeed in the mainstream school system. Cultural capital thus facilitates the acquisition of human capital in the form of educational qualifications which in turn is a key determinant of the socio-economic standing of different groups. Referring to the "aristocracy of culture", Bourdieu (1984: 23) points out that "academic capital is in fact the guaranteed product of the combined effects of cultural transmission by the family and the cultural transmission by the school (the efficiency of which depends on the amount of cultural capital directly inherited from the family)".

Minority ethnic groups, including indigenous or First Peoples and new immigrants, in contrast to those who benefit from the "aristocracy of culture", often lack the appropriate cultural capital to achieve or secure a head-start at school. The school system itself can then become the agent of the reproduction of social inequality by being responsive to the arbitrary cultural code of the dominant class and impervious to the "cultural deprivation" of the non-dominant classes. For instance it is

argued by a Maori academic that the educational reforms in New Zealand, which have now been in place for approximately a decade, "did nothing to overcome the marginalisation of Maori culture and values - which means the marginalisation of Maori students" (*The New Zealand Herald*, August 29-30, 1998: H3). The lack of achievement and educational gap between the non-Maori and Maori population continues to be wide. Despite the extensive reform of the administration of education and an undertaking that *Tomorrow's Schools* would ensure the needs of Maori, Maori continue to under-achieve educationally. The majority of Maori leave school with no qualification or only School Certificate (Te Puni Kokiri, 2000: 18).

Early disadvantages in the schooling system are reinforced at later stages in life and education. Empirical work on the link between social class and the progression to further education has shown that students from a working class background are less likely than middle class students to move into higher education and when they do move into higher education they are less likely to select programs that lead them to the higher professions (see for example Nash, 1986; Lauder and Hughes, 1990; Pyke, 1990).

For the majority of indigenous peoples of the world and ethnic minorities in some countries such as New Zealand, the conversion of embodied cultural capital into formal education qualifications is often slow and indirect and may not even happen at all. Yet for dominant, especially white cultures, on the other hand, the link is often immediate and direct. This could partly account for the considerable gap in educational qualifications among ethnic groups that is often encountered. A broader interpretation of the concept of human capital so that the cultural and ethnicity based potential and talents of people could be utilised to mitigate the impact of their lower levels of educational qualifications, is justified.

Widening the definition of human capital to recognise cultural capital would also help overcome the preconception that ethnic minorities are necessarily less employable because they lack educational qualifications. The level of education attained influences employer selection of job applicants. The earlier paper in this journal issue on human capital and the economy (de Bruin and Eagle, 2000) has pointed out that already education acts as a signalling mechanism, with employers using qualifications, especially in the absence of other information, to certify that a worker has the capability for "smart" work (Spence, 1974). Education becomes a job filter and plays a role in screening applicants for jobs (Arrow, 1973; Stiglitz, 1975). Those with lower qualifications have a reduced probability of being selected from among a pool of job applicants. Furthermore, once those with fewer qualifications become long term unemployed, and there is a greater chance they will; they are doubly disadvantaged. Recognition of cultural capital as a facet of human capital, however, could help compensate for the lack of education qualifications of labour market disadvantaged Maori and Pacific Island Group people in New Zealand.

Blanchard and Diamond (1994) use a sorting model to show that when employers have multiple applications for a job they select the worker who has the shortest duration of unemployment. A small but growing body of recent research which attempts to theorise the presence and implications of long-term unemployment, shows that when the unemployed have to incur a cost to maintain their skills, if there is no way to observe whether they have done so; the economy then has multiple equilibria supported by self-fulfilling beliefs of employers. One of these equilibria is more likely to occur. This more likely equilibrium is one where there is employer discrimination against long term unemployed, who in response let their skills atrophy. It is a possible case of market failure. In such a case, therefore, government action in the form of positive discrimination, direct subsidies and labour market policies of retraining of the long-term unemployed is beneficial and is suggested to correct the market failure. Positive discrimination by government in moderation becomes quite effective for the long term unemployed and for racial minorities facing a similar type of discrimination to the long-term unemployed (Acemoglu, 1995). Acemoglu's results can also be used to support employment creation measures at the community level. These measures can utilise the cultural wealth of communities to actively create jobs for those

who would otherwise contend with employer discrimination and who also possess lesser social capital.

Social capital comprises the social connections that people have. This helps in the securing of a job. Many jobs are not advertised and knowledge about the existence of the vacancy could be disseminated through social contacts. School connections (the 'old boys'/'old girls' network and the 'old school tie' effect (where the applicant belongs to the same prestigious school as the employer) could work in the favour of some applicants (see Bourdieu, 1986: 248-252, for an excellent discussion on social capital and the reproduction of social capital). Labour market disadvantaged ethnic minorities often have inadequate social capital. Local job creation initiatives, however, could give recruitment preference to those who are lacking in information about and are denied access to available jobs outside their own community.

Innovative community initiatives can identify and utilise the cultural dimension of human capital to provide employment for ethnic minorities. The inclusion of cultural capital within the scope of human capital provides a theoretical underpinning for practical programmes to create jobs at the local level. 'Market-leading community entrepreneurship', often on the basis of a partnership model, could convert cultural and ethnic richness into a source of employment and income producing activity (de Bruin and Dupuis, 1995; de Bruin, 1998). This is shown to be a possibility particularly in the tourism industry. Community action could not only harness cultural capital but also draw strength from a social force called 'cultural energy', which could be generated by cultural expression. This force motivates and inspires people to face problems, identify solutions and participate in implementing them (Kleymeyer, 1994).

A widened definition of human capital, therefore, recognises the possibilities for embodied cultural capital to be harnessed and transformed to create employment for labour market disadvantaged groups, especially through grassroots action at the micro level of the local community. It provides a means for closing the ethnic education gap and mitigating their lack of human capital especially in the short term. Cultural audits of communities could be used to provide the information back-up on this aspect of human capital. This could then be used to supplement commonly available statistical data on the other forms of human capital that are studied by economists.

Conclusion

The continued gaps in ethnic educational outcomes confirm the importance to follow the relevant recommendation for New Zealand of the OECD Jobs Strategy:

Monitor closely the various initiatives aimed at raising Maori and Pacific Islanders' participation and attainment in education and pursue vigorously those policies which show the most promise (OECD, 1996: 62).

As emphasised in the Executive Summary to the second *Closing the Gaps* report, however, the disparities between Maori and non-Maori (we can approximately include the same disparities for the Pacific Island people as well), that exist across the sectors of education, labour force, housing, income status, housing, criminal justice and health are "inter-dependent and the result of life-long activity" (Te Puni Kokiri, 2000: 6).⁶ Mitigating current, conventionally defined, human capital deficiencies of ethnic minorities requires intervention across sectors such as health and housing, and cannot be tackled in isolation in the education system. Unfortunately there are no easy solutions to education problems and particularly the education gap of ethnic minorities in New Zealand. As Schumacher points out:

The problems of education are merely the deepest problem of our age. They cannot be solved by organisation, administration or the expenditure of money, even though the importance of all these are not denied (1973: 83).

Extensions to the conventionally defined concept of human capital through the consideration of cultural capital, as well as the improvements in human capital which will result as a corollary of community employment schemes, nevertheless should be taken into account to recognise that a lack of formal educational qualifications need not necessarily be a barrier to employment for ethnic minorities. It would go some way toward lessening the labour market disadvantage arising from their education gap.

Notes

1. There are classification difficulties for the Maori group. Substantial differences in labour market outcomes exist between those who report their ethnicity as only Maori and those who report Maori and another ethnicity i.e. 'mixed' Maori. Mixed Maori who represent about 25% of the Maori ethnic group, have outcomes that over time roughly correspond to those of non-Maori. For a discussion see Chapple and Rea, 1999.
2. Kohanga reo are pre school Maori "language nests" or early childhood centres, kura kaupapa Maori are Maori medium state schools and wananga are tertiary education institutions.
3. There were 38 kura kaupapa Maori operating as at 30 June 1995 and 15 new kura scheduled to open over the next 3 years (Ministry of Education 1995).
4. This is the parallel of Skill Pathways which is a transition measure for integrating industry training with the education system. A goal of Skills Pathways is to mitigate educational and labour market disadvantage through improved access and provision of qualifications based job training and career education for women, Maori and Pacific Islands people.
5. The AIMHI Project commenced in 1995 and involves seven schools in South Auckland and one in Porirua. These low decile schools have a large number of Maori, Pacific Island and new immigrant students. Leadership changes for some of the schools, governance training for some boards of trustees, financial management, planning and policy development, improvements in school culture and better communications with the community, are facets that the project addresses. The Tuhoe Rohe Schooling Improvement Project involves small rural schools with mostly Maori students and the Strengthening Education in Mangere and Otara also involves schools with a high concentration of ethnic minority students (Ministry of Education, 1998).
6. Postscript: Since writing this paper, several initiatives were announced in association with *Budget 2000*, to "close the gaps" in the economic and social outcomes of the Maori and Pacific population. Significant additional funding has been allocated to improving educational outcomes: \$19.9 million over four years to strengthen the quality of Maori language education; \$12.9 million to improve Maori teacher supply both in mainstream and kura kaupapa schools; \$11.2 million on programmes like mentoring schemes to help young Maori participate more fully in the school system and \$7.2 million over four years to increase the Pacific Pool of the Discretionary Grants Scheme, for extra places in Pacific early childhood centres (Ministerial Press Releases 2000). Only time and close monitoring, will tell how successful these initiatives will prove to be.

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