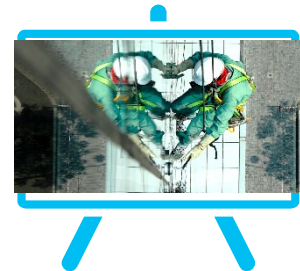


**WORKING AS AN END:
THE IMPORTANCE OF WORK CAPABILITY
IN SHAPING HUMAN DEVELOPMENT
– An examination in Vietnam**

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1. Introduction
2. The importance of work capability in shaping human development
3. Methodology
4. Result and Discussion
5. Conclusion

1. Introduction

- Amartya Sen's Capability Approach:

Human development = an expansion of capabilities

= an expansion of individual freedom

- Role of working in shaping human development?

HDR 15: working as a means for human development

But, multiple social disciplines recognize **Working as an end in itself**

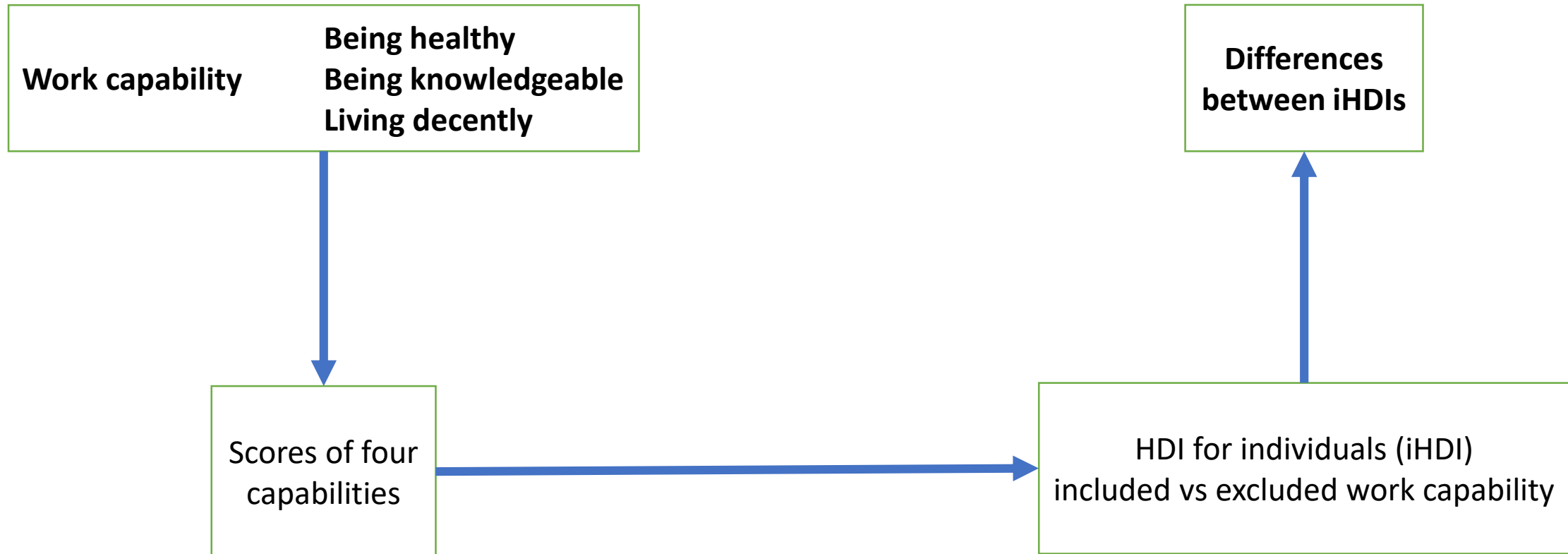
→ neglecting this role causes an inadequate understanding and an incorrect evaluation of human development

1. Introduction

- Working as an end requires work capability:
a set of working activities that create income, either in monetary or non-monetary forms, and be feasible for an individual to achieve
- 2 aspects:**
 - feasible opportunities to join working activities (job opportunity)**
 - feasible control of performing such working activities (work autonomy)**
- Trade-off work autonomy for wage and job security → the loss of work capability resulting from sacrificed work autonomy must be counted as a loss of freedom to work in particular and a loss of freedom in general, and eventually a loss of human development → **integrating work capability into human development measure.**

1. Introduction

- Using a Structural Equation Model (SEM)

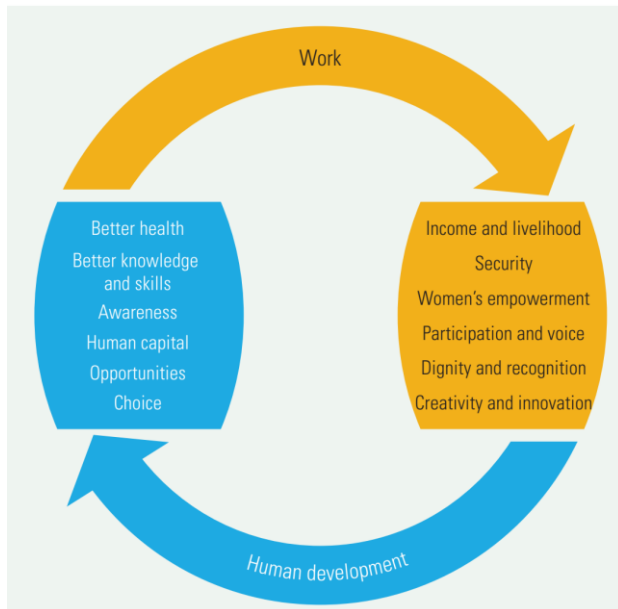


2. The importance of work capability in shaping human development

Well-being = f(capabilities) → capabilities ↑ = human development

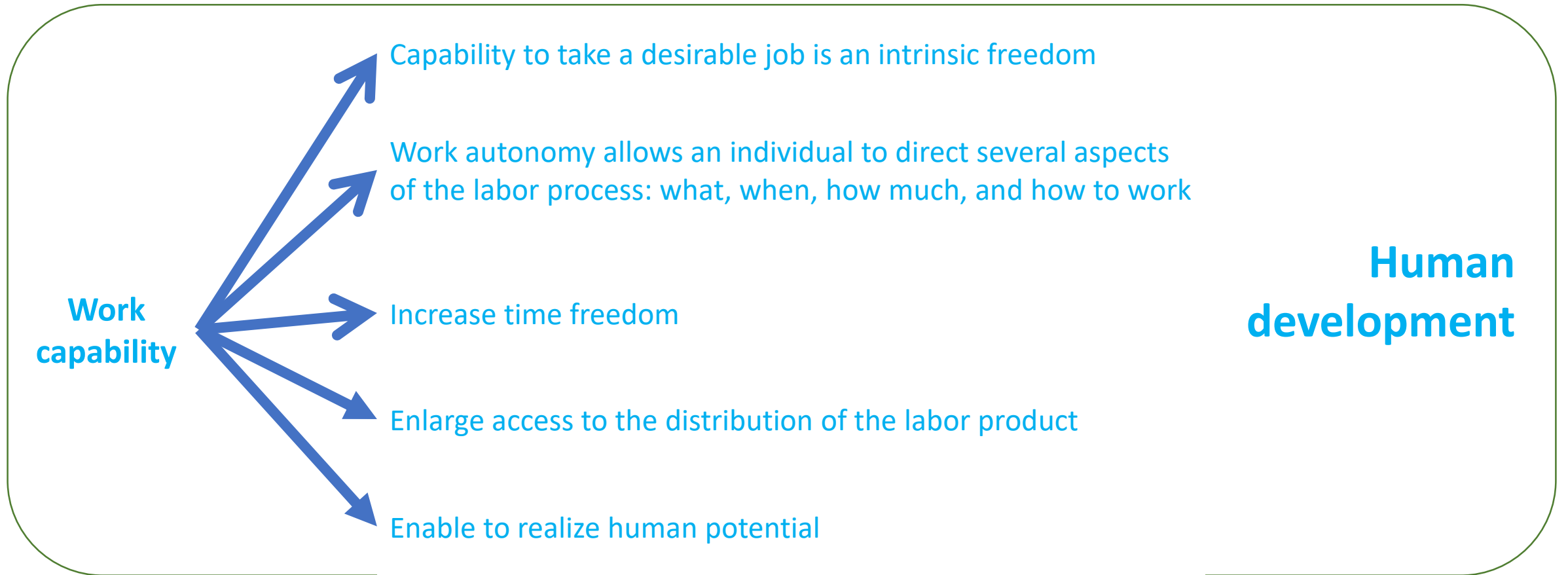
- As both a means and an end of wellbeing, work capability is a basic freedom

Economics vs Other social sciences (Psychology, Sociology...etc)

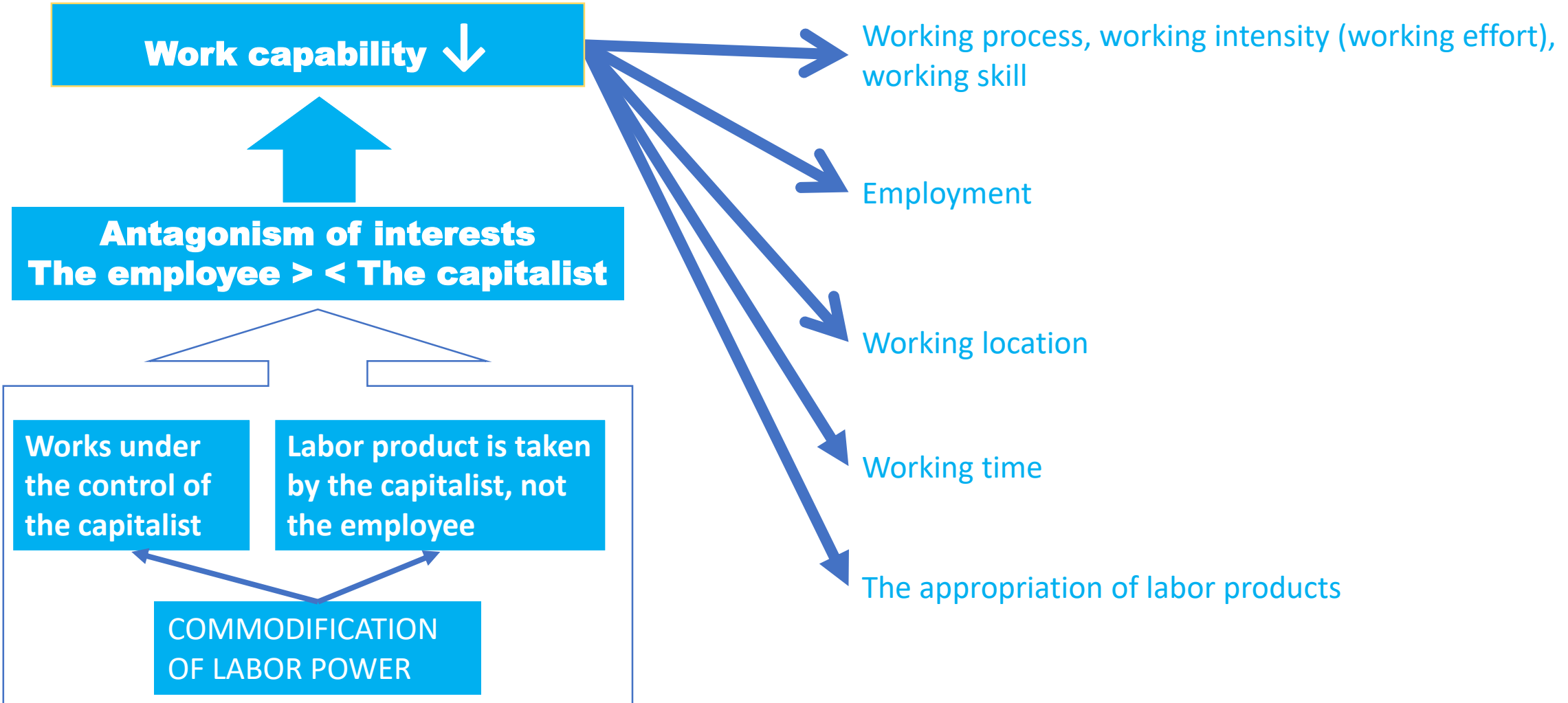


Psychological needs
Social actions

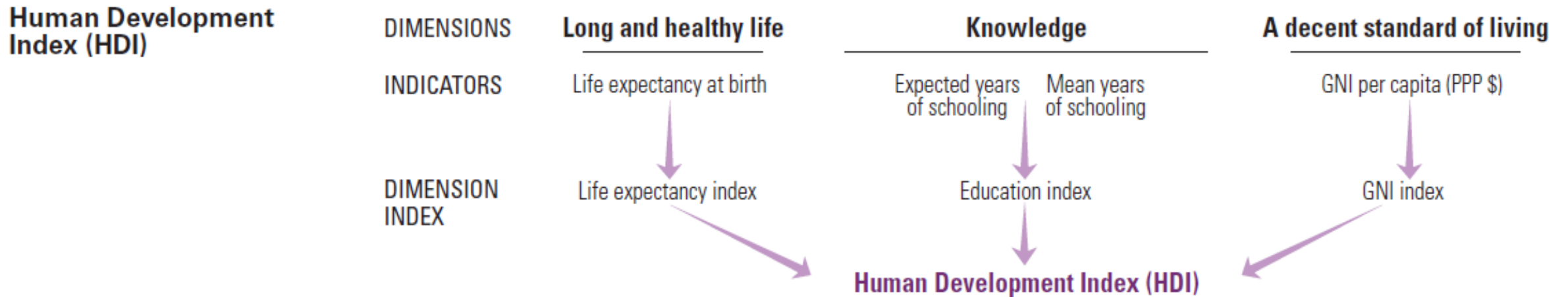
The expansion of work capability is vital for the expansion of human development:



The oppression of work capability under the capitalist relation of production



Work capability and human development measure



→ Neglect work capability

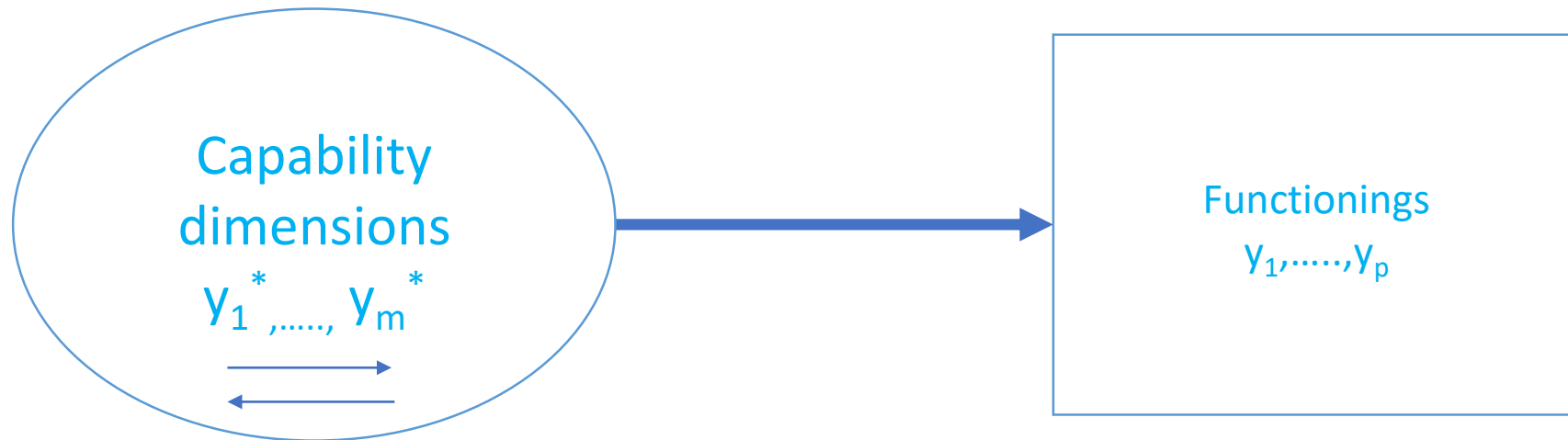
→ The current HDI may not reflect the degree of human development correctly

3. Methodology

- Characteristics of capabilities and SEM
 - Capabilities are abstract, multidimensional
 - Capabilities are affected interdependently by other capabilities
- Identify capabilities indirectly through manifested indicators

SEM handle the simultaneity, the unobservability, and multidimension of capabilities

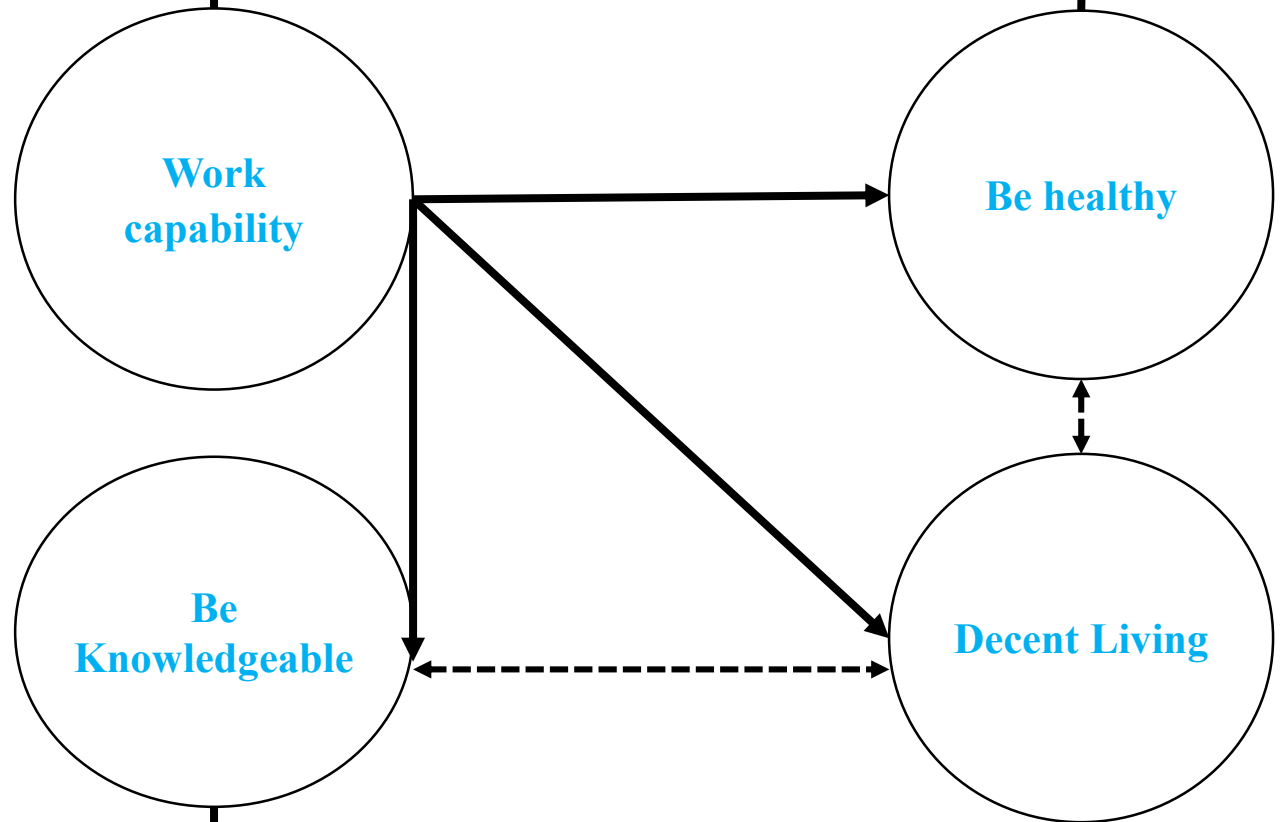
Model specification



$$y_{3 \text{ capabilities}, i}^* = \gamma y_{\text{work capability}, i}^* + \xi_i \quad (1)$$

$$y_i = \Lambda y_i^* + \epsilon_i \quad (2)$$

Individual income	Working hours in two main jobs	Job counts	Hardness of working	Complexity of working skill	Degree of pain-free	Status of no illness	No hospital treatment	% of individual income after medical treatment
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Studying status	Number of schooling years	Being able to access internet	Being able to phone others	Being able to travel
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Improved life from five years ago	Be able to donate	Food sufficiency
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Data: Viet Nam Household Living Standards Survey

- every two years, at national level
- all groups of people including ethnicity, regions, religions, occupations, and others.
- 5875 observations remain after screening :
 - Legal working age
 - employed
 - Nested data → Randomly select a working individual within each household



4. Result and Discussion

The measurement part of the model

Indicators for each capability	Unstandardized Coefficient	Standard Error	z-value	P(> z)	Standardized Coefficient	R ²
WORK CAPABILITY						
Working hours in two main jobs	0.229	0.004	64.76	0	0.341	0.117
Complexity of working skill	0.833	0.007	115.575	0	0.833	0.694
Job counts	-0.612	0.01	-60.343	0	-0.612	0.375
Hardness of working	-0.395	0.004	-89.765	0	-0.48	0.23
Individual income	4.132	0.037	110.628	0	0.77	0.593
BE HEALTHY						
Degree of pain-free in the last year	0.171	0.007	25.656	0	0.626	0.391
Status of no illness in the last year	0.819	0.016	51.83	0	0.824	0.679
No treatment in hospital in the last year	0.863	0.015	57.113	0	0.869	0.755
Proportion of individual income remaining after medical treatment	0.359	0.005	68.281	0	0.456	0.208

The measurement part of the model

Indicators for each capability	Unstandardized Coefficient	Standard Error	z-value	P(> z)	Standardized Coefficient	R ²
BE KNOWLEDGEABLE						
Studying status	0.152	0.028	5.539	0	0.241	0.058
Number of schooling years	0.182	0.005	37.913	0	0.644	0.414
Being able to access internet	0.62	0.013	46.727	0	0.98	0.961
Being able to phone others	0.261	0.015	17.612	0	0.413	0.171
Being able to travel	0.386	0.013	30.809	0	0.61	0.373
DECENT LIVING						
Be able to improve life from five years ago	0.2	0.02	10.022	0	0.314	0.099
Be able to donate	0.269	0.027	9.947	0	0.422	0.178
Food sufficiency (the ratio between individual effective income and food cost per member in family)	0.883	0.087	10.207	0	0.354	0.126

The structural part: The importance of Work capability to three basic capabilities

Effect from Work Capability to	Unstandardized Coefficient	Standard Error	z-value	P(> z)	Standardized Coefficient	R ²
Being Knowledgeable	1.225	0.028	43.748	0	0.775	0.6
Being Healthy	0.114	0.014	7.92	0	0.114	0.013
Decent Living	1.207	0.115	10.467	0	0.77	0.593

Calculating individual HDI

Capabilities	Be healthy	Access to knowledge	Decent living	Work capability
Capability score	Health score	Knowledge score	Living score	Work capability score
Normalized score	S_{Health}	$S_{\text{Knowledge}}$	S_{Living}	S_{Work}
Individual HDI (iHDI)	$iHDI_1 = (S_{\text{Health}} \cdot S_{\text{Knowledge}} \cdot S_{\text{Living}})^{1/3}$ vs. $iHDI_2 = (S_{\text{Health}} \cdot S_{\text{Knowledge}} \cdot S_{\text{Living}} \cdot S_{\text{Work}})^{1/4}$			

$$\text{normalized score} = \frac{\text{actual score} - \text{minimum score}}{\text{maximum score} - \text{minimum score}}$$

$$HDI = (I_{\text{Health}} \cdot I_{\text{Education}} \cdot I_{\text{Income}})^{1/3}$$

Normalized factor scores and iHDIs

	Mean	Median	Standard Deviation	Min	Max
$S_{\text{Being Knowledgeable}}$	0.2118	0.2082	0.0614	0	1
$S_{\text{Being Healthy}}$	0.7937	0.8533	0.1172	0	1
$S_{\text{Decent Living}}$	0.2091	0.208	0.0552	0	1
$S_{\text{Work Capability}}$	0.2488	0.2485	0.0414	0	1
$iHDI_1$	0.3243	0.3255	0.0657	0	0.8952
$iHDI_2$	0.3032	0.3036	0.0578	0	0.9203
Difference ($iHDI_1 - iHDI_2$)	0.0211	0.0225	0.0100	-0.0267	0.0548
Difference ($iHDI_1 - iHDI_2$) in %	6.1702	6.794	2.7611	-59.8405	14.4930

Figure 1: Histogram of iHDI indices

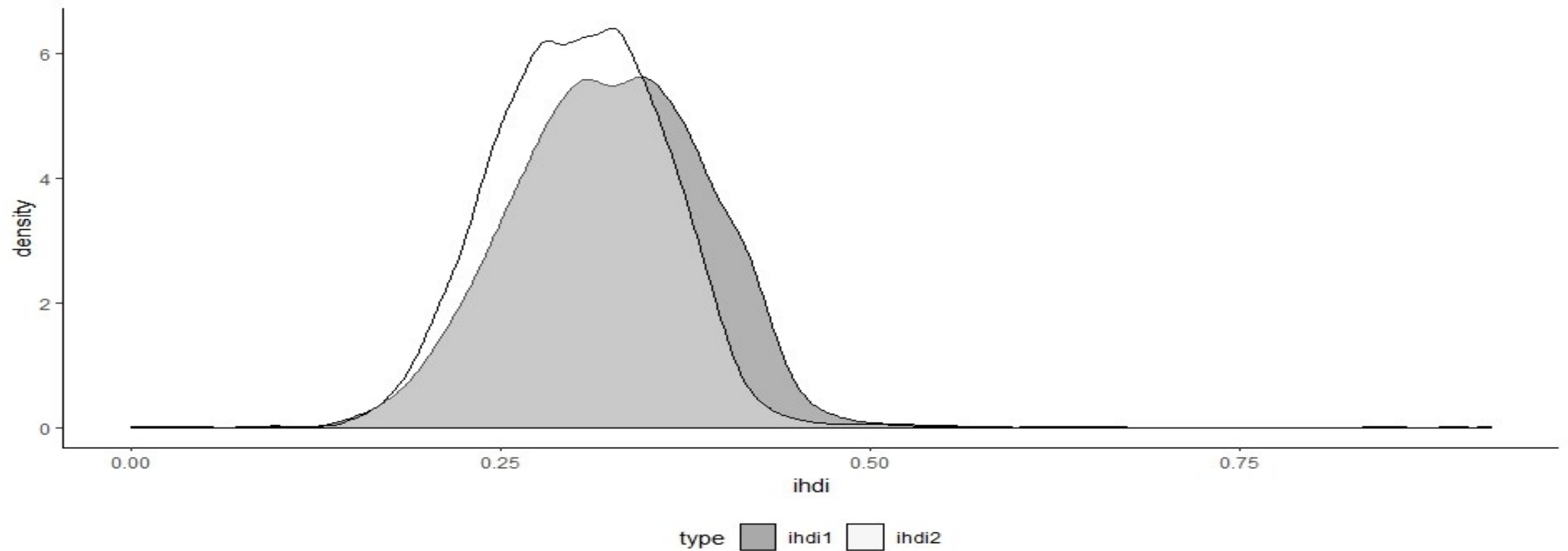
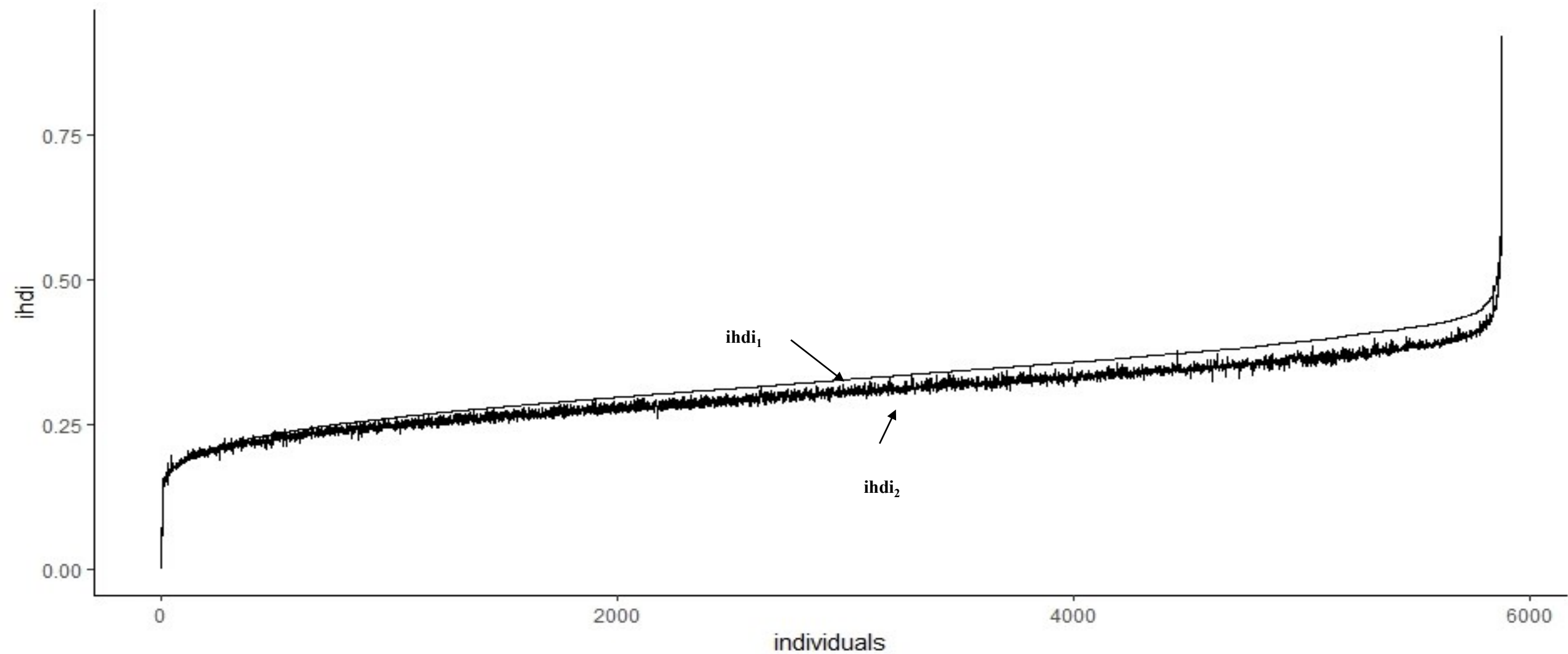
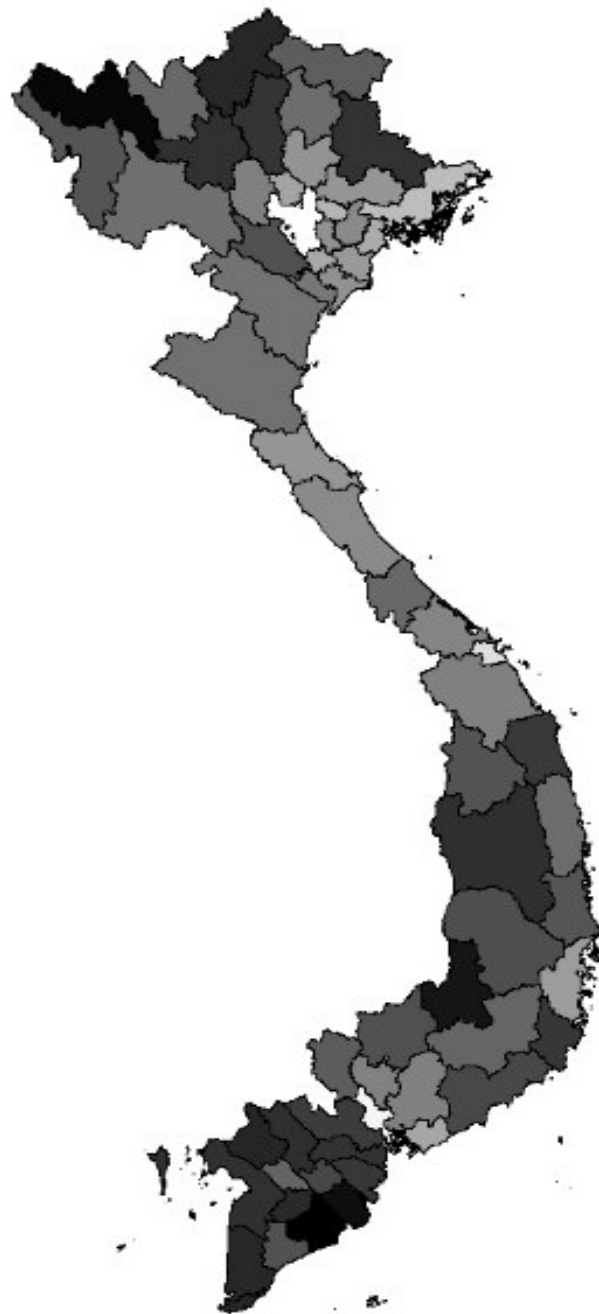


Figure 2: Difference between $iHDI_1$ and $iHDI_2$



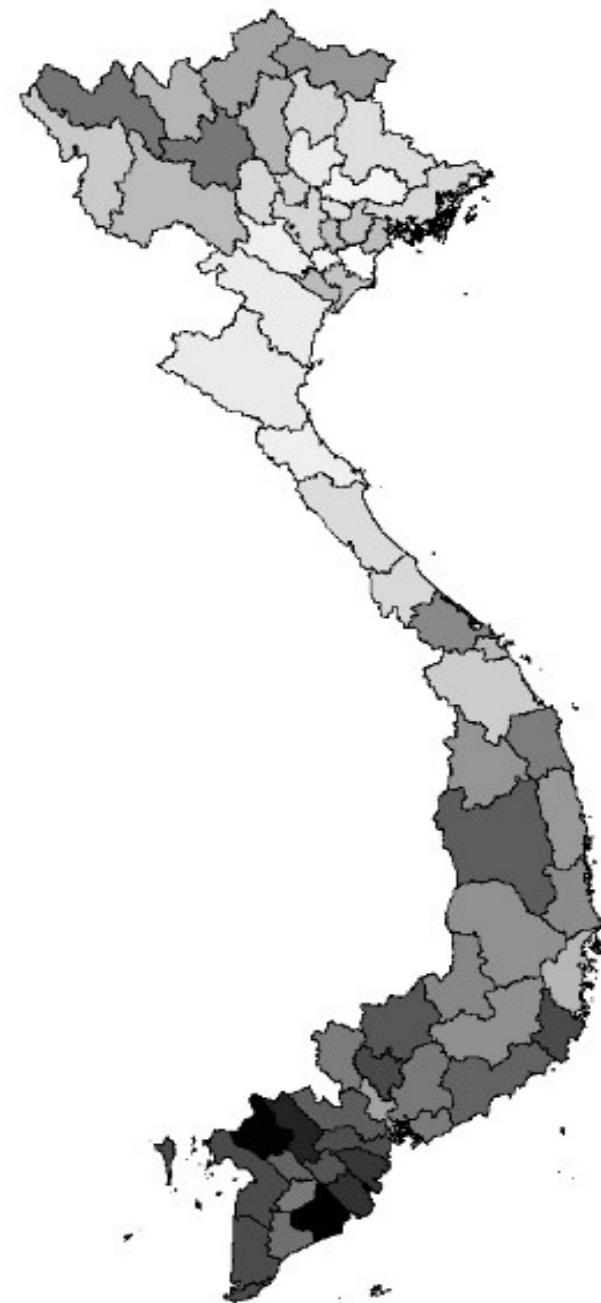
- Work capability trade-offs for pay
 - Work as an end trade-offs for work as a means
 - Employees achieve other dimensions of their well-being by sacrificing their work capability
- The loss of work capability should be counted as a deficit of individual freedom in working, and hence, a deficit of human development.
- **The measurement of human development should take into account both the surplus gained by working and the deficit sacrificed at working, not just the former.**
- It should count the totality of freedom in working and living

Figure 3:
Individual
HDI
grouped by
provinces



ihdi

0.375
0.350
0.325
0.300
0.275



pihdi

7.5
7.0
6.5
6.0
5.5
5.0
4.5

Suggested solutions for improving work capability

At macro level: ↑ Job opportunity by Job Guarantee program

At micro level: ↑ Work autonomy by liberating leadership and job crafting

- Liberating leadership gives employees complete freedom and responsibility to act on their own initiative
- Job crafting is employees' efforts to “redesign their own jobs in ways that can foster job satisfaction, as well as engagement, resilience, and thriving at work”

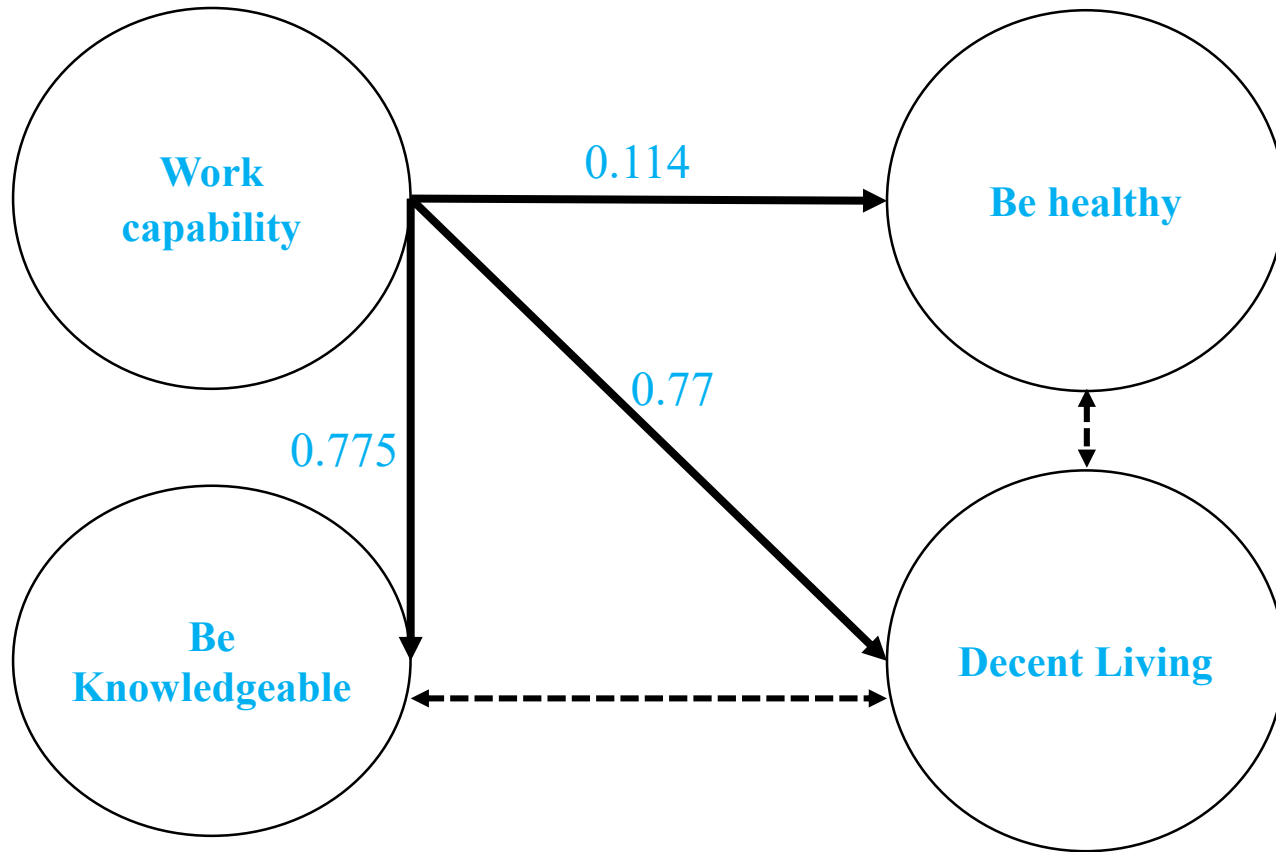
5. Conclusion

- Roles of work: a means + an end of human development
- Work capability (job opportunity and work autonomy) is an essential freedom
- Work capability is important for shaping human development
- Integrating work capability into measuring human development
- The more attention of academia and policymakers in creating legal frameworks and working environments that improve work capability

XIN CẢM ƠN

THANKS FOR YOUR ATTENTION

The relation of Work capability and the three other capabilities



Fit indices	Value	Cut-off
Chi-squared	1928.639	
Degree of freedom	105	
P-Value	0	
RMSEA	0.054	0.08
CFI	0.984	0.95
TLI	0.98	0.95
SRMR	0.058	0.08