

# Understanding and Fighting Poverty – Amartya Sen’s Capability Approach and Related Theories

Alban Knecht<sup>1</sup> \*

<sup>1</sup> Munich University of Applied Sciences, Faculty for Applied Social Sciences, Am Stadtpark 20, 81243 Munich, Germany

---

## KEYWORDS

Capability approach  
Early child intervention  
Poverty alleviation  
Resource based theory  
Resource-oriented theory

## ABSTRACT

This article scrutinises the usefulness of Sen’s capability approach and other related theories for understanding poverty and traceability of social-welfare interventions. In addition to the capability approach three macro level approaches are discussed: the welfare regime approach of Esping-Andersen, the social investment approach and a new resource theory. While the strength of the capability approach is the interpretation of worldwide data, and welfare regimes better explain the tangible function of welfare institutions, the social investment approach focuses on the meaning of human capital. Resource theory describes the welfare interventions by analysing their effects on equipping individuals with a broad range of resources. Two further approaches show the mode of operation of micro level interventions. Resource orientation and empowerment are social work techniques which improve the situation of disadvantaged people by emancipation. The article concludes that macro level and micro level considerations must be combined to understand, and then fight poverty.

---

## Introduction

Today there is a quite a broad range of theoretical approaches used to analyse poverty. The most common one is to understand poverty as a shortage of material means. But there are other approaches: poverty can be understood as a lack of everyday skills to manage one’s life sensibly, or as precarious and risky living conditions which result in a high degree of

---

\* Contact address: [aknecht@albanknecht.de](mailto:aknecht@albanknecht.de) (A. Knecht)

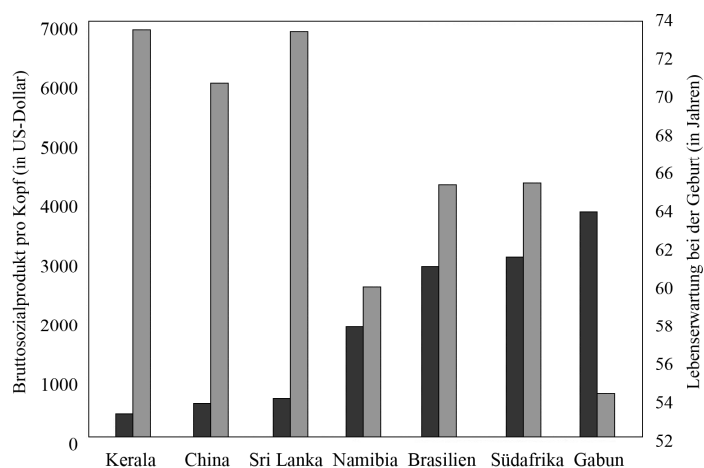
vulnerability; furthermore poverty can be considered as deprived living conditions which influence well-being, health and life expectancy, or as the exclusion from a normal life in the community. Amartya Sen's capability approach refers simultaneously to several of these notions.

His approach dates back to the 1980s, when he analysed concrete poverty phenomena and questioned whether gross domestic product or the measurement of utility – both known as the most common indicators – are reasonable. He came up with the idea of measuring welfare by the ability of executing actions in favour of one's own interest and by the scope of action which results from these abilities. He labelled this scope as action 'capabilities'. Since the 1990s this 'capability approach' has been increasingly used in social policy research and eventually in social work research. It has turned out to be very useful for interpreting worldwide data on poverty as well as for specific theoretical questions. However, when considering tangible social interventions it seems sensible to combine the capability approach with other theories.

After a short description of the capability approach in Section 1, this article discusses two kinds of extensions to the approach. Section 2 presents the most important features of the capability approach of Amartya Sen. Section 3 deals with welfare regimes, social investment policies, and the resource theory as tools which deepen the understanding of social political action and achievements. Section 4 focuses on two social work approaches, resource orientation and empowerment, which deal with the professional enlargement of abilities. On this basis, we draw a final conclusion in Section 5.

### **Functioning, Capabilities, and Resources: What Sen wants to tell us**

When Sen began researching welfare metrics he compared key figures like GNP and life expectancy of countries worldwide. He identified countries which were characterised simultaneously by a small GDP and a long life expectancy; for contrast he also identified countries where it was the other way around (see Fig. 1).

**Figure 1.** GDP and Life Expectancy at Birth in various countries

Source: Sen 1999: 47. Black bars represent the average per-capita income; grey bars the average life expectancy.

Sen formulated the reason for these rather counter-intuitive facts: public institutions which improve the capabilities of people. Countries invest in social institutions that enlarge 'social opportunities' (Sen 1999: 39); their education and health system offers more possibilities for the development of individuals (1); this results in a longer lifespan even if the GDP is low. However, contrary to simple social political approaches, Sen shows that other institutions are also relevant: 2) *Political Freedoms* like voting rights, freedom of expression and the possibility to participate and influence government lead to policies which better meet the actual needs of people. 3) *Transparency Guarantees* prevent corruption, financial irresponsibility and underhand dealings. 4) *Economic Freedoms* like free access to markets offer opportunities for people who wanted to engage in business (Sen 1999: 38-40). 5) Last but not least, *Protective Security* is needed to provide a social safety net to prevent the affected population from being reduced to abject poverty, and in some cases even starvation and death (Sen 1999: 40). Sen considers two facets of these five types of social and political institutions - social opportunities, political freedoms, transparency guarantees, economic facilities, and protective security: on one hand they have a value on their own; on the other hand, they have an *instrumental*

*meaning* by enlarging the capabilities of people and having a positive effect on the quality of life and well-being, and consequently improve life expectancy (Sen 1999: 36-38).

According to Sen, the capabilities include a lot of 'beings and doings' like 'meeting nutritional requirements, escaping avoidable disease, to be sheltered, to be clothed, to be able to travel [...], to be educated' (Sen 1983: 162), to be able to take part in community life, to have self-respect or even to live a long life (Sen 1999: 75, 96). Sen never wanted to present a list of important capabilities because he argues that people should - in political processes - decide on their own which capabilities are important for them (Sen 1999: 78; Robeyns 2005: 106). However Martha Nussbaum, who teamed up with Sen, made a proposition for such a list (Nussbaum 2000).

With the aid of the capability approach, the situation of individuals - and especially of deprived individuals - can be more accurately analysed than by income, by the standard utility approach or by happiness. Income only represents the capability of purchasing goods on markets, but does not say anything about what can be accomplished with the purchased goods. Utility, as well as happiness, only value resultant situations, without considering how this situation was created. The capability approach asks about the possibility of converting resources into desirable situations. Though Sen proposes to use life expectancy as one possible outcome indicator, he does not consider this measure as a factor which should be optimised, but just as a good indicator of the well-being and the extent of capabilities. When analysing poverty with the capability approach one can differentiate between poverty caused by lack of income, by educational shortcomings or by physical disability - and one can better analyse their negative impact on health and longevity, on the possibility of partaking in public life and on work capacity. Sen illustrates this with the example of people with disabilities. A person can have a disadvantage because he or she only has a small amount of money at their disposal or he/she can be discriminated against, because for him/her it is more difficult to take advantage of the money. Furthermore, the capabilities of this person may depend on public institutions or public goods, like access to public transport, special promotional programmes or occupational re-training for unemployed persons that helps to overcome certain limitations. Esping-

Andersen has looked at social institutions in considerable detail and offers an approach to compare and group social welfare institutions and social welfare states.

## **Broadening the Scope of Sen's Approach to Social Policy**

### *Types of Welfare and Poverty*

At around 1990, Esping-Andersen began to compare welfare states in a new way. He explained the current structures with the historical and cultural roots of social policy, in the respective countries. He postulated three types of welfare regimes: liberal, social democratic, and conservative welfare states. They differ from each other in the possibilities they offer to live outside the labour market (e.g. unemployment fees, student grants, pensions), in their structure of inequality, and in their poverty alleviation policies. According to the political situation in which the welfare state was established, welfare regimes are characterised not only by special welfare and anti-poverty measures, but also by special kinds of attitudes towards welfare and poverty policy.

Esping-Andersen classifies the US, the UK, Canada, Australia, New Zealand, and Ireland as *liberal welfare regimes*. This kind of welfare state has historical reasons to promote the abolition of estates, guilds, monopolies, and central monarchical absolutism' and 'saw the conditions for individual emancipation, freedom, equal opportunities' (Esping-Andersen 1990: 60-63). It is characterised by rudimentary welfare structures that consist of targeted, means-tested and low benefit transfers. In addition to this system, a broad range of private insurance services exists. Benefit payments are usually financed by taxes; their usage is somehow stigmatising. This system only brings forth small redistributive effects and a tendency towards cleavage of society. In the course of history, it has led to high poverty rates and extreme poverty (Esping-Andersen 1990: 60-63).

Sweden, Norway, Finland and Denmark form the *social democratic welfare regime* group. The social democratic welfare regime emerged in countries where strong social democratic parties build coalitions with other 'ordinary people' (like farmers) to enforce a certain idea of solidarity and

universalistic social welfare (Esping-Andersen 1990: 46-68). These countries have an extensive system of tax-financed social welfare benefits that cover a great variety of social risks. All citizens profit from the same protection. The services follow the idea of a 'flat-rate universalism' (Esping-Andersen 1990: 25): they are the same for everybody, and do not change according to individual contribution payments, occupational, or social status. Health services, a pension system, and education services are all offered by the government; there is only minor private sector activity in these fields. The extended distributional mechanisms of tax collection benefit payments and social services have an equalizing effect, and lead to a flat stratification of social classes.

The third type of welfare regime is called a *corporatist-statist* or *conservative welfare regime*. It includes countries like Germany, Austria, Switzerland, Italy, and France. In these countries the government traditionally has an active role in welfare services. They are however organised in cooperation with corporatist institutions. Social welfare systems are often organised by chambers or by vocational funds in a corporatist way. For example, in Italy, more than 120 occupational groups have their own pension funds. Benefits are normally financed by contributions. The amount of payments (e.g. pensions or sickness benefits) depends on the contributions. The payments have almost no redistributive effect, but rather preserve the existing status differences. Social policy supports the middle class, rather than the lower classes. Such regimes were developed in countries where social policy was established in an authoritarian paternalist manner. A good example for this is Germany. When Bismarck introduced his vision of a social welfare system in Germany, he aimed to abolish the worker's self-organised funds and to 'chain them directly to the paternal authority of the monarchy' (Esping-Andersen 1990: 59). This was done differently for workers and for civil servants, the latter enjoying special privileges. According to the conservative view, the family plays an important role in the conservative regime. On one hand, family members are forced to help each other, on the other hand, the health insurance of employees often covers all family members; in some countries there are tax privileges for married couples (Esping-Andersen 1990: 59-61).

The study of Esping-Andersen traces back to the early 1990s and argues against the background of 'domesticated capitalism', in which the welfare state has the function of cushioning the problems created by the capitalist organisation of society. This is the reason why he did not include the socialist/communist countries. Today there is a discussion whether the East-European countries should be assigned to the existing welfare regime or whether they should build one or more new regimes (Fenger 2007; Kollmorgen 2009). It is certain that in all these countries the organisation of social policy has changed rapidly during the transformation process. It seems that in western countries traditions and status-quo are more important; changes can only be introduced step by step.

Esping-Andersen's welfare regime approach provides very detailed information on the variety of organisational models of welfare production. It shows that there is a broad range of welfare and poverty relief policies and explains how the different answers on the 'social question' have evolved; which answer will be chosen always depends on the cultural convictions and attitudes. Through this discussion of institutions and attitudes the welfare regime approach very sensibly completes the capability approach; however it does not offer an evaluative criterion to compare welfare policy as does the capability approach with respect to the criteria of morbidity and life expectancy.

### ***Social Investment Policies***

Feminists criticised Esping-Andersen because his approach does not reflect the situation of women in the welfare state. The life in a liberal welfare state might be especially hard for single mothers, because the state does provide neither day care nor children or family allowances. The incentives of the conservative welfare state suggest that (young) mothers stay at home. They however depend on their husbands and get lower-wage jobs, when they re-enter job market. In the social democratic welfare state, child care and care of the elderly is highly organised, the labour force participation rate of women is high. They stay more independent in their partnerships. Esping-Andersen integrated these subjects in his recent work on social investments strategies. What is it about?

In the social investment state, social policy should no longer consist of transfers to needy people – as realised in so called *transfer or redistributive countries* – but should be understood and implemented as a profitable investment in the citizens. According to this idea employability should be improved by investments in human capital. Among these there are investments in early childhood education and care, school and high school education and lifelong training. Furthermore, the efficient use of human capital should be forced through policies supporting women's and single parents' employment and through active labour market policies (Morel, Palier and Palme 2012: 2). This policy is thought to be an adequate answer to current trends on the labour market (e.g. precarious jobs, short-term contracts, temporary work or low qualification) and in the society (e.g. instable families, increased mobility). The invention of this concept goes back to the 1930s, when Alva and Gunnar Myrdal proposed 'productive social policy' as an alternative to Keynes' method to cope with the Great Depression. They followed the idea to cushion unemployment and overcome low fertility – at that time another urgent problem – with a whole set of measures: 'While the emphasis was on developing policies to support human capital formation, the preservation of human capital through active labour market policies and also through unemployment compensation was regarded as equally important. Guaranteeing income security in particular was seen as a vital element in helping to overcome workers' fear of change and thus of economic reconstruction' (Morel, Palier and Palme 2012: 4). Productive social policy was considered as the reconciliation of equality and efficiency. Lastly, in the 90s, several authors, including Giddens (1998) and Esping-Andersen (2002), pull the idea of social investment policy out of the hat and advance it once again.

Giddens looked up for arguments which can make social policy acceptable even for 'liberal' thinking people. In his book 'The third way' (Giddens 1998), he repeated the neo-conservatives' prejudices against unemployed people and presented his social investment strategy: 'The welfare state is essentially undemocratic, depending, as it does, upon a top-down distribution of benefits. Its motive force is protection and care, but it does not give enough space to personal liberty. Some forms of welfare institutions are bureaucratic, alienating and inefficient; and welfare benefits



can create perverse consequences that undermine what they were designed to achieve' (Giddens 1998: 112). Giddens was afraid that generous benefits prevent people from taking jobs and increase the temptation to dishonest behaviour. Starting from this point, he argues in favour of meagre benefits, counselling instead of payments, activating policy, abolishing the fixed pension age and a regionalisation of supporting systems (Giddens 1998: 112). In addition to these propositions, his understanding of social investment includes the request that government should build-up institutions of life-long learning and the hope that companies are ready to invest in their employees.

Esping-Andersen's ideas regarding the social investment strategy focus on returns on education: He aims to counter problems like old age poverty, high risk of unemployment, low employment rates of single-parent families, child poverty, and the increase in low-paid job, with better education. For him education was the starting point as most individual poverty trajectories begin in early childhood. Actually, there are huge differences in competencies and knowledge in early childhood, which increase exponentially over the succeeding levels of education (Sell 2005; Heckman 2009). Later, weak day care kids and pupils with bad grades almost never catch up. Interventions are difficult and cost-intensive (Esping-Andersen 2004: 297). Day-care centres and preschool may help with additional competency acquisition (Geier and Riedel 2008: 12; Roßbach, Kluczniok and Kuger 2008). Educational shortcomings can most effectively be overcome in this phase (Esping-Andersen 2002, 2003; Sell 2005: 69). Especially children with less educated parents can profit of early interventions (Esping-Andersen 2003, 2002: 27; Geier and Riedel 2008: 18-20). Esping-Andersen mentions two preconditions for the early intervention strategy: the care and educational institutions must be affordable and easily accessible for every family and the quality must be high in order to guarantee the equalising effect (Esping-Andersen 2003, 2002: 50; see Roßbach, Kluczniok and Kuger 2008: 153). That is why he argues for free day care. Esping-Andersen wanted to kill two birds with one stone with these day-care institutions. On the long run, well-educated children are a kind of long-time insurance against poverty. In short term, they enable

parents to work and hence lower their poverty threat. Additionally, it reinforces the career chances of woman and works towards gender equality.

In addition to the discussion about equal opportunities and quality aspects there are expectations of high private and social return on educational investments (Sell 2005: 63). Up to now, there are only a few return-on-investment or cost-benefit analyses for early interventions available. The High/Scope Perry Preschool Study (Schweinhart *et al.* 2005) for example tried to document the positive effects of a high-quality preschool after tracing participants for 40 years. It shows that every invested dollar generated a return of 17 dollars. On average, the investment amounted on 15,100 dollars per child; the average return was 259,900 dollars per child. This amount includes social returns of 195,700 dollars and private returns of 63,300 dollars (Barnett, Belfield and Nores 2005: 131). This quite unexpectedly high yield depends on the high cost of crime in the US, which was avoided by education.

A study of the OECD (Hanushek and Woessmann 2010) investigated gains resulting from a possible future educational initiative. Researchers reached the conclusion that 'having all OECD countries boost their average PISA scores point over the next 20 years - which is less than [...] Poland achieved between 2000 and 2006 alone - implies an aggregate gain of OECD GDP of USD 115 trillion [= US Dollar 115 000 \* 10<sup>12</sup>] over the lifetime of the generation born in 2010. [...] [B]ringing all countries up to the average performance of Finland, [...] would result in gains in the order of 260,000 billion USD' (Hanushek and Woessmann 2010: 6). Even if one takes such figures not too seriously, they clearly show the positive outlook associated with the social investment approach.

Morel, Palier and Palme believe that the term 'social investment' is too general and could open the door for it to become an incubator of the Lisbon Agenda, where the EU set the target to become 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion' (European Parliament 2000) in March 2000. They quote the most often mentioned critique of the social investment perspective: A focus on returns on investment might redirect money from the 'passive' welfare tasks, like support of permanently unemployed persons, care for the elderly and/or

disabled. The important returns of these service can be valued by an increase of quality of life (see Knecht 2010), but there is no added value regarding the job market (Morel, Palier and Palme 2012: 15). Furthermore, it is not at all clear where to draw the dividing line between productive and unproductive social expenditure. Unemployment benefits help to avoid the side effects commensurate with poverty, but in Giddens' third possibility they would be considered unproductive. Esping-Andersen considers generous unemployment benefits favourable for a quick return into the labour market when combined with an adequate active employment policy (Morel Palier and Palme 2012: 18). Regarding inequality, Giddens even argues that more inequality might be necessary to promote the dynamism of the economy (Giddens 1998).

But another point can make: the social investment perspective emphasises the impact of education on labour market opportunities. There are actually huge differences in educational spending between nations: for the expenditure on educational institutions as a percentage of GDP in OECD countries there is a range from 3.3% in Japan and 3.5% in Slovakia to 7.9% in Iceland (OECD 2011a: 231). (If private spending is included, the range is 4.9% to 7.9%.) This shows that there are very different styles to tackle the 'knowledge-based society' of the future. However, no convergence towards a common policy style can be asserted. Even more astonishing is the fact that – years after the 'social investment turn' around 2000 – the average percentage of GDP spent on education in OECD countries did not increase (see OECD 2011a: 254), but rather dropped (Nikolai 2012: 104). Countries do not even spend more on activation policy which should support unemployed people in finding new jobs: 'Despite the implementation of activation strategies in many OECD countries [...], the activation turn in the 2000s is not reflected in higher expenditure on active labour market policy' (Nikolai 2012: 103). In addition to this, the hope for more equal opportunities, a smoother distribution of incomes, and more social justice is – in nearly all OECD-countries – thwarted by policies which led to more inequality and an advantage for the top 10 per cent of earners (OECD 2011b). After all, it seems that in the majority of countries, the discourse on 'social investment' was rather used to lower benefits, to curtail welfare services and to pressure people to accept lower paid jobs. Life has more and

more to be brought in line with the needs of the labour market - and the poverty rates are rising (OECD 2011b).

This makes the difference between the social investment approach and the capability approach quite obvious. Whereas the social investment approach enriches the capability approach as far as early intervention is concerned, it is not as strong regarding the meaning of the individual and its needs. Sen insists that capabilities are important on their own and social policy should help people to pursue their individual objectives (Sen 1999). On the contrary, the term 'investment' includes the focus on financial returns on investment - and fades out non-monetary purposes and individual needs. The consideration of capabilities, quality of life, and long-time health effects, as proposed by Sen, makes it quite clear that actual payments to long-term unemployed or to older people bring about positive 'returns'. The social investment strategy, as practiced in many countries, is often guided by the interest of the government to govern a wealth-producing nation and can best be analysed as a variation of Foucauldian Bio politics.

### *Resource Theory and Resource Distribution*

After having introduced the welfare regimes and the social investment strategy, the sociological resource theory is the third approach to specify the capability approach of Amartya Sen as to the understanding of welfare production. It is a new approach to describe social inequality, social policy intervention, and the interconnection between these two fields. Resources are defined as means which help to pursue one's personal goals. The resource theory consists of two parts: first, the description of a life situation considering resources and the transformability of resources, and, secondly, the consideration of the allocation of resources.

(1) Sen's capability approach only considers income, education, and health/longevity. This is partly because he emphasises the meaning of educational and health institutions for well-being, but also because these three variables are the basis of the Human Development Index (HDI). The design of the HDI was strongly influenced by Sen. In contrast to Sen's approach, resource theory reflects a broader scope of resources, referring to

Bourdieu's theory of capital. Income and education are represented in Bourdieu's theory, too - by the 'economic capital' and the 'educational capital'. (However, Bourdieu does not pay attention to health.) In addition, he introduces 'social capital' as an important kind of resource. In doing so, he especially focuses on the strategic importance of social networks to find good jobs and thus to perpetuate social inequality and stratification. In contrast to this, the sociological resource theory considers all kinds of social relations as social resources - and takes into account all positive and negative effects; hence, for example, the impact of social capital on health. Additionally, resource theory comprises a further form of resources: psychological resources. This concept includes a full range of psychological strengths which are needed by individuals to handle their lives, like self-consciousness and motivation (Knecht 2011, 2010). The five resources - income, education, social resources, and psychological resources - are permanently transformed into each other. The comprehension of the conversion of resources into other resources shows which mechanisms lead to multidimensional deprivation and perpetually deprived life situations. Some of the most relevant transformations are discussed in the following:

*Income and Education: Research on return to education* (e.g. OECD 2011a) shows the significance of education for income benefits. Well-known is the Mincer function, which demonstrates the impact of years of education and work experience on income (Mincer 1974). A lack of education can have a lifelong effect on income. An inverse relation exists as well, since income increases educational efforts. People with good jobs continue their training and improve their qualifications. The higher the income levels of a household, the more successful the education of its children. In contrast to this, a lower family income influences the educational careers of children negatively, and so has an inter-generational effect on the perpetuation of poverty. Only in Sweden and other Scandinavian countries the educational success of kids is almost independent of the parents' social-economic state. This is inter alia because the school systems in these countries try to counter lower grades with special programmes (Esping-Andersen 2002: 27). This shows that the distribution of education by the state as well as the transformation of education by the individuals depend on macro-structures.

*Education and Health:* Socio-epidemiological research regularly encounters a positive effect of education on health and life expectancy. The effect is independent from the influence of income (Becker 1998; Davey Smith *et al.* 1998; Mirowski and Ross 1998; Valkonen, Sihvonen and Lahelma 1997). The positive effects of education on health cumulate over the whole lifespan.

*Income and Health:* Research has shown repeatedly that health status depends on disposable income (e.g. Lynch and Kaplan 1997; Marmot 2004; Wilkinson 2005; Wilkinson and Pickett 2010). This interrelation is known as the *shift effect* or respectively as *selection* ('*Poverty makes you sick.*'). The inverse interrelation, the decrease of income resulting from poor health (which often can be observed when people are chronically ill), is called *drift effect* or *causation* ('*Sickness makes you poor.*'). When scrutinizing the interrelation of income and health one becomes aware that it is partly mediated by another relation: the relation between psychological resources and health.

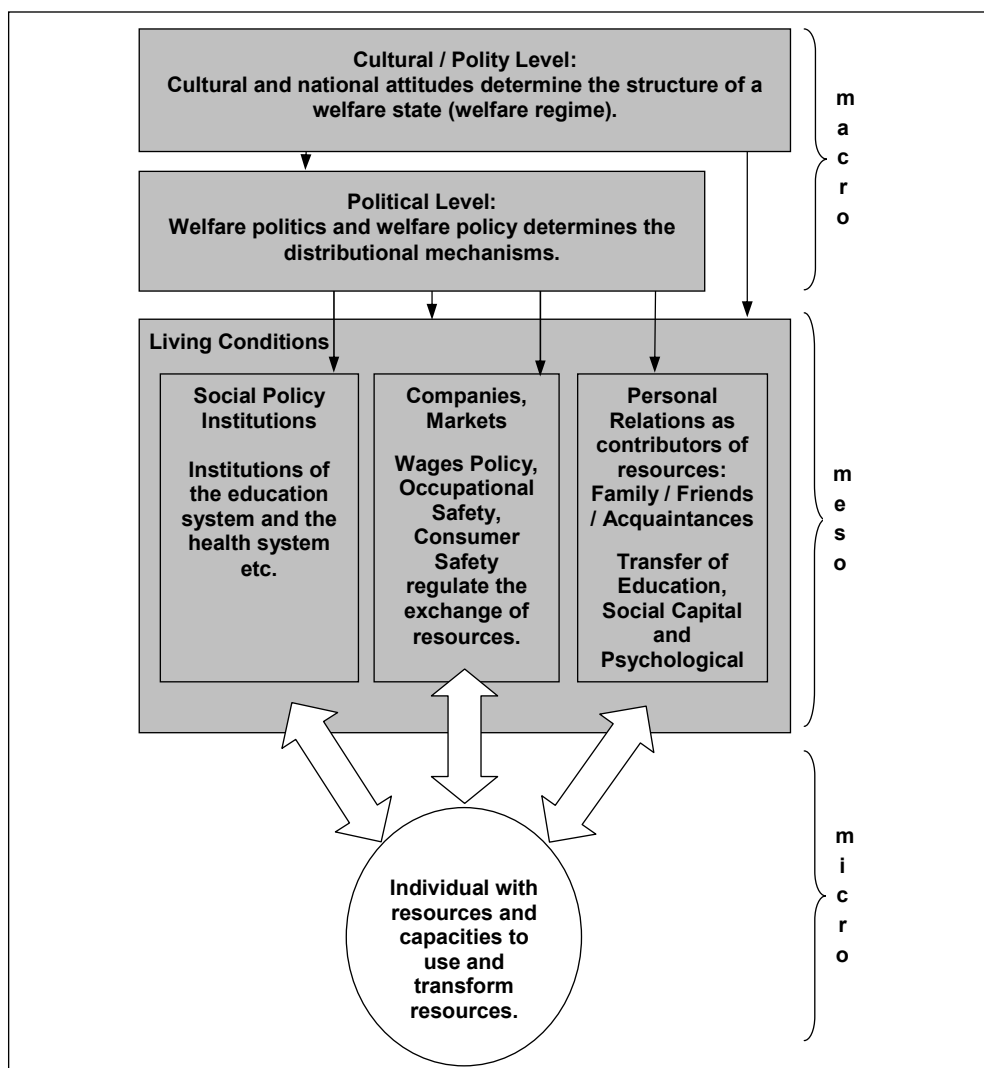
*Psychical Resources and Health:* There is increasing evidence showing that people of low social status suffer from continuous psycho-social stress. The instinctive mechanism preparing humans to either fight against or flee from natural enemies (fight or flight) can easily be overstrained nowadays. This is especially the case when work and life are exhausting and people do not get any recognition for what they are doing (Siegrist 2001). In such situations people do not possess enough psychological resources to resist the stress. So chronic stress might lead via this 'neuroendocrine pathway' to health damage, e.g. coronary heart diseases, or it might lead to ill health through stress-compensating behaviour like smoking or drinking.

The described effects cumulate – even in developed industrial nations – to enormous differences in health status between rich and poor individuals – and hence in some EU countries like Germany or the UK to a life expectancy gap of six to ten years (see e.g. Klein and Unger 2001; Wilkinson 2005; Marmot 2004). Health problems and a shorter life can be seen as outcome indicators, since they often stand at the end of a chain of causation: lower income leads to financial problems and debts, which lead to relationship problems and psychological ones, which lead – with a certain delay – to health problems. The consideration of transformations of

resources allows tracing such downward spirals (see Hobfoll 1989: 519). Poverty may be avoided when such spirals are stopped in time.

(2) Resource theory does not only consider the transformation, but also the allocation of resources. It serves as a framework which helps to understand how and to what extent resources are distributed to certain groups of citizens. Moreover, it depicts how citizens 'use' these resources. By doing so, resource theory refers to two aspects of Esping-Andersen's welfare regime theory (see above): firstly, to people's attitudes towards social justice and welfare, which are known to influence the welfare policy of a country/nation. Secondly, it refers to the welfare state as an enormous 'resource distribution machine'. These elements are represented in the so called *multi-level model of resource distribution* (see Figure 2).

The multi-level model describes the distribution of resources within a country on three levels: macro, meso and micro. The macro level covers political processes. The given welfare culture (cultural level) forms a general framework for social political matters. Legal regulations for social political issues (policy level) determine the institutions and interventions which supply the citizens with more or less resources. This impacts the living conditions of citizens, which are described on the meso level of the model: On one hand, governmental interventions influence the support of citizens by social policy institutions (first column of Fig. 2) with monetary resources (e.g. benefit payments), education (school, high schools), health (e.g. healthcare system and prevention programmes), and maybe even psychological resources (e.g. self-consciousness induced by certain teaching styles in school). On the other hand, governmental policy wields an indirect influence on citizens' resource supply as well: political measures, for instance, affect the economy (e.g. regulation of minimum wage; second column of Fig. 2), as well as the relations within families, for example through tax reductions or family allowances (third column of Fig. 2). Additionally, living conditions might have direct impact on the resource endowment - beyond the three columns - for example when air and noise pollution affects health.

**Figure 2.** *Multi-Level Model of Resource Distribution*

Source: Knecht 2011: 8.

The model provides a general framework which helps to reconstruct the way in which welfare states determine the distribution of resources to special groups of citizens and how their interests are supported or hindered. Empirical data corroborates the model. It shows that there are huge differences between the ways governments offer financial support to poor people and that welfare systems provide a different level of quality of service to poor and rich people. For instance, in many countries the quality



of health services differs according to the money one can spend on it, or the health system differs in quality between specific occupational groups (e.g. blue collar workers, white collar workers, farmers, and civil servants, unemployed). Another example is the early tracking of children to different schools. The decision for a certain type of school often does not serve to support and promote special talents, but to make a differentiation in the level of schooling, and thereby reinforce and perpetuate social status, according to the principle of St. Matthew: more will be given to those who already have.

As compared to Sen's capability approach, the multi-level model of resource distribution puts greater emphasis on the relevance of resources. It considers a broader spectrum of resources and defines the use of these resources as the ability to transform the resources. There are even more differences: Sen uses the word 'capability' for both levels, for the above mentioned 'freedoms' on the macro level and for the individual options, which result from the capacity to use resources on a micro level. Analogously, there is a gap between his empirical surveys, with highly aggregated data on the macro level and the theoretical argumentation, which focuses on the individual's meaning of capabilities. However, he does not explain the interrelation between these two levels (c. f. Leßmann 2007). The Multi-Level Model of Resource Distribution aims to close this micro/macro gap. To this end, it firstly clearly differentiates between the macro level of welfare institutions and the micro level of individuals. Secondly, it shows the effects of the macro social-welfare institutions and interventions on the resource supply of individuals. The policy-related levels of the multi-level model make possible a thorough discussion of the power structures responsible for the unequal distributions of resources. Sen's idea that a greater extent to resources more or less directly results to a greater extent to capabilities (and freedoms) is difficult to support from a sociological perspective. A greater number of resources gives rise to fights regarding their distribution and therefore to new ways of distinction.

The approaches we have discussed above all deal with rather abstract mechanisms of welfare interventions. In the next section we will turn towards practical methods to increase the capabilities of individuals, in order to cope with problematic real-life and every-day situations.

## **Social-Work Interventions – Broadening Sen’s Approach**

The capability approach is increasingly applied to educational and educational questions (Otto and Ziegler 2010), though it originally goes back to macro level issues and philosophical questioning. In this section we will present two approaches which complete the capability approach regarding to micro level issues. Both show how the increase of capabilities of individuals can be supported by emancipatory techniques.

### *Resource-Oriented Social Work*

The ‘resource-oriented method’ or ‘resource-based view’ (German: ‘*Ressourcenorientierung*’) is a social-work technique and approach which is much-debated in German-speaking countries today. It has its origins in the critique of the deficit-oriented medical and educational view, on psychological and every-day problems. When focusing on deficits, the power and creativity of people to resolve or cope with their own problems can be underestimated. According to the resource-oriented approach, social workers try to assume the role of their client to understand their subjective view on the problem. The diagnosis of the situation does not only contain the clarification of problematic aspects or the unusual challenges of a living situation, but also personal resources and resources in the living environment to cope with the situation. The helper (social worker) and the helped person (client) try to find a common view of the problem and then achieve the next steps and milestones together (Möbius 2010). In order to cope with the problem, the client has to play an active part and become a co-author of the solution. The function of a social worker will be transformed into the function of a case manager. Encouragement and motivation are important techniques within the resource-oriented method. Social-psychological theories like the ‘salutogenesis’ (Antonovsky 1987) and the conservation of resources theory (Hobfoll 1989) show that self-confidence and a deep-seated believe in the possibility to influence and shape one’s own life are important for acting and coping with stress and for health (see also

above). Nevertheless, the meaning of monetary and social resources should not be neglected (Knecht 2010: 229-262). The job of a social worker is to look for social support in the existing networks of their clients and to avoid becoming part of a deficit-supporting structure (Möbius 2010).

Scarcity of resources is usually considered as poverty. Resource-orientated social work tries to provide the missing resources and to make the best of a situation. It refers to the capability approach regarding the enabling strategy – and makes it more tangible. To increase the capabilities of the client, social workers have to act as ‘facilitators’ with regard to defining their goals and looking for ways to operate within certain restraints. The combination of the resource-oriented method and the resource theory (introduced in Section 3) clarifies the interrelation between social policy and social work. While social work deals with face-to-face interventions concerning social and psychological resources, social policy supplies and distributes monetary resources, and can create a healthy / supportive environment.

### *Personal and Political Empowerment as a Perspective for Social Work*

Empowerment is another social work technique which can enrich the capability approach. As part of the capability approach, empowerment aims to helping people for finding ways to promote their own interests. Empowerment has its roots in the US Civil Right Movement, where Afro-Americans protested against race discrimination. It is mostly addressed to disadvantaged groups, often to minorities. Compared to the capability approach, empowerment puts more emphasis on collective and confrontational action (see Alinsky 1971). The application of its techniques, like community organisation and movement organisation, has been used among other situations, for advancing feminist topics and for health promotion (Rappaport and Hess 1984). In a less radical variation it became a technique of social work.

According to Herriger (2006) empowerment is defined as: ‘self-enabling, self-given authority, enlargement of self-power, autonomy and self-disposal of one's own life. Empowerment comprises encouraging processes of self-disposal for people who are concerned by deficiencies, of

disadvantage, or of social exclusion, in order to push their own agendas. In doing so, they become aware of their own abilities, they evolve their own strength, and learn to use their individual and collective resources, in favour of a self-determined life. In brief – empowerment aims for the (re-production of self-determination of the day-to-day life' (Herriger 2006: 20).

As a professional concept for social work, it counteracts feelings of helplessness (see Seligman 1975) and opposes patronising and competence denying tendencies in social work: As far as possible help should consist of self-help. 'Help to self-help' means: the social worker, as a facilitator, gathers and instructs people to resolve their own problems and to engage in favour of their own interests. Social workers and any other concerned people should always consider the political background of their problems, taking seriously the political claim of the concept. It is definitely a political component to the emergence of joblessness, poverty and detracting life aspects like bad housing conditions or missing water supply. A structural discrimination is often not very obvious; sociology and sociologists can have a key role in this process of 'self-enlightenment'.

Despite the hype regarding civic engagement it is very rare that the established political machinery commits itself to more participation, more empowerment, and more emancipation of the citizens (cf. Giddens 1998). Citizens have to work to have an impact on the existing political structures, for example with elements of direct democracy or participative budgets. In the participative budget process citizens co-determine for what their community/city spends their money. This tool is for example implemented in Brazil, in Porto Alegre (Bruce 2004) and in Bello Horizonte (Bretas 1996). Projects following the idea of solidarity economics, social economics, or community economics (Elsen 2007) act on markets like normal companies, but are self-organised cooperatives, owned and operated by the members based on sophisticated moral principles. Such strategies correspond to the original idea of increasing capabilities and even surpass them. They bring people together and – best case – enable them to leave behind a life of poverty. At the same time, they are full of preconditions – and especially dependant on the competencies and abilities of the citizens. The snake thus bites its own tail.

## Conclusion

There are a lot of different ways to describe and explain poverty – like precariousness, exclusion, underclass, absolute and relative poverty, low or insufficient income, unfulfilled basic needs, to name but a few. The variety of approaches shows the complexity of the phenomena ‘Poverty’, since every approach has another focus. The starting point of this article is the capability approach which describes poverty as scarcity or underdevelopment of capabilities. Three macro level approaches which supplement the capability approach but bring about new aspects, have been introduced: the welfare-regime approach, the idea of social investment and the resource theory. They are all ‘practical theories’ concerning the planning of social interventions. However, in a certain sense the approaches remain abstract. Therefore we presented two social-work techniques which can help to fight poverty on a micro level: the resource-orientated approach and empowerment. Both approaches stress the emancipation of the individual. Understanding and fighting poverty requires insights and actions from both the micro and macro level. Changes within the mind-set of the client, which give him/her voice in society, make them resistant to official arbitrariness and are the best preconditions to generate long-lasting positive effects.

## Acknowledgement

I am grateful to Michaela Neumayr, Kasimir Knecht and Marcus Lerch for comments, contributions on the text, and linguistic revision.

## References

- Antonovsky, Aaron. 1987. *Unravelling the Mystery of Health – How People Manage Stress and Stay well*. San Francisco: Jossey-Bass Publishers.
- Alinsky, Saul D. 1971. *Rules for Radicals*. New York: Random House.
- Barnett, W. Steven, Clive R. Belfield and Milagros Nores. 2005. Lifetime Cost-Benefit-Analysis. In *Lifetime Effects. The High/Scope Perry Preschool Study Through Age 40*, eds. Laurence Schweinhart *et al.*, 130-157. Ypsilanti: High/Scope Press.

- Becker, Rolf. 1998. Bildung und Lebenserwartung in Deutschland. Eine empirische Längsschnittuntersuchung aus der Lebensverlaufsperspektive. *Zeitschrift für Soziologie* 27 (2): 133-150.
- Bretas, Paulo and Roberto Paixão. 1996. Participative budgeting in Belo Horizonte: democratization and citizenship. *Environment and Urbanization* 8 (1): 213-222.
- Bruce, Iain (ed.). 2004. *The Porto Alegre Alternative: Direct Democracy in Action*. London: IIRE, Pluto Press.
- Davey Smith, George, Carole Hart, David Hole, Pauline MacKinnon, Charles Gillis, Graham Watt, David Blane and Victor Hawthorne. 1998. Education and occupational class: Which is the more important indicator of mortality risk? *Journal of Epidemiology and Community Health* 52 (3): 153-160.
- Elsen, Susanne. 2007. *Die Ökonomie des Gemeinwesens*. Weinheim, München: Juventa.
- Esping-Andersen, Gøsta. 1990. *The Three Worlds of Welfare Capitalism*. Princeton, New Jersey: Princeton University Press.
- Esping-Andersen, Gøsta. 2002. A Child-Centred Social Investment Strategy. In *Why we Need a New Welfare State*, eds. Gøsta Esping-Andersen, Duncan Gallie, Anton Hemerijk and John Myers, 26-67. Oxford: Oxford University Press.
- Esping-Andersen, Gøsta. 2004. Unequal opportunities and the mechanisms of social inheritance. In *Generational Income Mobility in North America and Europe*, ed. Miles Corak, 289-314. Cambridge: Cambridge University Press.
- European Parliament. 2000. Lisbon European Council 23 and 24 March 2000. Presidency Conclusions. [http://www.europarl.europa.eu/summits/lis1\\_en.htm](http://www.europarl.europa.eu/summits/lis1_en.htm) (accessed August 6, 2012).
- Fenger, H. J. Menno. 2007. Welfare Regimes in Central and Eastern Europe: Incorporation post-communist countries in a welfare-regime typology. *Contemporary Issues and Ideas in Social Science* 3 (2): 1-30.
- Geier, Boris and Birgit Riedel. 2008. Ungleichheiten der Inanspruchnahme öffentlicher frühpädagogischer Angebote. *Zeitschrift für Erziehungswissenschaft* 10 (special issue 11): 11-28.
- Giddens, Anthony. 1998. *The Third Way: The Renewal of Social Democracy*. Cambridge: Polity Press.
- Häggman-Laitila, Arja. 2005. Families' Experiences of Support Provided by Resource-Oriented Family Professionals in Finland, *Journal of Family Nursing* 11 (3): 195-224
- Hanushek, Eric A. and Ludger Woessmann. 2010. *The High Cost of Low Educational Performance. The Long-Run Economic Impact of Improving Pisa Outcomes*. PISA, OECD.

- Heckman, James J. 2009. The Case for Investing in Disadvantaged Young Children. In *Big Ideas for Children: Investing in Our Nation's Future*. Washington: First Focus.  
<http://www.firstfocus.net/library/reports/big-ideas-investing-our-nations-future> (accessed August 6, 2012).
- Herriger, Norbert. 2006. *Empowerment in der Sozialen Arbeit*. Stuttgart: Kohlhammer.
- Hobfoll, Stevan E. 1989. Conservation of Resources: A new Attempt at Conceptualizing Stress. *American Psychologist* 44 (3): 513-524.
- Klein, Thomas and Rainer Unger. 2001. Einkommen, Gesundheit und Mortalität in Deutschland, Grossbritannien und den USA. *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 53 (1): 96-110.
- Knecht, Alban. 2011. The Production of Inequality. The Distribution and Conversion of Resources in the Welfare State.  
[http://www.albanknecht.de/publications/production\\_of\\_inequality.pdf](http://www.albanknecht.de/publications/production_of_inequality.pdf) (accessed August 6, 2012).
- Knecht, Alban. 2010. *Lebensqualität produzieren. Ressourcentheorie und Machtanalyse des Wohlfahrtsstaats*. Wiesbaden: VS-Verlag.
- Kollmorgen, Raj. 2009. Postsozialistische Wohlfahrtsregime in Europa – Teil der “Drei Welten” oder eigener Typus? In *International vergleichende Sozialforschung*, eds. Birgit Pfau-Effinger, Sladana Sakac Magdalenic, Christof Wolf, 65-92. Wiesbaden: VS-Verlag.
- Leßman, Ortrud. 2007. *Konzeption zur Erfassung von Armut*. Berlin: Dunker & Humblot.
- Lynch, John W. and George A. Kaplan. 1997. Understanding how inequality in the distribution of income affects health. *Journal of Health Psychology* 2 (3): 297-314.
- Marmot, Michael. 2004. *The Status Syndrome*. New York: Henry Holt and Company.
- Mincer, Jacob. 1974. *Schooling, Experience, and Earnings*. New York: Columbia University Press.
- Mirowsky, John and Catherine E. Ross. 1998. Education, personal control, lifestyle and health. *Research on Aging* 20 (4): 415-449.
- Möbius, Thomas. 2010. Ressourcenorientierung in der Sozialen Arbeit. In *Ressourcenorientiert Arbeiten*, eds. Thomas Möbius and Sibylle Friedrich, 13-30. Wiesbaden: VS-Verlag.
- Morel, Nathalie, Bruno Palier and Joakim Palme. 2012. Beyond the welfare state as we knew it? In *Towards a social investment welfare state?* eds. Nathalie Morel, Bruno Palier and Joakim Palme, 1-30. Bristol: Policy Press.
- Nikolai, Rita. 2012. Towards social investment? Patterns of public policy in the OECD world. In *Towards a social investment welfare state?*, eds. Nathalie Morel, Bruno Palier and Joakim Palme, 91-115. Bristol: Policy Press.

- Nussbaum, Martha C. 2000. *Women and Human Development: The Capabilities Approach*. Cambridge: Cambridge University Press.
- OECD. 2011a. *Education at a Glance. OECD Indicators*. OECD Publishing.
- OECD. 2011b. *Divided we stand. Why inequality keeps rising*. OECD Publishing. [www.oecd.org/els/social/inequality](http://www.oecd.org/els/social/inequality) (accessed August 6, 2012).
- Otto, Hans-Uwe and Holger Ziegler (eds.). 2010. *Education, Welfare and the Capability Approach: A European Perspective*. Opladen, Farmington Hills: Barbara Budrich Publishers.
- Rappaport, Julian and Robert Hess. 1984. *Studies in empowerment. Steps towards understanding and action*. New York: Harworth Press.
- Robeyns, Ingrid. 2005. The Capability Approach: A Theoretical Survey. *Journal of Human Development* 6 (1): 93-117.
- Roßbach, Hans-Günther, Katharina Kluczniok and Susanne Kuger. 2008. Auswirkungen eines Kindergartenbesuchs auf den kognitiv-leistungsbezogenen Entwicklungsstand von Kindern. *Zeitschrift für Erziehungswissenschaft* 10 (special issue 11): 139-158.
- Schweinhart, Laurence, Jeanne Montie, Zongping Xiang, W. Steven Barnett, Clive R. Berfield and Milagros Nores. 2005. *Lifetime Effects. The High/Scope Perry Preschool Study Through Age 40*. Ypsilanti: High/Scope Press.
- Seligman, Martin E. P. 1975. *Helplessness: On Depression, Development, and Death*. San Francisco: Freeman.
- Sell, Stefan. 2005. Zu geringe Bildungsrenditen durch zu niedrige und falsche Investitionen. In *Für eine neue Bildungsfinanzierung*, ed. Christof Prechtel and Daniel Dettling, 60-71. Wiesbaden: VS-Verlag.
- Sen, Amartya. 1999. *Development as Freedom*. New York: Alfred A. Knopf.
- Sen, Amartya. 1983. Poor, relatively speaking. *Oxford Economic Papers* 35 (2): 153-169.
- Siegrist, Johannes. 2001. Work Stress and Health. In *The Blackwell Companion to Medical Sociology*, ed. William C. Cockerham, 114-125. Oxford: Blackwell.
- Valkonen, Tapani, Ari-Pekka Sihvonen and Eero Lahelma. 1997. Health Expectancy by Level of Education in Finland. *Social Science & Medicine* 44 (6): 810-808.
- Wilkinson, Richard. 2005. *The Impact of Inequality*. New York, London: The New Press.
- Wilkinson, Richard and Kate Pickett. 2010. *The Spirit Level. Why Equality is Better for Everyone*. London: Penguin.