



International
Specialised
Skills
Institute



INNOVATION IN EMPLOYMENT

The challenges and opportunities
in aligning employer demand and
candidate supply

An International Specialised Skills Institute Fellowship.

SIMON CRABB

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Awarding Body – International Specialist Skills Institute (ISS Institute)

The ISS Institute plays a pivotal role in creating value and opportunity, encouraging new thinking and early adoption of ideas and practice by investing in individuals.

The overarching aim of the ISS Institute is to support the development of a “Smarter Australia”. The Institute does this via the provision of Fellowships that provide the opportunity for Australians to undertake international skills development and applied research that will have a positive impact on Australian industry and the broader community.

The International Specialised Skills Institute was founded 28 years ago, by Sir James Gobbo AC, CVO, QC, and former Governor of Victoria, who had a vision of building a community of industry specialists who would lead the up-skilling of the Australian workforce. The Fellowship Program builds shared learning, leadership and innovation across the broad range of industry sectors worked with. Fellows are supported to disseminate learnings and ideas, facilitate change and advocate for best practice through the sharing of their Fellowship learnings with peers, colleagues, government, industry and community.

Since its establishment 28 years ago, ISS Institute has supported over 450 Fellows to undertake research across a wide range of sectors which in turn has

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The Fellowship Programs are led by investment partners and designed in a manner which ensures that the needs and goals desired by the partners are achieved. ISS Institute works closely to develop a Fellowship Program that meets key industry priorities, thus ensuring that the investment made will have lasting impact.

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2. Executive Summary

Youth unemployment is a persistent and challenging global issue.¹ In rapidly evolving educational and employment markets, barriers to entering the workforce are constantly changing and present a real risk of long-term exclusion for those without access to appropriate support services.

In times of economic prosperity, like those currently experienced in both the US and Australia, actions need to be taken which ensure that vulnerable groups within the population are not left behind. Governments have a role to play in using their policies to drive affirmative action from business. The Victorian Government's Social Procurement Framework has illustrated that policy can be a driver of change as Government is utilising its purchasing power to instigate and drive action.

Whilst there are those whose contractual arrangements enforce requirements for equitable hiring practices, an opportunity exists for all employers to become agents of change through the creation of accessible pathways into sustainable employment that will set diverse cohorts on a course that will allow them to access sustainable employment opportunities. Through evaluating and altering hiring practices, companies have the chance to remove barriers to employment, access new pools of talent, and create value for their business whilst also creating positive social impact.

The following principles should be considered by employers when reviewing their hiring practices:

- » Examine practices and systems to explore ways of removing barriers which may be preventing jobseekers from applying or progressing through recruitment and

into employment. Embrace the voice and insights of those with lived experience when designing appropriate recruitment practices and support for new hires.

- » Create partnerships with community organisations who have the skills, capabilities and desire to link appropriate candidates with roles that meet their skills, attributes & aspirations.
- » Identify current and future recruitment needs to determine where and when opportunities will be available to allow new pools of talent to apply for roles .
- » Collect data and evidence to determine what is working, what isn't, and where there are opportunities to iterate and improve practices.
- » Understand costs of hiring, development, retention and churn to measure return on investment and determine the business value of diversity hiring.

An opportunity also exists for employment service providers to better align their workforce readiness programs with the needs of employers. Through effective engagement of employers in the design and delivery of training activities, the needs of employers can be satisfied, and the aspirations of young people fulfilled. Through strong partnerships that meet the needs and create value for all parties, employers can be empowered to create sustainable opportunities.

The following principles should be considered by employment service providers when designing and implementing workforce readiness programs:

- » Engaging employers can a lengthy process, however aligning activities with committed partners can create sustainable opportunities and shared value.

- » Utilising strengths-based language can be a powerful way to reposition employment programs as valid recruitment options rather than simply welfare or corporate social responsibility activities.
- » Program design should be informed by employer recruitment demands, skills requirements and expectations.
- » Practitioners should also embrace the voices and insights of those with lived experience to ensure that learning materials, activities and support structures are appropriate.
- » Employers should be involved in the design of training and timing of activities.
- » Where possible, strategies should be implemented to mitigate the key person risk associated with having a single point of contact in an organisation.
- » Recruitment and screening processes which identify motivations, aspirations and appropriate skill levels should be utilised to ensure candidates are the right fit for the program i.e. the program's activities will be able to adequately support them to meet the job requirements.
- » Program length should be a key consideration. In some cases, longer programs increased opportunity for skill development, plus mindset and behaviour changes, increasing the chance of candidate success.
- » Workplace exposure or work experience should be included wherever possible to enable candidates to try newly developed skills, develop confidence, ensure that the career path meets their aspirations, whilst also showing employers their potential to be great employees.

Each of the workforce readiness programs visited by the Fellow take a unique approach to program design but share common challenges. An indicator of their success is the extent to which there is an alignment between program activities and outcomes (the supply), and the recruitment needs of employers (the demand). Through successful implementation and iteration of their models, these US programs are improving their practices, developing a strong evidence base and

are creating a strong business case for ongoing engagement from employers. This will contribute to an increase in employment opportunities for cohorts facing barriers to employment and sustainability of their programs.

Innovative approaches to persistent social issues like youth unemployment require strong partnerships built on a shared understanding of the problem as informed by users, a strategic approach to solving for these issues and the creation of interventions which provide value for all parties. The best practice principles and recommendations provide insight into the types of actions that governments, employers and employment service providers should take to improve their practices and align their activities, creating opportunities for young people and business value for employers.

The Fellow recommends:

- » Service providers should consider the benefit of reframing language to strength-based language, rather than welfare-focussed language. The Victorian Government should consider utilising positive language to describe the employment of excluded groups and highlight the opportunities that engaging these cohorts represents. Note: Consultation should also occur with target group members.
- » The Victorian Government should consider trialling an Employer Innovation Lab model to support the creation of pathways into employment for cohorts with barriers to employment.
- » Employment programs should incorporate assistance and/or tools for employers to measure the return on investment for removing barriers to employment and diversity hiring.
- » Victorian government should explore a way of building a coalition of employers with strong track records to act as advocates for future change across industries.

- » A review of existing government employment program structures and incentives should be instigated to determine how the existing incentives assist or inhibit innovation in program design, and the engagement of employers in practices which remove barriers to employment for excluded cohorts.
- » The Victorian Government should consider working with local partners and with other jurisdictions to promote development of a stronger, shared, and transparent evidence base around the efficacy of employment initiatives. This should include government funded programs at both State and Commonwealth levels.

3. About the Fellow

Simon Crabb is an Associate Director in the Ventures team at Social Ventures Australia (SVA). Working across a range of projects in the employment space, Simon has researched principles of youth employment, industries in transition, skilled pathways, the future of work, and innovative hiring practices. Simon has recently led the Industry Employment Initiative, a demand-led employment model that meets the recruitment needs of large employers while improving outcomes for job seekers experiencing disadvantage.

Prior to joining SVA, Simon spent several years working in the community sector leading sport & recreation, youth engagement, drug & alcohol and disability programs. He also spent several years in finance and banking. In 2013 Simon returned to the community sector, spending the year living and working in remote Aboriginal communities in the Northern Territory, taking on program management and community engagement roles. His dedication to the social sector and pursuit of social justice underpins all of his work.

Simon holds a Bachelor of Health Sciences with a major in Community Health Promotion from La Trobe University, a Diploma of Lending, a Certification in Financial Accounting and is looking to commence a Master's Degree in 2020.



4. Fellowship Background

Aim of the Fellowship

This Fellowship sought to explore the critical factors essential to scaling-up employer-led, demand-driven approaches to the employment of jobseekers experiencing significant barriers.

The Fellowship aimed to identify effective ways to:

- » embed demand-led, employer-driven approaches to employment into 'business as usual' including understanding the incentives/drivers for employers;
- » assess return on investment for employers;
- » scale up an employer-led approach, adapting to different jurisdictions/geographies e.g. metropolitan, rural;
- » adapt the approach taken to support jobseekers from different cohorts or presenting other at-risk factors; and
- » design and deliver training to meet employer and employee needs.

The Fellowship sought to test the hypothesis that if employers could adopt and embed an employer-led or employer-driven approach to the hiring of jobseekers experiencing barriers to employment, there would be a reduction in the risk of long-term labour force exclusion for such cohorts i.e. interventions would not be dependent on the policy or subsidies of the government of the day. The Fellowship sought to identify innovative strategies that engage employers and inspire them to be a catalyst for widespread, systematic change in the employment landscape.

Research Methodology & Period

The Fellow visited the United States for a period of five weeks during late 2018, during which he met with representatives from six organisations to conduct in-depth interviews. This included two opportunities to view and participate in workforce readiness training programs at teaching sites. Additionally, the Fellow completed five interviews via video conferencing or phone calls. These interviews included discussion with program providers, thought leaders, and employers, with a mix of executive oversight, strategic design expertise, and operational insight from frontline staff.

Context

Youth unemployment continues to be a persistent problem both globally and locally. In order to understand the parallels between systemic issues faced by young jobseekers (16-24 years) in the Australian and US markets, and the opportunities to learn from innovative approaches being delivered at scale in the US, it is important to briefly describe the market context in each region.

Australia

Whilst the national unemployment rate was 5.2% in June 2019 and 4.8% in Victoria,² young people continue to experience unemployment at levels up to three times the headline rate in some Victorian communities. There are a multitude of causes for a sustained lack of opportunity, including a non-buoyant labour market

post Global Financial Crisis (GFC), a downturn in the number of entry-level positions and apprenticeships available, the casualisation of the workforce and the reality that older employees are not transitioning to retirement at the same rate as pre-GFC.³ While this impacts all young jobseekers, unemployment is not experienced equally by all young people. Unsurprisingly the impact is felt the greatest by those young people considered at-risk, those with complex barriers to employment or those already experiencing long-term unemployment.

At-risk cohorts include young people with disability, First Australians, those with caring responsibilities, young people from low-socioeconomic communities and those without Year 12 attainment. These individuals are more likely to experience unemployment and for longer periods of time than their peers. Further, many young people experience individual barriers to employment, such as drug/alcohol abuse, unstable housing, limited access to education or transport. These complex barriers can significantly compound their risk of unemployment

To ensure at-risk young people are not stuck in a cycle of unemployment and disadvantage it is crucial to provide them with tailored support that assists with the range of barriers they may be experiencing. Unfortunately, the existing national employment services system does not adequately fulfil this need with many young people failing to enter the workforce after finishing school, exposing them to a risk of long-term welfare dependence. Through discussion with Jobs Victoria partners, it is apparent that there are a range of high-quality initiatives being conducted at a small scale, both through place-based solutions or those that seek to target a specific group with specific barriers, however scaling these initiatives and specifically increasing the number of employers engaged (with the right mindsets, opportunities and commitment) has proven challenging.

Technological advancements including process automation and data analytics will likely see large-scale employers bring hiring and recruitment functions back in-house after years of out-sourcing these functions. For some jobseekers, there is a risk that this will create an additional barrier to employment with credentials likely to be favoured over skills in some industries. Alternatively, for those seeking to engage new pools of talent, this presents an opportunity for employers to consider how they could embed a demand-led or demand-driven approach to support jobseekers experiencing barriers to employment. The rise in social procurement targets, particularly in the government services market, as well as the emphasis on corporate social responsibility could influence employers to pursue these options.

In Australia, a number of programs exist which seek to actively engage employers in guiding their service delivery models, though many of these programs rely on personal relationships developed over time. Often these programs are not being delivered at a scale that would make them financially viable for widespread adoption and across cohorts, nor are employers seeking to embed these programs into their 'business as usual' approach. Gaining ongoing commitment from large employers is a significant barrier to program growth. This Fellowship sought to identify the fundamental system changes needed to allow these types of program to flourish in the Victorian context.

United States

In some respects, the United States and Australian economic and employment markets are quite similar, and as such have experienced significant challenges over similar trajectories. The youth unemployment rate in the United States decreased to 8.10 percent in June from 8.50 percent in May of 2019. Post GFC, youth unemployment reached an all-time high of 19.50 percent in April of 2010 and

has improved with the market restabilisation somewhat consistently in the years since.⁴ The US is currently experiencing a labour market tightening as employers struggle to find appropriately skilled workers.

With the national unemployment rate sitting around four percent, which is low in global comparisons, the youth unemployment rate is consistently more than double and is considerably higher within some cohorts and in particular regions. In July 2018, the unemployment rates for both young men (9.8 percent) and women (8.6 percent) had remained steady from the year before. The July 2018 rate for young Asians (8.4 percent) declined over the year, while the rates for young Whites (7.6 percent), Blacks (16.5 percent), and Hispanics (10.8 percent) showed little change over the year.⁵ Like Australia, there are pockets of severe disadvantage across the country and within communities.

There are currently 4.6 million opportunity youth – defined as young people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market – or about one in nine members of this age group in the United States.⁶ Due to personal and systemic barriers, the chances that a young person will be disconnected from school and work at some point between the ages of 16 and 24 are quite high. According to Jobs For The Future: “Nearly 40 percent of our young people between the ages of 16 and 24 are weakly attached or unattached to school and work at some point during that formative stretch of their young lives.”⁷ This presents a significant risk to the individual and their ability to reach learning or earning pathways which meet their aspirations.

Once young people in the US have experienced disconnection or disengagement from school and work, they face enormous barriers to progressing their education beyond a college level or finding work. Successful reengagement and connection of these young people to sustainable employment is both a local issue and national issue. At the local level, it requires community collaborations that effectively remove barriers, connect the many systems that touch their lives into clear pathways, and build and deepen education and employment experiences to develop work-ready skills. At a national level, policy and funding need to ensure that effective programs receive the resources that they need to deliver positive social outcomes and create significant impact.

4 Bureau of Labor Statistics - Employment and Unemployment Among Youth Summary <https://www.bls.gov/news.release/youth.nr0.htm>

5 Bureau of Labor Statistics - Employment and Unemployment Among Youth Summary <https://www.bls.gov/news.release/youth.nr0.htm>

6 The Aspen Institute – Forum for Community Solutions <https://aspencommunitysolutions.org/who-are-opportunity-youth/>

7 Jobs for the Future - Back on Track Through College Designs https://jfforg-prod-prime.s3.amazonaws.com/media/documents/WhatItCosts_050813.pdf

5. Fellowship Learnings

In Australia, employment services and systems are primarily designed to target job seeker supply. Whilst employer engagement is encouraged, policies, prescribed activities and incentives do not support attempts to shape employer demand on any systematic or sustained level. This misalignment presents a significant challenge for jobseekers trying to gain employment, in particular young jobseekers with additional barriers to employment. Employers also report frustration at engaging with a system which does not adequately meet their needs. In order to create a pipeline of sustainable employment opportunities to support young people both now and in the future, it's imperative that demand and supply align so that both sides of the equation have their needs met.

The Fellow's tour sought to explore how the momentum created through positive actions by employers is increasing demand and opportunities for young people experiencing barriers to employment across the United States. The Fellow also deeply engaged with organisations supporting candidate supply side, visiting employment service providers who are utilising innovative program design and best practice principles to prepare young people for the world of work. A number of these best practice principles are identified below and present an opportunity to consider which principles and approaches could be utilised in the Australian market.

5.1 DEMAND

Workforce readiness models and employment program design tends to focus heavily on moving the jobseeker into work (candidate supply). However, employer attitudes and recruitment activities significantly impact on the ability of some subgroups to access work opportunities, to stay in work, or to transition into

more sustainable and rewarding work. Equitable access to jobs requires practice change on the 'demand side' of the employment equation.

Hiring practices which create opportunities for diverse or excluded cohorts can deliver a significant return on investment for employers whilst also creating positive social outcomes for individuals and communities. The US employment market shares a lot of similarities with Australia, though with a lower unemployment rate and a tightening job market, we are seeing innovative practice which provides some insight into how the Australian market could react if we see the same market tightening here. Employers are competing for quality candidates and need to innovate to survive.

One of the primary reasons the Fellow visited the US was to understand the circumstances that have created an empowered environment in which employers are not only active participants in workforce readiness programs but are leading the charge and driving change at considerable scale.

Best practice principles

The following principles should be considered by Australian employers when reviewing their hiring practices:

- » Examine practices and systems to explore ways of removing barriers which may be preventing jobseekers from applying or progressing through recruitment and into employment.
- » Embrace the voice and insights of those with lived experience when designing appropriate recruitment practices and support for new hires.

- » Create partnerships with community organisations who have the skills, capabilities and desire to link appropriate candidates with roles that meet their skills, attributes & aspirations.
- » Identify current and future recruitment needs to determine where and when opportunities will be available to allow new pools of talent to apply for roles.
- » Collect data and evidence to determine what is working, what isn't, and where there are opportunities to iterate and improve practices.
- » Understand costs of hiring, development, retention and churn to measure return on investment and determine the business value of diversity hiring.

Principles in practice

The **100k Opportunities** initiative is a national movement of employers, foundations, and community organisations that are committed to reinventing hiring, retention, and advancement practices, to hire and train opportunity youth across the United States. These organisations are working together to access new sources of talent that have not traditionally been included and in many cases systematically excluded. Since 2015, they've connected more than 55 national employers with private sector and non-profit partners. They've already met their first goal of ensuring 100,000 opportunity youth were hired into sustainable roles and are now on track to ensure that one million opportunity youth are hired by 2021. 100k Opportunities do this by:

- » creating and sharing best practices around recruitment and employment,
- » collaborating with community-based organisations in place-based initiatives, and
- » convening city-specific events like hiring fairs to generate excitement, galvanise community leaders, and bring youth and employers together.

What was particularly impressive about the model is that this initiative was instigated by employers who saw the value and business imperative in engaging new talent pools and facilitating access to employment opportunities. The simplifying of

hiring practices and removal of unnecessary barriers mean that job fairs become hiring fairs in which young people can apply and interview for jobs on the spot. The employers are driving change by using their market reach and purchasing power to deliver best practice initiatives at scale and in doing so are influencing the actions of others.

TalentRewire is a shared value initiative which was established by US consulting firm FSG. Through an Innovation Lab model it supports communities of employers to pilot innovative talent practices. They work to demonstrate the business value of rewiring talent practices, systems and policies to meet changing demographics, improve outcomes for underemployed populations, and advance what they call "Opportunity Employment."

Over a 12-month period, TalentRewire walk hand in hand with employers, utilising design thinking principles to help organisations to examine their recruitment practices and alter systems which have previously created barriers to employment. Through their Innovation Lab, pilot programs are created with the input of those with lived experience e.g. young jobseekers, long term jobseekers, those exiting the justice system. Employers can draw from a compendium of evidence-based best practice and can access a range of tools to assess their recruitment, hiring and talent development processes. The pilot programs are implemented, data is collected, models are iterated as needed, return on investment is measured, and if results are positive, organisations are supported to embed the practices as business as usual.

Employers who have participated in the program range in size from large multinationals to smaller enterprises, each with their own unique recruitment need and hiring aspiration. The Innovation Lab cuts across industries and targets cohorts with proven success delivering larger national programs or bespoke place-based initiatives. Through these initiatives, TalentRewire are inspiring employers to take responsibility for improving recruitment practices and to share their stories to act as a catalyst for change.

Photo (right) - Fellow meeting with Kimberly Shin – Associate Director, TalentRewire, in Washington DC.



International retail giant **GAP Inc** has been a pioneering leader in the opportunity youth employment space. Their employment activities build on the company’s commitment to supporting community development while also addressing a challenging retail environment of high turnover. Launched over a decade ago, Gap Inc.’s This Way Ahead program was designed to give young people facing barriers to employment an opportunity to land their first job. Specifically targeting 16-24 year olds from low-income communities, the program provides participants with a career coach and peer “buddy” to help them navigate the new and sometimes difficult world of work.

Gap Inc. has found that this innovative approach has helped to solve their retention issues and created a strong talent pipeline. Their data indicates that employees who join the company through the program stay at the company twice as long as their peers, have higher engagement scores, and secure stable employment at a rate that is 31% higher than that of their peers. This success has led Gap Inc. to announce expansion plans of the program to 53 cities globally, with a commitment to hiring 5% of their entry level workers from This Way Ahead by 2025.

One of the key successes of the Gap Inc. program is that the company identified a recruitment and retention concern and have taken the whole company on a journey towards embedding diversity hiring across their stores. Existing staff receive development opportunities to equip them with skills needed to support

new hires. Gap Inc. works with trusted community partners who refer suitable candidates to the program. Their internal training package allows for additional skill development once an individual is hired and a supported transition into work. The needs of new hires and existing staff have been considered to create sustainability and the company actively advocates for other organisations to follow suit.



Photo (top right) - Fellow meeting with Tes Cohen – Manager, Global Community Partnerships, GAP Inc, in New York.

Swiss Post Solutions (SPS) is a multinational provider of business process outsourcing and innovative document management services in both the physical and digital realms. Identifying a projected recruitment need that would require an innovative solution to attract new pools of talent, SPS developed a customised training academy called the SPS Leadership Academy (LA). The LA was designed to recruit, train, and support younger workers as part of a broader talent acquisition strategy which also created positive social outcomes.

Utilising a paid internship model running over twelve months with a focus on skill development, SPS was able to create employment opportunities for young people that had previously been excluded from the labour market, many of whom had aspirations to work but little to no experience. By 2016 the internship program had successfully supported over 600 young people through the program with

over 80% still employed by the company and over 40% promoted in position and responsibility, directly impacting their personal economic mobility.

Similarly to Gap Inc., Swiss Post Solutions identified a recruitment and retention challenge, creating a solution that made business sense and provided positive social outcomes. The success of the program was enabled through the support of all staff, from the Global CEO down to the frontline staff. Scaling the model across the country and around the globe meant that the program could be embedded as business as usual, creating value and significant impact in the process.



Photo (top) – Fellow meeting with Paul Ortega - National Director of Training & Organizational Development, Swiss Post Solutions Inc

5.2 SUPPLY

Workforce readiness programs can be described as a ladder, with each model providing an opportunity for a participant to develop the skills and knowledge that will help them to move up a number of rungs and closer to gaining employment.

A well designed and effective model should be informed by establishing:

- » a clearly defined and realistic exit point
- » a deep understanding of the participant cohort
- » an understanding of their entry point
- » a robust curriculum which includes enough flexibility to adapt to user needs as they work towards the target.

A well supported pathway seeks to provide guidance through learning and program activities. Support is critical through the crucial transition points which present a risk of derailing participants whose capacity, capabilities and life circumstances may interfere with their progress. Engagement of employers in the design and ongoing support of these pathways can increase the potential for transitions directly into employment. Linking learning outcomes with employer needs can increase potential of moving into job opportunities.

Best practice principles

The following principles should be considered by employment service providers when creating and delivering workforce readiness programs:

- » Engaging employers can a lengthy process, however aligning activities with committed partners can create sustainable opportunities and shared value.
- » Utilising strengths-based language can be a powerful way to reposition employment programs as valid recruitment options rather than simply welfare or corporate social responsibility activities.
- » Program design should be informed by employer recruitment demands, skills requirements and expectations.
- » Practitioners should also embrace the voices and insights of those with lived experience to ensure that learning materials, activities and support structures are appropriate.
- » Employers should be involved in the design of training and timing of activities.

- » Where possible, strategies should be implemented to mitigate the key person risk associated with having a single point of contact in an organisation.
- » Recruitment and screening processes which identify motivations, aspirations and appropriate skill levels should be utilised to ensure candidates are the right fit for the program i.e. the program's activities will be able to adequately support them to meet the job requirements.
- » Program length should be a key consideration. In some cases, longer programs increased opportunity for skill development, plus mindset and behaviour changes, increasing the chance of candidate success.
- » Workplace exposure or work experience should be included wherever possible to enable candidates to try newly developed skills, develop confidence, ensure that the career path meets their aspirations, whilst also showing employers their potential to be great employees.

Principles in practice

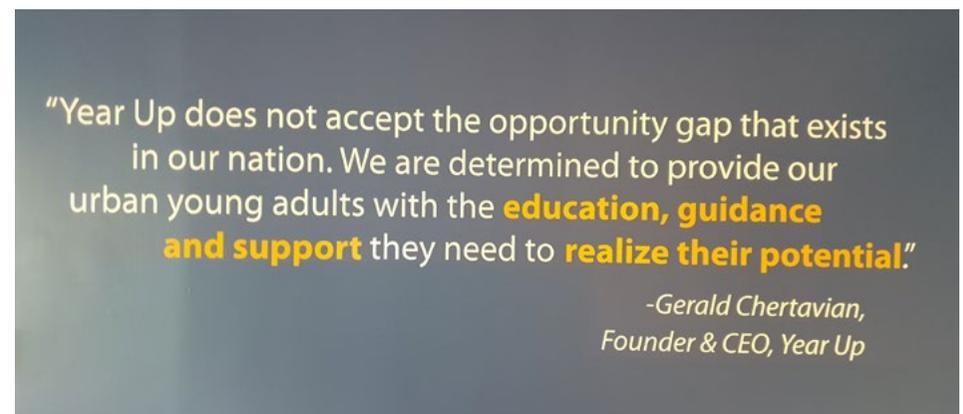
When researching US organisations, the Fellow immediately noticed that a common terminology is used across organisations, sectors and industries. "Opportunity Hiring" is a term commonly utilised across the US. In Australia we may use terms like diversity hiring or equity hiring. "Opportunity Youth" refers to 16-24 year old youth who are neither enrolled in school or participating in the labour market. We may refer to this group as NEET or disengaged youth. In the US, common strength-based language is utilised as an important tool in positioning these activities as valid recruitment methods that make business sense and are not simply a corporate social responsibility or welfare initiative.

Year Up seeks to close the "Opportunity Divide" by providing young adults with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education. The model consists of a one-year, intensive training program that provides young people with a combination of hands-on skills development, coursework which is eligible for college credit, paid corporate internships, and wraparound support. The robust curriculum



utilises both accredited and non-accredited units. There are a number of learning pathways a young person can choose to undertake which are informed by current labour market need and predicted future demand e.g. IT, hospitality, business administration.

Since its founding in 2000, Year Up has served nearly 20,000 young adults and provided interns for over 250 corporate partners. The program is funded through a mix of government, philanthropic and contributions by corporate partners. Corporate partners participate in activities throughout the program, from design through to delivery. These partners see the model as a recruitment tool which is reaching new pools of talent, not a welfare initiative.



The outcomes of the program are positive with rigorous evaluations published about the model. To date, 100% of Year Up students who successfully complete their classroom training have been placed into internships with 90% employed and/or enrolled in postsecondary education within four months of completing the program. In terms of creating social mobility, Year Up wage gains are the largest ever for workforce programs evaluated by the gold standard RCT method. In terms of the development ladder, the participants are able to move up several rungs, setting them up for future success.

“This is not charity, nor a handout. This is good sense. Economic justice for young adults equals economic prosperity for U.S. businesses, and the nation at large”

- YearUp

What stands out about this program is that the model delivers a curriculum which has been designed with the input of industry experts and is guided by practitioners with extensive experience in both teaching and working in the target industries. The curriculum is accompanied by strategies, informed by neuroscience, which encourage students to make a deep commitment to their development journey. Support and guidance from educators and support staff have been shown to create significant changes to young peoples’ aspirations, mindsets and behaviours.



In addition to its training and internship program, **YearUp** and a number of other youth employment service providers contribute to the **Grads of Life** program. Recognising the need to shift employers and the wider community’s perceptions and negative stigma around young

people, a national multi-media campaign was launched. Taking a strengths-based approach, the program sought to highlight the valuable contribution young people provide to society and employers. In addition to the campaign, Grads of Life work with employers to provide resources and tools for recruiting, hiring, and retaining Opportunity Youth. Through the adoption of best practice principles, altering hiring practices, nurturing partnerships and reaching new talent pools, employers can alter their recruitment practices to be more inclusive of Opportunity Youth.



Photo - Fellow meeting with Kelly Graham, Associate, Grads of Life at YearUp in Boston, MA.

The rapidly scaling and expanding **Generation** program was established in the US to target Opportunity Youth. It has a dual mission; to empower young people to build thriving, sustainable careers, and to provide employers with the highly skilled, motivated talent that they need. Built on the foundations of a curriculum developed by expert educators, the content is shaped through engagement of employers and delivered in a supportive environment which ensures that barriers to employment are acknowledged and worked through. A typical Generation



program runs for between six and twelve weeks depending on the industry and location, with exposure to work embedded and line of sight to roles. Generation receive funding from government, philanthropy and corporate partners.

Whilst still a relatively new model, results to date have indicated that more than 80% of graduates are placed in jobs within three months of course completion and approximately 70% are still employed one year later. With a push to expand and scale the use of the model, Generation now operate in a more than ten countries, have supported over 30,000 people to graduate the program in various learning streams and is expanding to new cohorts including mid-career workers and armed services veterans.

Alignment between user aspirations and course outcomes has been an important enabler of success. Through the engagement of corporate partners, young people

Photo (middle) - Fellow meeting with Sean Spicer, COO – Generation USA, in Washington DC. Photo (right) - Fellow meeting with Tameka Logan, Program Lead – Generation USA, in Washington DC.

are exposed to industries and roles where they can apply their skills immediately. What stands out about the model is that young people can choose to enter the program stream which leads to roles in a field that interests them and will help them to establish a rewarding career, not just a first job.

TechHire is a national network of communities working to create pathways for overlooked and underrepresented Americans to gain skills and access to open technical jobs across the country. The initiative was launched in 21 communities by Barack Obama in 2015 and has since expanded to 72 communities, states and rural regions across America. The initiative seeks to target tech roles in a booming

industry that is reporting a significant skills shortage and creates on-ramps to these in-demand technical training and jobs. These jobs have historically been out of reach those without a university degree and TechHire challenges employers on the use of university degrees as a proxy for skills. The model includes classroom skills training, both employability and industry-specific skills, an internship with a committed and supportive employer, followed by support to transition into employment.



Photo - Fellow meeting with Joseph Lawlor – Program Associate, Opportunity@Work, in Washington DC.

What stands out about the program is that alongside a strong curriculum which is agile and adapts to employer expectations or demands, there is a significant advocacy component. TechHire engages employers and promotes hiring of those previously excluded from the labour market due to a lack of qualification or work experience, even though they have the skills needed to flourish in the roles. The program is helping to meet a market need, whilst challenging employers to remove unnecessary barriers to work.

Common challenges:

Whilst the innovative approaches described above provide valuable lessons on best practice, it's also important to acknowledge and provide insights on the common challenges faced. Establishing sustainable funding for workforce readiness

programs in the US can be a challenge. Organisations are able to access some federal funding via application to Workforce Development Boards. These Boards are part of the Public Workforce System, a network of federal, state, and local offices that support economic expansion and initiatives which seek to develop work skills for jobseekers and connect them to employment opportunities.

Whilst this model creates some opportunities and allows for innovative approaches to be implemented, the funds are often inadequate and the process can limit the ability to scale a program's reach geographically, presenting sustainability challenges. Innovative approaches that can prove their impact often utilise large, multiyear philanthropic investment supplemented by corporate funding via grants or user-pays models. The challenge locally is that both philanthropic and corporate investment are available in significantly higher amounts in the US than in Australia.

Employer engagement remains a challenging prospect for employment service providers in competitive markets. When speaking with US organisations, it was clear that these challenges mirror those in Australia as employers show resistance to engaging with workforce readiness programs. US employers report dissatisfaction with the candidates presented for roles, poor skills matches, difficulty in navigating services, unclear value propositions for engaging in program activities. Also highlighted was the significant gaps between employer expectations and the reality of hiring entry-level jobseekers.

With a record low unemployment rate in the US and a tightening, more competitive labour market with widespread skills shortages, there has been a slight shift towards employers engaging with programs that can deliver new pools of talent with appropriate skills. Artificial barriers to employment such as employers using a degree or other qualification as a proxy for skills are now being interrogated as employers seek skilled workers. This remains a significant challenge for providers who are highlighting the skills their candidates hold, but there seems to be some progress. This provides an insight into what may follow in Australia if unemployment rates decrease or the skills shortage increases and how the market should respond.

Despite these challenges, all of these models are creating real impact at scale and present some valuable lessons on best practice approaches to workforce readiness. What's unfortunate is that there are a few considerable system challenges which stand in the way of these types of longer, more highly supported pathways being rolled out in Australia.

5.3 ALIGNING SUPPLY & DEMAND

Each of these workforce readiness programs take a unique approach to program design but share common challenges. An indicator of their success is the extent to which there is an alignment between program activities and outcomes (the supply), and the recruitment needs of employers (the demand). Through successful implementation and iteration of their models, these US programs are improving their practices, developing a strong evidence base and are creating a strong business case for ongoing engagement from employers. This will contribute to an increase in employment opportunities for cohorts facing barriers to employment and sustainability of their programs.

Innovative approaches to persistent social issues require strong partnerships built on a shared understanding of the problem as informed by users, a strategic approach to solving for these issues and the creation of interventions which provide value for all parties. The best practice principles identified in the sections above provide some insight into the types of actions that Australian employers and employment service providers should take to improve their practices and align their activities, creating opportunities for young people and business value for employers.

6. Personal, Professional and Sectoral Impact

Personal

The Fellowship opportunity was insightful, inspiring and also somewhat therapeutic for the Fellow personally, providing a chance to meet with peers to discuss common challenges experienced in the delivery of workforce readiness programs. Connecting with knowledgeable and strategic thinkers in such a unique capacity allowed for an open sharing of insights and reflections which created strong bonds with likeminded individuals. The confidence and inspiration that this experience provided has continuing impact on the Fellow's drive and determination to create real, measurable impact in the local market.

Professional

Having spent a number of years supporting and leading a demand-led program with a focus on engaging large and national employers to create employment opportunities for long-term jobseekers, the Fellowship provided an amazing chance to converse with global sector experts at both an executive and operational level, to discuss their experiences in coordinating similar programs.

Developing global connections with individuals and organisations who are testing and iterating innovative models and approaches to complex systemic issues has created opportunity for ongoing collaboration, sharing of lessons learned and an opportunity to scale best practice approaches across global markets.

Sectoral

Since returning, the Fellow has had several opportunities to share lessons and insights with colleagues and sector partners through conversations and speaking engagements. In capturing lessons learned from those delivering innovative programs at significant scale, the Fellow has established a strong foundation and evidence base to be able to share insights which will benefit employment program providers, employers and stakeholders.

Through the engagement of policy experts, the Fellow hopes to drive forward activities and opportunities to better align supply and demand, as well as influencing the systems in which these initiatives operate. The Fellow intends to share his insights via written articles, through engagement with sector partners and via additional speaking engagements.

7. Recommendations

1. The use of positive, strength-based language to describe individuals or groups participating in employment initiatives in the US appears to have been useful in removing stigma and motivating employers to engage in alternative hiring pathways.

Recommendation: Service providers should consider the benefit of reframing language to strength-based language, rather than welfare-focussed language. The Victorian Government should consider utilising positive language to describe the employment of excluded groups and highlight the opportunities that engaging these cohorts represents.

Note: Consultation should also occur with target group members.

2. FSG's Employer Innovation Lab has been effective in engaging employers in projects to reform their own practices. There is evidence that employment initiatives developed have been scaled up within the organisations and there is ongoing demand for program delivery. This initiative aligns strongly with Victorian Government focus on supporting employers to improve their own practices.

Recommendation: The Victorian Government should consider trialling an Employer Innovation Lab model to support the creation of pathways into employment for cohorts with barriers to employment.

3. Provision of assistance to employers to measure the return on investment (ROI) of specific initiatives or activities appears to be important to sustaining

and expanding their participation in employment programs. Conversely, a poor ROI presents an opportunity to modify practices and iterate approaches.

Recommendation: Employment programs should incorporate assistance and/or tools for employers to measure the return on investment for removing barriers to employment and diversity hiring.

4. The Fellowship sought to identify innovative strategies that engage employers and inspire them to be a catalyst for widespread, systematic change in the employment landscape. Central to the programs visited was the elevation and sharing of employers best practice approaches backed by credible evidence. Employers were empowered to act as advocates for altering employment practices which create equitable pathways to employment for excluded cohorts.

Recommendation: Victorian government should explore a way of building coalition of employers with strong track records to act as advocates for future change across industries.

5. Mechanisms should exist to fund longer term, intensive, non-traditional training models with a focus on skill development that are backed by evidence like those utilised in the US e.g. Year Up is a 12-month program with a mix of accredited and non-accredited units, and a paid internship. Appropriate incentives should also align with the needs of employers who may prefer alternatives to traditional wage subsidies e.g. payment up-front for training costs.

Recommendation: A review of existing government employment program structures and incentives should be instigated to determine how the existing incentives assist or inhibit innovation in program design and the engagement of employers in practices which remove barriers to employment for excluded cohorts.

6. Provision of welfare to work programs in the US is assisted by availability of high-quality evidence of the outcomes of a range of programs and strategies e.g. RCTs, MDRC work. By contrast, despite the large investment by State and Commonwealth governments in local employment programs, there is little publicly available evaluation evidence, many evaluations are conducted by governments themselves, and there is limited or no use of RCTs.

Recommendation: The Victorian Government should consider working with local partners and other jurisdictions to promote development of a stronger, shared, and transparent evidence base around the efficacy of employment initiatives. This should include government funded programs at both a State and Commonwealth level.

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9. Appendix

Appendix 1: US program summaries: Candidate supply

Organisation			
Core model	6-12 weeks classroom learning. Soft & industry skills + accreditation. Workplace & employer exposure. Transition support.	12-month intensive program. 6-months classroom learning. 6-months paid internship. Transition support & mentoring.	Classroom learning. Internship. Transition support.
Target cohort	Opportunity youth (18-24)	Opportunity youth (18-24)	Opportunity youth (18-24)
Target sectors	IT, hospitality, care + others	IT/STEM, hospitality, business + others	IT/STEM
Funding model	Philanthropy + government + user pays (employer)	Philanthropy + user pays (employer)	Philanthropy + government + user pays (jobseeker/employer)
Location, scale	Global, rapid scale approach	US only, scaling model	US only, early scaling
Successes	Bespoke curriculum. Strong branding & presence. Agility allowing rapid growth.	Strong curriculum base. Skill development & mindset shift. Rich evidence base.	Government launched program. Strong curriculum base. Accreditation of coursework.
Challenges	Candidate recruitment. Employer engagement. Aligning with government funding system. Learning & adapting at pace.	Service offering & funding sources. Employer engagement. Aligning with government funding system. Course length as barrier for some.	Employer engagement. Skills vs formal accreditation. Competency framework. Building brand & trust.
Key insight	Rapid scaling model has created opportunities & equally presented challenges.	Systems change is difficult, pressure to align with government delivery and funding models.	Whilst course content directly targets skills gap, employers are resistant & still expect degree qualified staff.

Appendix 2: US program summaries: Employer demand

Organisation				
About	A coalition of large employers rethinking hiring practices to provide employment for Opportunity Youth.	Talent Rewire is a shared value initiative which utilises FSG’s Innovation Lab model.	International retail clothing empire and major employer with significant ongoing recruitment need.	Global provider of business process outsourcing and innovative document management services.
Target cohort	Engage tier one employers with a recruitment need to provides sustainable job opportunities.	Employers with an ongoing recruitment need who are seeking social outcomes.	Opportunity youth (18-24)	Opportunity youth (18-24)
Approach	Supporting engaged employers to create inclusive recruitment policies & practices. Host regional job fairs to deliver skills training and encourage hiring of Opportunity Youth.	Innovation Lab which seeks to design & embed innovative approaches to diversity recruitment. Employers are supported to design and implement a pilot to test, iterate & embed as BAU.	Developed & embedded diversity recruitment policies & programs as BAU. In-house soft-skills training + management training to support staff. Direct employment model.	Developed & embedded diversity recruitment policies & programs as BAU. In-house soft skills training & management training to support staff. Internship model.
Successes &/or Challenges	Reached initial goal of 100,000 jobs for young people in less than 2 years. New goal is 1mil by 2020. Potential to scale model further e.g. Canada.	Have engaged top-tier employers, gaining their commitment to participate in the lab, pilot & embed program models. Sustainable funding is a challenge.	Model has proven hugely successful. Massive recruitment opportunities. Engagement with community organisations is challenging but rewarding. Navigating funding options is a challenge.	Delivered globally, the internship model which includes significant in-house training, supports various skill pathways within different business units.
Key insight	A coalition driven by large employers is a powerful tool to create impact at scale. The corporate voice has power in both advocacy and funding.	A user/philanthropic split funding model that creates buy-in, tools for employers, a supported pilot & guidance to embed as BAU has created significant impact across sectors.	Inadequate employer engagement and program design led to Gap Inc. bringing their soft-skill training program in-house and replicating nationally.	Long-term retention isn’t the driver for all employers. SPS recognise that one-two years of service is a good outcome, particularly for this cohort.



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