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I. Developing the human and social capital of the localised workforce: The perceived importance of Adult and Community Education in a single industry town

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Abstract: This paper presents one aspect of the findings from a larger doctoral study into the localised workforce and community identity, undertaken by the first author, and supported by the Human Resource Institute of New Zealand. This research found that adult and community education had a significant perceived role in the skill development of the localised workforce in the case study town. Significant cut-backs in government funding to adult and community education have significantly affected perceptions of opportunities to up-skill and to move into productive employment within this town. In this paper, we discuss the link between these findings and development of human and social capital. This research is of importance to understanding the complex issues that contribute to the skill levels of current and potential employees. Further, human and social capital are human resource attributes that have been found to be of critical importance to organisational performance. Therefore, understanding how these attributes develop, both inside and outside the organisation, is of critical importance to those in the HRM field.

Keywords: adult and community education, human capital, social capital, training, skills development, single industry towns

INTRODUCTION

It is our contention that in order to understand national productivity and skill development, it is vital to understand the complex factors that contribute to levels of skill and productivity in the localised workforce.

The understanding of such localised labour pools is of primary importance to Human Resource

Management scholars and professionals. New Zealand was founded around these small manufacturing and primary industry-related towns. Further, many other towns, even if not 'single industry' by definition, were predominated by a single large employer, whether the dairy factory, meatworks or food processing plant. Whilst government policy and many tertiary education programmes increasingly reflect a shift towards 'value-added' and 'knowledge' occupations, we still have little understanding of what this means to these primary and manufacturing based towns, or to the people living in them – many of whom have relied solely on work-related advancement, and have little formal education. The lead author's PhD research aims to explore what we might learn from those who have lived and worked in these towns. Using an emerging theme from the analysis of over 100 hours of interview data, we explore one thread of the complex fabric that makes up the localised workforce. Participants expressed the importance of Adult and Community Education, and perceived a significant gap since the 2009 funding cuts to Adult and Community Education. We posit that in the town studied, Adult and Community Education played a significant role in the development of human and social capital.

Wright and McMahan (2011) observed that, while discussions of human capital in the HRM literature were evident from the early 1990s, 'strategic HRM research quickly shifted to focus on the practices that impacted the human capital, rather than the human capital itself' (P. 93). Wright and McMahan call for future research into the complex and multiple contexts that comprise human capital development at the individual, social and task level. This research explores one such context, being the development of the human capital of the localised workforce, through adult and community education.

Human and social capital

Human capital is a concept gaining renewed popularity amongst human resource management scholars (López-Cabrales, Real, & Valle, 2011; Wright & McMahan, 2011). Human capital is a complex, multidimensional concept (Ployhart & Moliterno, 2011), in which individual attributes are transferred to organisational and societal benefits. 'It is theoretically preferable to think [of human capital] in terms of a stock of knowledge and skills which is embodied in each individual and which is, thus, distributed across the labour-force of an economy or industry or firm' (OECD Working Party on Employment and Unemployment Statistics).

Wright and McMahan (2011) suggest that human capital is imperative to organisational success. Lopez-Cabrales, Real and Valle (2011) concurs, stating 'If the company adopts appropriate procedures of personnel management, human capital can be oriented to the achievement of sustainable competitive advantages' (P.349). According to the OECD (2011) 'Human capital plays an important role in the process of economic growth and individuals' labour market outcomes are linked to their educational attainment'. This is supported by López-Cabrales et al. (2011) who suggest that human capital plays an important mediating role between Organisational learning capability and human resource management practices

However, despite the stated advantages to the organisation of human capital, according to Schuller (2007), human capital becomes unreliable as an advantage if is it not considered alongside the wider contextual social capital. This social capital may be sourced from within the organisation, interrelationships with other organisations, or between the organisation and the wider community context.

Social capital is a term that is used to refer to that which might be assumed to generate the internal social and cultural cohesion of a society. Social capital shifts the focus away from individual attributes and action, and onto the effect that environmental factors have on the combined progress of the group (Schuller, 2007). Huang, Chou and Sun (2009) define social capital as 'an advantage that dwells in social affiliations and networks' (P.7). It is a concept deemed to express the social norms and values that are embodied in the relationships between people and, between people and the organisations they form. Wilson (1997) suggests that the presence or absence of social capital is recognised as a major determinant of a community's wealth and prosperity and … lends legitimacy to the idea of individual-in-community: each person is defined not just alone but in relationship to others: each person seeks to be part of something larger and can realise him or herself only when part of something larger … a web of individuals-in community (p. 756).

Social capital, as a multidimensional concept, comprises communication, sharing, social participation, informal and formal networks, co-operation, civic engagement and trust (Bryant and Norris, 2002; Giorgas, 2000; Taylor, 2004). Expressed colloquially it is represented as the 'glue' that holds a society together. Adler and Kwon (2002) take the metaphor a little further. They state: "social capital is a long-lived asset into which other resources can be invested, with the expectation of a future (albeit uncertain) flow of benefits" (p. 22).
Putnam (1993, cited in Grootaert, 1998, p. 9) claims economic growth is dependant on social capital as it "enhances the benefits of investment in physical and human capital" (p. 36). For Putnam, social capital is both a consumption good and an investment. Writing within a New Zealand context Robinson (1997) states that those communities with strong stocks of social capital contribute to greater community involvement in democratic processes. Conversely falling levels of social capital generate fragility in civil society.

Friesen (2003) writes "social interactions that do not have an explicit economic purpose may affect economic productivity in a variety of ways" (p. 183). Townsend (2008) describes how Adult and Community Education have the potential to contribute to long-term development of social capital, particularly in multi-cultural contexts. Further, Stenberg (2007) notes the connection between adult education and human capital development, commenting that an international growth in adult education is due to 'human capital adjustments made within the existing workforce, rather than through an inflow of workers with new skills' (P. 42).

There is a clear interconnectedness between social capital, human capital and firm performance. Furthermore, Adult Education has been shown to develop both human and social capital development. Therefore, it is important to consider the role of Adult Education in the development of human and social capital at the localised workforce level.

Adult education in NZ

The OECD prioritises the importance of adult education, citing significant economic and societal benefits (Organisation for Economic Cooperative Development, 2011).

Adult Education in New Zealand became formalised during the 1974 Educational Development Conference (Barbour, 1996). Prior to this, many forms of adult education, formal and informal,

had existed, but were generally contained within the umbrella of either 'hobbies' or work training. The development of the adult education sector during the mid 1970s saw a portion of the responsibility for adult education move from the domain of government and the organisation, to the community. Since this time, the adult education sector has played an important role in the training of the New Zealand workforce (Adult Education and Community Learning Working Party, 2001).

Internationally, it is noted that participation in Adult and Community Education tends to be concentrated to high skilled and middle-high income sections of the population (Crowther, 2000). However, in New Zealand, although participation of low-skilled, low-income individuals is lower in tertiary education, Adult and Community Education programme fulfil an important role in the education pathways for these groups (Adult Education and Community Learning Working Party, 2001). Therefore, Adult and Community Education has the potential to significantly contribute to increasing the human capital of localised workforces.

During the 2000s, New Zealand had over 248,000 enrolments per year in adult and community education courses (Adult Education and Community Learning Working Party, 2001). Included were school-based programmes, community programmes at tertiary education institutes, workers education associations, ESOL home tutoring and Literacy programmes. Of these, the majority (200,000) participated in school based programmes (ibid.).
In New Zealand a conservative government was elected in November 2008 amid the revelation of an emerging global economic crisis. In May 2009 the new government's first budget outlined initial strategies to address the domestic implications of this crisis. Among a number of controversial budget announcements is a proposed 'reprioritisation' amounting to a $67 million funding cut1 to Adult Community Education (ACE) programmes2 while at the same time almost doubling funding to private schools (from $40 million to $75 million).3

1 $6 million in 2009/10, $17 million in 2010/11, and $22 million in both 2011/12 and 2012/13 equating to approximately 80% of State funding
2 http://www.beehive.govt.nz/release/government+invests+124+million+community+education
3 http://www.beehive.govt.nz/release/budget+focus+frontline+funding+schools
4 http://www.tearohanoa.org.nz/adult-education.html

Adult and Community Education Aotearoa (ACE) has been the national body for the adult and community education sector in New Zealand for over 80 years. It is a "not-for-profit organisation with the purpose of advancing a learning society that is democratic, nurturing, effective, and sustainable, based on Te Tiriti o Waitangi" (http://www.aceaotearoa.org.nz). Adult and community education encapsulates both formal and informal programmes that facilitates lifelong learning and promotes "empowerment, equality, active citizenship, critical and social awareness and sustainable development" (ibid). ACE aims to strengthen social cohesion; strengthen communities and raise foundation skills. Various programmes support learners who underachieved in formal education and wish to open new doors.

The New Zealand Ministry of Education (2007) defines the ACE sector as "a broad range of formal and informal programmes which promote and facilitate the engagement of adults in livelong learning". In 2008 Adult and Community Education Aotearoa Inc (ACE) estimated it provided

services to over 409,000 people equating to 10% of the NZ adult population through 532 service providers (http://www.aceaotearoa.org.nz).

Ace benefits – both economic and non-economic. In terms of non-economic benefits, health, ageing, citizenship, crime and parenting have been identified as key areas where adult and community education makes a measureable difference (Adult Education and Community Learning Working Party, 2001).

PriceWaterhouseCoopers (2008) report on the contribution of ACE and its focus on adult education as a way to "improve people's productive lives through learning" affecting "all areas of an individual's life, whether as employees, parents or members of the community" (p. 5-6). Their report suggests that the average ACE participant was from the "lower socio-economic demographic".

The PriceWaterhouseCoopers (2008) report also illustrates the disproportionate amount of participant in ACE programmes are women (82%). A key economic benefit of ACE was the opening of a path to an "increased income for adult users because of subsequent involvement in paid or higher paid employment". Benefits were also realised "through saving in government welfare benefits, savings in crime and health, [and] value added through enhanced community participation" (p. 5). In dollar terms the economic benefit of ACE is estimated at between $4.8 billion and $6.3 billion annually. In this type of assessment, every dollar the government 'invests' generates 'a return' of between $16 and $22. Although this 'return on investment' sounds almost too good to be true the report noted that the lower the socio-economic backgrounds of participants the greater the marginal return when improving the outcomes for these individuals.

The PriceWaterhouseCoopers (2008) report indicates that a primary benefit to individuals learning through adult education courses is "the social and intellectual experience as they engage in a particular learning activity" (p.16). For example, ACE provider Te Aroha Noa4 primary objectives is to:

- Encourage continued education and further study
- Break down barriers to learning
- Improve self confidence & self esteem
- Improve life choices and chances

Inkeles (2000) posits that "cultural patterns of different communities play a critical role as a form of social capital in affecting the chances for those communities success in economic … and other endeavours" (p. 22-23). In addition to job-based skills, ACE provides individuals with an opportunity to engage in a range of educational programmes that are community or iwi5 based that encourage empowerment, equality, active citizenship and social awareness including: literacy and numeracy, English as a second language, Maori language and culture, personal development and enrichment, education for social justice. PriceWaterhouseCoopers (2008) report that ACE "has an important role to play in the Government's goal for a prosperous and confident knowledge society as outlined in the Tertiary Education Strategy 2002/07" (p. 11).6

5 Iwi is a collection of whanau. 6 The wider outcomes of providing ACE programs can be

found in figure 1 in the appendix.

Our aim in this paper is to examine the perceived importance of adult and community education in a localised workforce, represented by residents of a single industry town.

Case

Tokoroa is in the South Waikato region, approximately 1-hours drive from Hamilton, and has a population of approximately 12,000 (Waikato District Health Board, 2009). This region provides an excellent example of workforce development/change throughout the past 100 years, from the post WWI employment initiatives which led to the planting of the Kaiangaroa forests, to the post WWII state-planned industrial development which led to the opening of the Kinleith Pulp & Paper Mill (Healy, 1982). For the next 50years, Tokoroa was a bustling single-industry town, attracting workers from many other areas of New Zealand. Tokoroa was also one of the first sites of employment migration from the Pacific Islands in the 1960s, when the demand for employment at the Mill was such that national demand could not satisfy the needs of the industry. Throughout this period, Tokoroa had a higher population growth rate than the national average.

In 1980, the population of Tokoroa was 19250, and the number of full-time employees at Kinleith Pulp and Paper Mill (the Mill) was 5456. For Tokoroa residents, the 1980s was a decade characterized by industrial disputes and redundancy. One of the key incidents in the towns industrial relations history was the strike in 1980, which lasted three months, and divided the town based on union and employment affiliation. The first employment downsizing at the mill came in 1986, and was quickly followed by successive workforce downsizing. By 2003, the Mill employed just 380 employees (Thompson, 2003). The structure of the workforce has moved from a model of full-time employees, to a core/periphery model, with many functions outsourced to independent contractors. The employment history in the town can be seen as a micro-level example of the macro-level changes occurring in the New Zealand business/society relationship. Many of the trends shown in Tokoroa have been repeated throughout New Zealand, and globally.

Adult Education has a longstanding history in Tokoroa. Being the centre of industrial development in the 1950s, with the concurrent construction of both the Kinlieth Pulp and Paper Mill and the Waikato River Dams Project, the town also provided a key industrial training role. Additionally, the town boasted the highest number of clubs and associations per capita in New Zealand (Chapple, 1976). These would no doubt have been places of skill-transference and social capital development. These characteristics led to Tokoroa being a highly skilled workforce up until the period of redundancies and population decline in the 1980s an 1990s. Tokoroa now has significantly lower skill-levels that the national average, with only 7.2% of population having post-secondary school qualification, compared to national average of 9.5% (NZ Statistics, 2006).

Since the 1970s, there has been an active community education programme in place, coordinated from Tokoroa High School, but with activities taking place at a variety of schools and community facilities. According to the Community Education coordinator, prior to the 2009 funding cuts, approximately 1200 individuals accessed this programme each year, and 50 tutors were employed by the programme.

Objectives

How do small communities experience changes to localised work and skill needs, and how do they adapt to these changes? While prior international research has examined the development and growth of single industry towns and the types of communities that develop within them, the impacts of corporate downsizing and dramatic population decline on the understandings and experiences of those living in small towns, and the community identity, remains unknown. Despite many projects covering the broad statistical trends and demographic changes, we are still yet to see a comprehensive understanding of the complex factors that lie behind New Zealand's workforce statistics. Understanding the experiences of those individuals who are living and working in towns that were built around 'employment' may be the key missing factor in understanding and improving productivity in these towns, as these towns are microcosms of the wider NZ workforce and society.

Method

For this research, we choose semi-structured interviews and a key informant and snowball sampling technique to gain insight into aspects of the single-industry workforce and community identity. The semi-structured interview enabled us to explore themes of interest about changes to work and the implications of these changes for the wider workforce and community, as well as being flexible enough to allow follow-through with issues raised by the participants (Kvale, 1996; Maykut and Morehouse, 1994). The themes were chosen based upon secondary research detailing the historic, political and economic context of the town (as briefly summarized above). The semi-structured interview allowed us to gain an understanding of these changes from the participants' perspective and provided us the opportunity to clarify respondents meaning (Fontana and Frey, 1994; Kvale, 1996). Each interview took approximately one hour.
The participant criteria of having permanently resided in Tokoroa for at least one year was applied to generating a mixed sample of 17 women and 15 men, aged between 30-85 years. Of the participants, three were currently living outside of Tokoroa, with the remaining 29 currently residing in the town. All had resided in the town for at least four years. The participants were from a broad range of ethnicities, with 10 identifying as NZ European. Of the remaining, six identified as NZ Maori, eight as Cook Island Maori, one as Fijian, one as Samoan, seven as continental European.

The participants were also of a wide variety of skill and employment backgrounds. Seven were retired, 12 employed full time, six employed part time, one was a full-time student, and two are currently unemployed. All had experience working within the local workforce, in a variety of occupations, including skilled trades people, forestry workers, administration, management, education. Four were university degree-qualified, one held a PhD, 10 had formal trade qualifications.

An inductive thematic analysis was performed using NVIVO VIII. One of the key themes to arise was the importance of skill building to employment prospects in the town, and the role of Adult and Community Education. This is the key theme this paper will focus on.

Findings

Unsolicited comments relating to Adult and Community education began being noted in the first interview. This was despite the researcher being unaware of the presence, or perceived importance, of ACE within the case community. It was not until the fifth interview that the topic was implicitly discussed, and this was at the instigation of the participant. Furthermore, it was not until the results of the preliminary NVIVO analysis that the thematic prevalence of adult and community education became apparent. Further exploration found a number of social characteristics which could be seen to support the value placed on Adult Education in the case community.

Social context

Characteristics of the social context are inherent in discussions of social capital. In the case town, we found a specific socio-cultural history which shapes the way in which development activities are perceived. Firstly, the majority of participants who came to the town during its development period (1950-1965) commented on the egalitarian nature of the town. Some posited that this was due to everyone coming for a single purpose – work, or due to the fact that the entire town was in a state of construction.

'It was evenly balanced, because nobody had very much in material possessions, and everybody was pretty much on the same journey' (Participant 22, 06/03/2011)

'Because we all came from throughout New Zealand and throughout the world, suddenly forming a town that grew like a mushroom, that creates a society that is all from a strange place, and therefore you're... I suppose in a way you could visualise being in a refugee camp, but in a nice way - that you're all strangers and that you all work together, because you're all in the same situation.' (Participant 5, 28/02/2011)

This egalitarian characteristic led to a lack of social stratification based on wealth or education status, but rather, separation was made based on occupation. This appears to have instilled in the town the valuing of job-related skills and community-based education.

Another aspect of the local workforce is the historical and multicultural identity. We found that the value of 'work' was strongly embedded, perhaps due to the fact that all original members of the town had come specifically for employment, so this had become a very strongly held value within the town. This is contradictory to outside perceptions of the town and the workforce (Scanlon, 2003; Thompson, 2003), and to the rising unemployment statistics in the town. Despite a perceived lack of employment prospects (96% mentioned this), the desire to work, and the value placed on 'work' was still evident.

Additionally, the migration of other cultures to Tokoroa specifically for work seemed to significantly impact on how individuals from these cultures perceived the importance of 'work'.

'We had one of our staff members die, he was Samoan... As employers, we went round and saw Sam at home, and the family, you know, open casket. I guess one of the things that it is lucky is

that I have been exposed to a little bit of Maori culture, where going and visiting a body is a good thing, rather than a bad thing to do, and so we went and spent some time with Sam. And it taught me, in the Samoan community, the employers are everything. They are higher than family. They are treated with unbelievable respect. And I know that through the process - you know they had a big feast one night, and [the owner] wasn't able to go but I was there, and I sat at the top table, in the number one seat. And before anyone got up to get any food I was served all my food, it was all bought to me - I didn't get up. You know, I was embarrassed, unbelievably embarrassed, but I was learning quite quickly, because at the end of the day, you can't be embarrassed, you've got to - you know, that is their culture, and yes I got unbelievably well looked after. We took [the deceased] from home to church - that was as employers...and when we buried him, we were very involved in filling the hole... and then at the end, the shawl that was over Sam's body was presented to Les at the funeral. And you know, I just think that that's an unbelievable honour and it was special.' (Participant 1, 22/02/2011)

Adult Education

It is reasonable to suggest that, due to this strongly felt work ethic, most participants perceived that training and education was most useful if it fitted around work and family responsibilities. Additionally, five participants mentioned the wide range of skills and abilities possessed by young people in the town, and felt that while the students abilities were such that they could succeed in tertiary education, that many would require non-traditional paths to education and training.

Teacher: 'We're pushing every student, we're alongside everybody, these kids have the same abilities as the best in New Zealand... if there's one legacy I want for our kids, that we should've learnt from the 70s and 80s, is that, our parents came here to offer us better education, better opportunities, better work opportunities... and our kids can do it' (Participant 9, 11/03/2011)

Despite the perceived importance of a variety of education pathways in the town, 16 participants spoke directly of a perceived education gap in the town, not covered by available secondary and tertiary options.

The value of informal learning was also high, with most participants involved in non-formal skill based activities in the community – community drama, sports, hobbies, toastmasters, and volunteer work-based training (e.g. to become a volunteer St Johns Ambulance officer).

In terms of Adult and Community Education programme, based at local high schools, five participants had themselves accessed school-based ACE prior to the 2009 funding cuts, and a further two expressed a desire to access these courses, and thought that these were still available. In three cases, this training had led to new employment, and in another case, to significant skills to be used in existing employment. In the case of the individuals who expressed a desire to train, the perception was that this would lead to future employment opportunities. The perceived importance of adult education as a pathway to employment for those on welfare, or low skilled workers, is contrary to the predominant view that it is highly skilled and educated who generally access adult education (Crowther, 2000)

C: We decided that technology was advancing and we needed to know a little bit about that, so D

went to night school, for computers

D: 'Yes, they'd introduced computers out at the mill, and they said that they were going to train us, but they never ever did. And I thought to myself 'well, I don't know how to work a computer', so I went on an 8-week course at night school up at Tokoroa high.'

C: So D did the 8-week course, and then I did the 8-week course. And then I said to [the tutor] that I'd enjoyed what I did and wanted to enrol in another course, and he said 'why dont you come in as a day student', and that's what I did, and I did 3 years...(Participant 13 & 14, 30/03/2011)

One surprising finding was that two of the study participants had themselves started their own private ACE programmes, one literacy-based, and the other trade-training. When asked of their motivation, both commented that it was not as the result of a perceived commercial opportunity, but rather as the result of a perceived community need. This is reflective of the development potential of social capital within a local workforce. Additionally, participants noted a trend of skilled workers leaving the town, not for other urban areas in New Zealand, but to Australia. This in itself is perhaps unremarkable, as this is a trend seen throughout New Zealand's labour pool (Fallow, 2011). However, the interesting observation was that these individuals often returned to the town after a period of employment in Australia, and this re-migration was perceived to be primarily for cultural and community reasons. In the case of Tokoroa, it would seem that social capital holds an important role in the development and retention (or re-recruitment) of skilled workers.

Perhaps the most telling account of the role of Adult Education in this community, and the impact of the cuts, came from an individual involved in coordinating the Adult Education programme. A short narrative excerpt from his account is below.

In NZ, Ace had 200,000 individual enrolments, a 16m dollar budget, and the government cut 14m. The programmes utilised facilities already there in high schools, computing, welding facilities, woodwork facilities. To me, it's a case of knowing the cost of everything and the value of nothing. Why they would cut a thriving and productive community education programme, I'm not sure of.

So many adults would come in and use it as a stepping stone - mums, who'd been out of employment for many years. It would give people confidence. We had a huge range of formal and non-formal courses. Our very, very, limited budget now focuses on literacy and numeracy, and that has value, but there's not that many illiterate and innumerate people, most people have basic literacy and numeracy, so we really struggle to fill those courses... for the government 14 million is a drop in the bucket, but the quality of life that it just eliminated and impacted on, in our communities.

The popular perception was of the Thai cooking and Pottery classes, but our courses were very, very practical. I mean, we did cooking classes, and we still have a self-supporting Indian cooking class, but all those tutors, the Pilates tutors, the yoga tutors, they're all self employed now, they had a huge following. But I had something like 50 tutors on my books, and I only employ half a dozen of those tutors now - and I've brought in a lot of literacy specialists that I didn't employ before, they had their own programmes. So there are 40 people with lots of skills, in a whole range of subjects who are basically just unemployed. I'm thinking of my welding tutors now, and both

those guys had something like 40 years of welding experience - and it was interesting, we had people come and do our welding certificate, a year long, intensive course, and some of those guys got jobs straight away, they were so well trained. And while they didn't have the advanced certificates, the employers would give them a go, and they did really well and got jobs.

And we had truck driving courses, and they'd leave here and get a job driving a truck - we'd do the theory and the practical... before the cuts, across the four schools, we'd have 1000 - 1200 people per year... and now we're lucky to get 400-500 per year, and we're down to back driving license, sign language, basic literacy and numeracy course, ESOL, Te Reo, French, German. So it's a fairly limited offering really.

It provided so many people in this community with an opportunity to get out and meet people, and people were up-skilling and enriching their lives. Sure, some were going to pottery, and they didn't want to become full-time potters, and they were doing woodworking, but its adding value to people's lives... and in the middle of a recession... there were something like 3000 tutors [nationwide] laid off, and for many they were working four nights a week, and the occasional weekend workshop, and that was their main source of income.

I still get lots of phone calls, you know 'are the welding courses still going? Are the carpentry courses still going?' and I have to say 'no, we can't offer those now'. But I always give them the name of the teacher, in case they can afford to pay one-to-one, or form a little group. I'm working with a chap in Tokoroa, and we're working on a website where we're trying to list all the people in the area who can pass on any skills. Often people don't have the where-with-all to pay a tutor one-to-one, but if we can get people together and form a group perhaps, because there are still people who want to access these things. But it's just not happening. (Participant 6, 02/03/2011)

Implications for HRM

Although the issue of Adult and Community Education falls outside the organisational boundaries, it has significant implications for Human Resource Management strategy, a few of which are now outlined. Our research has shown that adult and community education has a significant role in work-related skills and training, for some as pre-employment training, and for others to gain additional skills to enable a career change. If this skill building does not occur outside the organisation, the responsibility for much of this training may fall on the organisation. Additionally, in terms of recruitment, the reduced opportunity for potential employees to gain basic skills prior to application for some jobs may need to be taken into consideration. For example, rather than making an assumption of minimum skills, and perceiving such 'unskilled' applicants as lacking in initiative due to not gaining these skills, HR managers may need to more carefully assess an applicant's *potential* to be trained in these areas. Finally, for organisations looking to expand operations into such locations, this study highlights how important extra-organisational factors are to the assessment of the potential local workforce, and how matters of context – in this case political – can significantly impact on the training needs of the workforce.

Conclusion

In the case of Tokoroa, we found that a reduction in the funding, and consequent offering of Adult

and Community education resulted in a significant reduction in perceptions of opportunities for training and skill development. It is reasonable to presume that the impact of this perceptual change on the development of social and human capital is significant, given the contextual value placed on egalitarian values and labour-intensive work. We found that these characteristics made community-based education a more attractive first pathway to employment and re-employment than formal tertiary education. Additionally, as a town with a lower than average level of tertiary qualified individuals, adult and community education was perceived as a less-intimidating entrance to formal education.

The reduction in ACE course offerings, as a result of the 2009 Adult education funding cuts, were perceived by participants to have a significant impact on the availability of training and skill development in the town. Additionally, these were seen as a further weakening of the town's social fabric. These aspects could be seen to impact significantly on both the social and human capital of the town.

According to the Ministry of Economic Development, 'The government's principal economic goal is to deliver greater prosperity, security and opportunities to all New Zealanders.' (MED Development Strategy Statement, 2011). However, the decision to cut funding to Adult and Community Education seems at odds with this goal.

Adult and Community Education has been shown to help develop both social and human capital, which in turn positively impacts on both regional economic development and organisational performance. It has been shown that the external training and social context are important factors in the levels of social and human capital available to organisations. Therefore, it is of key interest to organisations to examine the external context which may be developing, or conversely inhibiting, the social and human capital of employees (or future employees).

Our study has shown that adult education has a significant perceived role in the development of both human and social capital in the localised workforce we examined. The reduction in adult and community education was perceived to significantly reduce the opportunities for skill development in the town.

For Human Resource professionals, this study is of significant importance. In an era of global and strategic HRM, the skill levels of the localised workforce is imperative when making decisions about future investment. Additionally, the implications of the reduction in training in the wider context places a further training burden on the organisation. Finally, it is important to recognise the complexity of factors that contribute to human and social capital development, which although immediately appearing as distinct from the organisation, have the potential to significantly impact on organisational performance.

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