Understanding
employer engagement programs
for disadvantaged jobseekers

An exploratory study

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Acknowledgements

Summary

In the context of economic change and growing unemployment, there is increased interest in 'employer engagement' approaches to assisting disadvantaged jobseekers. There is also confusion about exactly what employer engagement means.

This paper reports on an exploratory study of employer engagement and how it is understood from the perspectives of:

- employers

- business and professional associations, and

- not-for-profit agencies that act as labour market intermediaries (LMIs) brokering the relationship between jobseekers and employers.

Understanding employer engagement approaches

To make sense of the employer engagement approaches identified in the literature and the interviews we developed a continuum based on employer drivers and the activities and roles of LMIs.

Figure 1.1   Continuum of employer engagement approaches
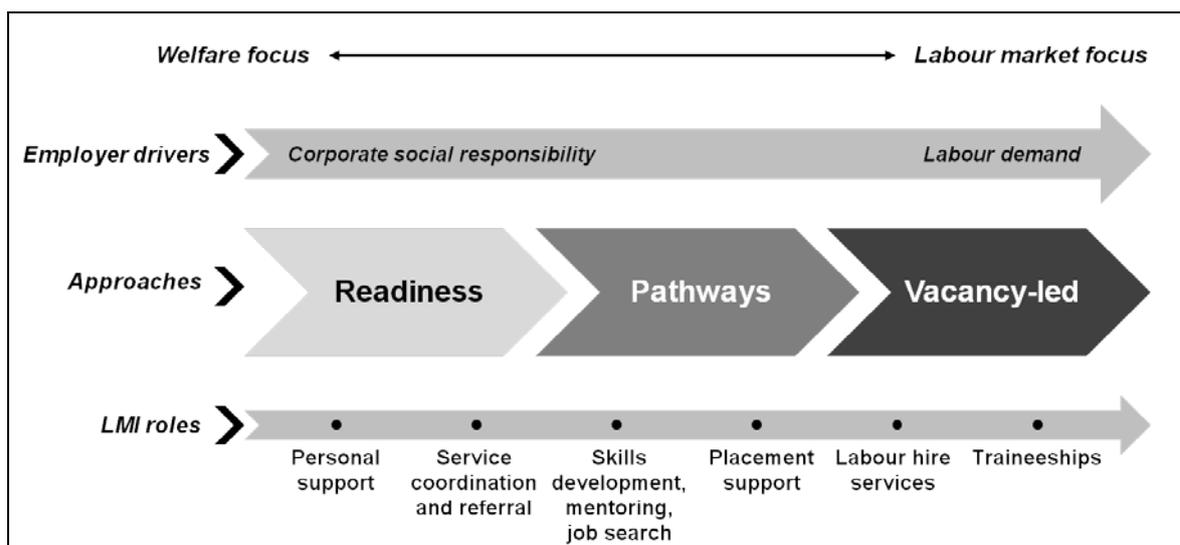
On the continuum we identify three broad categories of employer engagement program:

- **Readiness programs** seek to address the personal needs of highly disadvantaged jobseekers through a mix of supply-side service provision and limited workplace exposure. These programs link with the social and philanthropic agendas of employers.

- **Pathways programs** seek to develop candidates' job 'readiness' through skills development, mentoring, job search and work placement programs, and connect with employers' corporate social responsibility (CSR) and diversity agendas.

- **Vacancy-led approaches** are designed to provide suitably qualified candidates who would otherwise be excluded from employment with job opportunities. These approaches address employers' labour needs, and may also address their diversity agendas.

The study

To better understand the concept of employer engagement we undertook a broad scan of academic literature (sociology, social policy, labour economics, human resources, education and training, management, industrial relations, equal opportunity and diversity) and 'grey literature' (government, industry and community sector publications).

The study adopted a qualitative approach to explore how employer engagement is understood in practice. Between March and June 2014 we conducted 26 semi-structured interviews with employers (9 organisations, 10 interviewees), labour market intermediary organisations (LMIs) (5 organisations, 11 interviewees), business and professional associations (3 organisations, 4 interviewees) and one consultant. Interviewees included senior managers, operation managers, and field level staff.

The interviews ranged from one to two hours and were fully transcribed, coded thematically and analysed using qualitative data analysis software. The interview data was supplemented by publicly available information about the programs described by employers, intermediaries and other stakeholders.

Common features of programs in this study

The study considered employers' experience with ten programs and examined five LMIs. Features that were shared by many of the programs include:

- small scale

- short-term work placement, work experience or labour hire

- mentoring, pre-employment and/or on the job

- targeted traineeships.

Most programs are small scale and involve time-limited work placements

The programs are mostly very small scale. With the exception of two national employers, the programs in this study had 12 or fewer candidates at any one time. The smallest programs had 1 to 5, usually under the supervision of a single manager or workplace mentor. All were regarded as special programs by employers and did not involve significant changes to company policies or recruitment practices.

The employment programs described by participants in this study offered time-limited placements to provide experience, exposure to workplace culture, networks and on-the-job skills, rather than direct recruitment or a guarantee of ongoing employment. These approaches are focused on support and job readiness rather than filling vacancies.

Placements typically are from 3 to 12 months, depending on the nature of the work and the resources of the employer. This time allows employers to get to know potential employees and see how they work in a 'real work' environment. This process enables employers to mitigate any perceived risks by 'trying before buying' and gives the candidates the opportunity to prove themselves in a way that mainstream recruitment processes do not.

Mentoring is a key component

Mentoring is commonly provided before employment and also on the job. Readiness programs often provide mentoring to assist jobseekers in the general development of their skills and interests *before* they apply for available roles.

On-the-job mentoring by fellow staff members featured in many of the employer engagement programs described by interviewees. According to interviewees, mentoring by supervisors or colleagues provided additional support for jobseekers and assisted their inclusion within the workforce. These roles also enabled mentors to develop skills and knowledge. While interviewees recognised that these mentoring roles, both formal and informal, were an added cost to employers, the benefits for both the jobseeker and employer were often considered to outweigh the cost.

Some programs include social purpose traineeships

Several employer organisations participating in this study had structured their employment programs using traineeships—work placements that combine paid employment, on the-job training and formal (usually off-the-job) training that leads to a recognised qualification. Typically trainees were employed by an intermediary such as a group training organisation or an Australian Apprenticeships Centre which organises recruitment, pay and off-the-job training. Accredited training was provided by a registered training organisation (RTO) or TAFE, while the host employer provided on-the-job training and experience.

These approaches resemble mainstream apprenticeships or traineeships, but are utilised by employers for 'social purposes'— to provide employment pathways to particular groups of jobseekers facing disadvantage in the labour market.

'Social purpose' trainees were provided with time-limited employment, including on-the-job experience, training and familiarisation with a potential employer. These programs did not guarantee an ongoing position, but candidates were usually invited to apply for work with the host employer, or acquired references and documented work experience that could be used when applying for work in the open labour market.

Drivers of employer engagement

Corporate social responsibility and community values are key drivers for employers

A key driver for almost all of the employer engagement programs identified in this study is an employer commitment to meeting corporate social responsibility (CSR) objectives, or community values such as social inclusion or diversity. In most cases these took precedence over labour demand. Few of the employers interviewed identified difficulties recruiting entry-level workers. We consider CSR and community values to be the strongest drivers in readiness and pathways programs; however they are important for employers in taking on disadvantaged jobseekers in almost any program type.

These approaches included training, mentoring, and work experience rather than direct employment opportunities.

A social agenda or CSR motivation, rather than a focus on business needs, typically led to programs having a 'special' status within organisations. Thus programs for disadvantaged jobseekers became exceptions to, or operated completely separate from, mainstream recruitment and human resources practices.

Programs in this study were typically designed to create a 'fit' between a particular employer and a cohort of jobseekers, such as people with refugee backgrounds or young people.

Building workforce diversity is another motivation

Four of the nine employers interviewed in this study described their involvement in employer engagement programs as motivated by a desire to gain the benefits of a 'diverse' workforce and an inclusive workplace culture.

Labour demand is not a primary driver

Most of the programs in this study could not be considered *primarily* 'demand-led'—that is, structured around job vacancies, skill requirements, or other workforce and industry needs.

The few programs in this study that were vacancy-led typically offered short-term or seasonal roles, with limited prospects for ongoing employment. Some employers saw employment programs for disadvantaged jobseekers as a way to fill entry-level jobs, but they were primarily driven by a need to build workforce diversity and fulfil CSR policies or community values, not difficulties attracting workers.

Working with employers

This study also examined the nature of collaborations between employers and labour market intermediaries (LMIs).

Investing in relationships is essential

Both LMIs and employers generally agreed that engagement required an 'up-front' investment of time dedicated to relationship building. This could vary from two or three weeks in the case of small employers and a limited number of jobseekers to several years in the case of a program with a large employer. From an LMI perspective this up-front investment is important 'so we know what they need, what they want, they're talking about and spending the time to getting to know the business'.

Interviewees from business and professional associations identified the importance of LMIs understanding employers' needs, tailoring services accordingly and developing clear strategies for coordination and communication when working with employers. From an employer perspective, the number and variety of LMIs (including for-profit and not-for-profit, as well as specialist and niche agencies) was difficult to navigate. Large corporate employers highlighted the importance of working at the appropriate organisational level rather than LMIs 'reverse marketing' individual jobseekers.

LMI functions in employer engagement programs

The five LMIs with interviewees in this study were run by not-for-profit organisations. Two of them were also providing employment services under a Job Services Australia contract, and two provided labour-hire services to employers. Interviewees in this study highlighted the LMIs' role in:

- providing and coordinating non-vocational services for jobseekers
- providing training and support for employers, particularly in relation to cultural awareness

- navigating government programs and policies, given the complexity of policy frameworks and the training sector. This role includes identifying sources of funding that might support candidates or the employer engagement program more broadly

- candidate screening and selection. Unlike supply-side employment programs, which engage jobseekers and attempt to find them employment, the programs described in this study started with the employers' requirements—such as CSR or building workforce diversity—and worked backwards. 'Suitable' candidates for work placements, traineeships, mentoring or short-term employment were identified through the selection and screening processes of LMIs. Suitable candidates were generally understood to have basic skills or attributes relevant to the program, and employability qualities such as a desire to work, as well as belonging to the target cohort defined by corporate social responsibility requirements or diversity policy.

- managing candidates' expectations. LMIs play a critical role in providing support for candidates before, during and after placement. Interviewees identified the challenge of managing candidate expectations about post-placement employment opportunities, and not providing 'guarantees' about ongoing employment with the host organisation. This is particularly relevant where the employment program is structured as short-term contract work, or work experience placements without ongoing employment options.

Questions arising from the study

This study found that while the term 'demand-led' may be popular within the community sector when referring to employer engagement approaches, this does not reveal much about the practicalities or the steps to building partnerships with employers. The continuum of approaches presented in this paper provides some 'signposts' that differentiate possible program components and suggest how they correspond to the actual drivers of employers.

This study provides some insight into the complexity of employer engagement approaches and raises the following questions:

- How can the successful experiences of employers and LMIs translate into positive, inclusive workplace approaches that can be implemented at a larger scale?

- How can training and employment pathways be made more relevant to employer and industry requirements?

- Would the wider adoption of special recruitment programs unintentionally reinforce discrimination by failing to challenge mainstream recruitment practices?

- To what extent do employers have a social obligation to provide employment opportunities for marginalised or excluded workers?

- How do these obligations differ across employer types, size, industries and labour conditions?

1 Introduction

In the context of a changed labour market and growing unemployment, there is increased interest in Australia and overseas in 'employer engagement' approaches, particularly for disadvantaged jobseekers (see for example Bellis, Sigala & Dewson 2011; Booth, Leigh & Varganova 2012; Freeman & Taylor 2002; Wren 2013). However, there is widespread confusion about what exactly employer engagement means.

This paper reports on an exploratory study that examined employer engagement and how it is understood from the perspectives of employers, not-for-profit agencies that act as labour market intermediaries (LMIs), and business and professional associations.

First, we briefly sketch the Australian labour market context and review the type of assistance that is available for jobseekers who are unable to find work without special assistance. We then define some of the key terms relating to employer engagement. We describe the study and research questions and report on the range of programs and approaches discussed by the interviewees.

Drawing on the literature and the interview data, we propose a continuum of employer engagement approaches ranging from preparatory work with excluded workers to working with employers to fill vacancies, and identify three broad categories of program along this continuum (Chapter 4). We discuss the motivations of employers and labour market intermediaries that are involved in these approaches (Chapter 5), and then the features of the engagement between employer and labour market intermediary (in Chapter 6).

We then reflect on the interview findings and literature to raise some questions about employer engagement approaches in Australia and make some suggestions for future research.

2 Labour market context

With economic change and growing unemployment, there is an increased interest in employer engagement approaches to assist disadvantaged jobseekers. Here we outline some of the factors that affect disadvantaged jobseekers, and briefly review mainstream employment service responses. This provides the context for the study, which we describe in Chapter 3.

Structural change and skills 'mismatch'

During periods of economic change and fewer job vacancies, the competition for entry-level jobs increases and jobseekers who experience the most disadvantage in the labour market are pushed down to the least desirable jobs or face protracted periods of unemployment (Hasluck 2011). Over the past few decades significant and accelerating changes to the Australian economy have included a shift away from manufacturing work towards service-based employment (Connolly & Lewis 2010). These changes reflect widespread economic change in industrialised nations. Some economists argue that these changes are creating two distinct 'low-skill' labour markets: the declining, blue-collar manufacturing sector, which has traditionally involved full-time jobs and been male-dominated; and the growing services sector, which is characterised by part-time and casual jobs, often taken up by women, and is concentrated in industries such as hospitality, aged care, cleaning and other low-wage service industries (Atkinson & Williams 2003).

The general decline in entry-level or low-skilled positions is accompanied by increasing demand for highly skilled and educated workers (McQuaid & Lindsay 2005). Since the global financial crisis (GFC) there has been higher employment growth in industries such as financial and professional services, with little growth in lower-paid sectors and occupations such as labourers, technicians and trades workers, and clerical and administrative roles (Cunningham, Orsmond & Price 2014). Recent reports from the Department of Employment (2014c) indicate that the highest number of vacancies is among professional roles, and the lowest among machinery operators, drivers and labourers.

During the GFC, employers in some sectors reported a 'major issue' in recruiting skilled employees (ACCI 2012) even while unemployment and long-term unemployment increased. This kind of situation has been described as a 'structural mismatch' between the skills some workers have and the jobs that are available in the local economy—a mismatch between labour supply and demand (Hasluck 2011; McQuaid & Lindsay 2005).

Recruitment practices and employer attitudes

At the same time as labour market conditions have changed, employers have adopted practices to reduce the costs and risks associated with recruitment (Atkinson & Williams 2003; Devins & Hogarth 2005). These recruitment practices can exclude some qualified jobseekers from consideration (Behtoui 2008), as we explain below.

Reducing recruitment costs

Employers who are recruiting for low-skilled positions tend to use low-cost methods such as 'word of mouth' and personal recommendations from existing employees (Devins & Hogarth 2005; Lindsay, McCracken & McQuaid 2003; Shury et al. 2012). These techniques tend to exclude groups of jobseekers who are less likely to have strong 'bridging' networks or relationships that can help them get a job—particularly refugees and migrants, the long-term unemployed and those

who have been out of the labour market for some time, such as carers (Devins & Hogarth 2005; Hasluck 2011).

A cost-saving focus on applicants' completion of forms puts candidates without a detailed employment history at a disadvantage (Devins & Hogarth 2005; Hasluck 2011). Such practices typically exclude those who have been long-term unemployed and those with poor literacy or limited English.

A review of current recruitment practices in Australia commissioned by the Australian Workplace Productivity Agency highlighted a shift towards advertising jobs through online job boards, and through company websites, as well as a prevalence of job vacancy aggregator sites (Jepsen, Knox-Haly & Townsend 2014). Social media is playing an increasing role in the advertisement—and sharing—of employment opportunities. These developments may exclude groups of jobseekers with low levels of digital literacy or without access to the Internet, including older workers, Aboriginal and Torres Strait Islander people, those from NESB backgrounds and those from rural and regional locations (Jepsen, Knox-Haly & Townsend 2014; Lindsay 2005).

Mitigating perceived employment risks

Research with employers indicates that their key concern when recruiting new employees is to get the 'best' candidate at a low cost—particularly for low-skilled, entry-level jobs (Bellis, Sigala & Dewson 2011). Screening by recruitment agencies before the candidate is presented to an employer is supposed to reduce risk.

A 'try and hire' approach is seen by employers as a risk mitigation strategy, resulting in a 'double selection' process, with the agency hiring the worker and the host employer then testing the worker in the job to be filled (Bonoli & Hinrichs 2010). In addition, in the mainstream labour hire environment, risk is passed on to the labour hire agency, which, in response, may be even more risk-averse and draw on stereotypes to screen applicants (Bonoli & Hinrichs 2010). Such practices also ultimately transfer the risk to the jobseekers themselves in the form of insecure employment (Laplagne, Glover & Fry 2005, p. 2)

Some research shows that while most employers do not directly discriminate on the basis of a jobseeker's personal characteristics, they do attempt to mitigate risk by screening out candidates according to *perceived* motivation and soft skills, often based on stereotypes (Atkinson & Williams 2003; Handy & Davy 2007; Laufer & Winship 2004). This process has been described by economists as 'statistical discrimination' (Arrow 1998, p. 62) involving the 'unconscious bias' of individuals and/or implicit biases embedded in workplace cultures.

A study of recruitment for lower-skilled positions by Lindsay and colleagues (2003) indicates that employers place importance on candidates displaying what they perceive to be a 'positive attitude', 'motivation' and 'willingness to work' along with evidence of recent work experience, reliability, team work and literacy and numeracy skills. This creates further challenges for certain groups of jobseekers, when assessed for organisational 'fit' (Dick & Nadin 2006).

Certain groups of jobseekers experience employment discrimination. For example:

- The long-term unemployed are considered by some employers to be 'less likely to be effective and require more support than other candidates' (Lindsay, McCracken & McQuaid 2003, p. 197). Long-term unemployment may also be interpreted by employers as a signal that

jobseekers lack drive or a desire to work and are 'out of touch with the world of work' (Hasluck 2011, pp. v, 22).

- Older jobseekers face significant challenges in overcoming negative employer perceptions, and are often seen by employers as harder to train, less creative and having less interest in new technology than younger jobseekers (Gringart, Helmes & Speelman 2005; Handy & Davy 2007; Kluge & Krings 2008).

- Jobseekers from culturally and linguistically diverse (CALD) backgrounds are likely to be excluded by employers as a result of stereotypes about their abilities and motivations (Laufer & Winship 2004; Pager, Western & Bonikowski 2009). Jobseekers with accents have been found to be rated as less suitable for employment than non-accented applicants with the same qualifications (Hosoda, Nguyen & Stone-Romero 2012). An Australian research experiment using applications with different names but the same qualifications and CV to apply for jobs has also found that job applicants with names from ethnic minority groups were less successful in getting an interview (Booth, Leigh & Varganova 2012).

- Jobseekers with a disability are often excluded due to employer concerns regarding additional overheads and productivity deficits (Foster & Wass 2013; Timmons et al. 2010).

Furthermore, some research suggests that referral by a public employment office can be interpreted as a signal that the jobseeker may be an unsuitable candidate (Bonoli & Hinrichs 2010; Lindsay, McCracken & McQuaid 2003). Indeed, employers are reluctant to use government-funded employment services to recruit workers (ACCI 2013; Department of Education Employment and Workplace Relations 2012; Devins & Hogarth 2005; Laufer & Winship 2004). This effectively excludes long-term unemployed jobseekers, who are more likely to use government-funded employment services than a private recruitment agency (Lindsay 2003).

Understanding disadvantage in the labour market

While most unemployed people find work relatively quickly, some jobseekers are consistently excluded from the labour market, or cycle between insecure and temporary jobs, unemployment and income support reliance.

Disadvantaged, marginalised and excluded

A wide-ranging review of Australian literature by Bretherton (2011) identifies 15 groups that are 'predisposed' to labour market marginalisation, including:

- mature age workers

- young people

- people with disabilities

- Aboriginal and Torres Strait Islander people

- people with low education levels, particularly those without high school completion

- sole parents

- people with mental health concerns

- people from non–English speaking backgrounds

- those experiencing locational disadvantage

- women

- people with drug and alcohol issues

- ex-offenders (Bretherton 2011).

These groups are commonly called 'disadvantaged jobseekers'. While useful as shorthand, this term obscures the complexity and heterogeneity of those who are effectively excluded from work. It pins the disadvantage that is experienced firmly onto the individual, rather than highlighting the individual and structural aspects of disadvantage in the labour force. We use the term 'excluded workers' along with the term 'disadvantaged jobseeker' in this report to highlight the structural factors that act as barriers to employment.

Employment barriers

Disadvantage in the labour market is often understood in terms of 'barriers' which block access to employment. The focus tends to be on lack of job skills, and on individual or family circumstances.

A lack of employment-related skills can act as barriers. Relevant skills include:

- basic skills such as numeracy and literacy (Atkinson, 2003)

- 'soft' skills relating to attitude, team work and time management (Atkinson & Williams 2003; Bellis, Sigala & Dewson 2011)

- technical skills related specifically to a job role (Siegel & Kwass 1995).

Jobseekers may face different combinations of structural and individual factors that act as barriers to employment. For example, young jobseekers who have left school early may struggle due to a lack of entry-level jobs, poverty, homelessness, poor literacy and numeracy, complex health needs and family breakdown (Cull 2011). Refugees or newly arrived migrants may find it hard to secure employment due to limited English language skills, lack of recognition of their qualifications, and the effects of trauma and limited social networks (Mestan 2008).

Mainstream employment services for disadvantaged jobseekers

Government-funded employment services, such as Job Services Australia (JSA), typically focus on assisting jobseekers to overcome individual employment 'barriers' (Bretherton 2011; Devins et al. 2011; Theodore 2007). These services often aim to quickly engage jobseekers in employment through intensive job search assistance, pre-vocational training to improve basic and soft skills, and possibly work experience or work placements (Bloom et al. 2009; Loewen et al. 2005).

Services supporting jobseekers who are facing high levels of disadvantage often provide intensive personal support as well as referrals to other social services to address housing, health and family issues. For example, under the current JSA system, the most disadvantaged jobseekers are placed in Stream 4, which provides 'a range of services to address your vocational and non-vocational barriers, including providing or organising assessments, counselling or professional support, referral and advocacy and other support services' (Department of Employment 2014). Jobseekers may be encouraged to undertake vocational training, but the training is not necessarily based on

employers' demand for certain skills or on actual vacancies (Karmel, Mark & Nguyen 2009; Wren 2011).[1]

The current JSA system has not been effective in helping the most disadvantaged jobseekers into employment. Recent reports of the system's outcomes show that in March 2014 only 23 per cent of the Stream 4 jobseekers had achieved full or part-time employment, compared with 54.8 per cent of those assessed as least disadvantaged (Stream 1) (Department of Employment 2014b, Table 1.1, p. 4).

JSA providers have also struggled to engage with employers. A study by the Department of Education, Employment and Workplace Relations (2012, p. 16) found that only 7 per cent of surveyed employers engage with JSA providers to meet their workforce needs. This may be due to employers' perception of the risk of being provided with inappropriate candidates, as mentioned above.

The limitations of the mainstream employment services system have led to an increasing interest in shifting the focus from jobseekers to employers, and in 'demand-led' initiatives or 'employer engagement', which is the focus of this study.

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[1] It should be noted that the proposed tender beyond 2015 moves away from this focus on vocational training, in response to criticisms that the JSA system encouraged training churn or training for training's sake (Department of Employment 2014a, *Exposure draft of the purchasing arrangements for employment services 2015–2020*, Department of Employment, Canberra.).

3 The study

This research project sought to provide some preliminary insights into:

- the current types of employer engagement initiatives for disadvantaged jobseekers in Australia

- the motivations of employers that become involved

- the roles played by labour market intermediaries (LMIs)

- the benefits and risks for employers.

Research questions

This research was guided by the following questions:

- What are the motivations of employers that engage with not-for-profit LMIs to provide employment opportunities for jobseekers facing disadvantage?

- How do relationships between employers and LMIs develop, and what factors result in 'successful' relationships or present challenges?

- How can LMIs better understand and communicate with business regarding issues facing disadvantaged jobseekers?

- How do employers' human resources and recruitment practices and approaches provide pathways or obstacles to particular groups of jobseekers and what are the opportunities for 'mainstreaming' employment pathways for disadvantaged jobseekers beyond 'special programs'?

Method

To better understand the concept of employer engagement we undertook a wide-ranging scan of academic literature (sociology, social policy, labour economics, human resources, education and training, management, industrial relations, equal opportunity and diversity) and 'grey literature' (government, industry and community sector publications).

The study adopted a qualitative approach to explore how employer engagement is understood in practice, using semi-structured interviews of employers, LMIs and business and professional organisations. The interview design was informed by the literature review. Interviews ranged from one to two hours and were fully transcribed, coded thematically and analysed using qualitative data analysis software. The interview data was supplemented by publicly available information about the programs described.

Employers engaged in initiatives designed to provide opportunities for jobseekers facing disadvantage in the labour market were approached and invited to participate in an interview. Potential interviewees were identified through existing networks.

Sample

Between March and June 2014 we conducted 26 semi-structured interviews with employers (9 organisations, 10 interviewees), LMIs (5 organisations, 11 interviewees) and business or professional associations (3 organisations, 4 interviewees) and one consultant. Interviewees included senior managers, operation managers, and field level staff (see Table 3.1).

Table 3.1   Interviewees

Organisation type	Number	Interviewee role	Number
Employers	9	Senior manager	7
		Operations manager	3
Subtotal	*9*		*10*
LMI	5	Senior manager	5
		Operations manager	5
		Field worker	1
Sub-total	*5*		*11*
Business and professional organisations	4	Senior manager or executive	5
Total	**18**		**26**

The employers in this study include:

- two local government bodies

- a state government department

- a national government-owned entity (logistics)

- an international corporation (hospitality)

- a university

- three national corporations (banking, building and security sectors).

All of the LMIs included in this study were run by not-for-profit organisations. Two of them were also JSA providers, and two provided labour-hire services to employers.

Ethics

Ethics approval for this research was granted by the Brotherhood of St Laurence Research Ethics Committee. Participants were asked if they wished to remain anonymous in any reporting of the research findings. While many participants consented to the identification of their organisation, some preferred to remain anonymous. To protect the confidentiality of interviewees, we have chosen to de-identify all individuals and organisations.

Limitations

Given the lack of clarity in the research literature regarding employer engagement approaches and the limited information about the scope and role of these programs in Australia, this study was intended to be exploratory, rather than representative. The study relies on a small sample of organisations, mostly based in Melbourne. The recruitment method which relied on existing networks means that the findings are not necessarily representative of all approaches adopted by employers.

This study provides initial insights into the range of programs and the issues facing employers and intermediaries. Further research is required to comprehensively map the scope, types of approaches and outcomes achieved by programs involving employers in assisting disadvantaged jobseekers.

4 Understanding 'employer engagement'

There is 'no single agreed definition of what "employer engagement" means or what it involves' (Cooper, Mackinnon & Garside 2008, p. i). To add to the confusion, policy makers and practitioners often use the descriptors 'employer engagement' and 'demand-led' interchangeably when describing programs involving employers in assisting excluded workers.

Definitions

The academic and grey literature concerning employer engagement and demand-led programs covers an expansive array of activities and partnership configurations between labour market intermediaries (LMIs) and employers.

Employer engagement

In the literature reviewed, employer engagement includes a range of approaches such as:

- training and skill development (see for example, Stone & Braidford 2008; UK Commission for Employment and Skills 2013)

- work experience and work placements (see for example, Loewen et al. 2005; McBride & Mustchin 2013; Patrick et al. 2008)

- adjustments to and support for jobseekers during recruitment processes, to minimise risk for employers (see for example, Ingold & Stuart 2013)

- cultural awareness and familiarisation programs (see for example, Karmel et al. 2014; Pitts 2006).

Some definitions of employer engagement are so broad as to be almost meaningless. For example, Cooper and co-authors (2008, p. ii) define employer engagement as

> any form of contact between any organisation and an employer, that attempts to effect a change in the knowledge, understanding or behaviour of either, or of a third party, for some purpose related to the wider public benefit.

Such definitions underscore the importance of specifying the kind of employer engagement that is being undertaken.

Demand-led

'Demand-led' programs primarily respond to the drivers and motivations of employers, as opposed to the needs of and barriers faced by jobseekers. These demand-side factors include job vacancies, skill requirements, and other workforce or industry needs (ACOSS, Business Council of Australia & ACTU 2012). Thus Fletcher (2004, p. 115) writes that demand-led programs 'locate employers that have a demand for new employees and then train the unemployed specifically for the available openings'. Similarly, consultant Toni Wren (2011, p. 1) defines a demand-led approach as one that 'starts with the needs of employers and works backwards and involves them in the design and delivery of the training (more work experience, on the job training, offers of jobs at the end)'.

Labour market intermediaries

Just as the term 'employer engagement' and demand-led may describe a range of approaches, there are various types of labour market intermediaries—organisations or individuals that 'broker the

relationship between workers and employers' (Benner 2003, pp. 623–5). Benner identified the following types of LMIs:

- private sector intermediaries such as temporary labour hire agencies, consultant brokerage firms, web-based job sites

- membership-based intermediaries

- public sector intermediaries such as workforce development services; vocational training, including 'second chance' training for adults; and intermediaries such as 'community and non-profit organizations that engage in job training and placement activities' (Benner 2003, p. 625).

This study focuses on not-for-profit labour market intermediaries.

Continuum of employer engagement approaches

Much of the available literature focuses on the process steps and components of 'employer engagement' or 'demand-led' programs. While useful for program design, such descriptions have limited explanatory power.

We have devised a diagram (Figure 4.1) to synthesise the range of approaches to employer engagement and illustrate how they fit together. The figure shows the continuum from both the employers' perspective and the LMIs' perspective. It also details the types of programs and services that fit along the continuum. Below we describe the features of different approaches along the continuum, focusing on their different types, goals, motivations, and the nature of assistance to jobseekers.

Figure 4.1   Continuum of employer engagement approaches
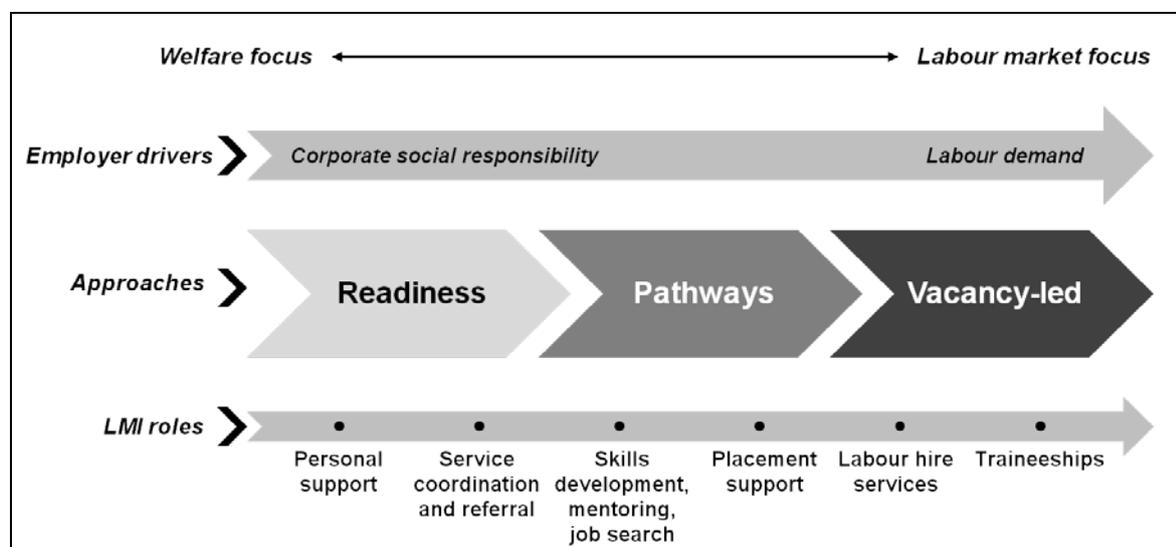
Welfare approaches and labour market interventions

The continuum embraces approaches that range from preparing jobseekers for employment to linking jobseekers with existing vacancies. We characterise one end of the continuum as welfare oriented and the other as labour market oriented. We identify three broad categories of employer engagement program:

- **Readiness programs** seek to address the personal needs of highly disadvantaged jobseekers through a mix of supply-side service provision with limited workplace exposure. These programs link with the social and philanthropic agendas of employers.

- **Pathways programs** seek to develop candidates' job 'readiness' through skills development, mentoring, job search and work placement programs, and connect with employer corporate social responsibility (CSR) and diversity agendas.

- **Vacancy-led approaches** are designed to provide suitably qualified candidates who would otherwise be excluded from employment with job opportunities. These approaches address employers' labour needs, and may also address their diversity agendas.

Readiness models

Goal of programs

The objective of **readiness models** is to work with highly disadvantaged jobseekers to help them prepare for future employment. Such approaches are generally at the 'welfare' end of the continuum. These programs do not aim to secure jobs for individuals in the short term, although employment is generally the long-term goal.

The target groups are usually among the most marginalised in the labour market. They are thought to require a higher degree of individualised, intensive personal support and service coordination. Readiness models are typically resource-intensive, involving significant cost or in-kind outlays from LMIs and/or employers to prepare the jobseeker; they are rarely based on an employment pathway or actual vacancy. In their review of employment interventions in Canada, Loewen and colleagues (2005, p. 27) describe these programs as part of a 'traditional community development' approach that delivers an array of needed resources to disadvantaged people, including services such as childcare or financial assistance for housing.

Employer motivation for participating in readiness programs

Employers who participate in readiness programs are primarily driven by corporate or personal values or motivated by social or philanthropic objectives. Participation can be structured around internal workplace giving or philanthropic programs, and involve staff time in activities such as mentoring, cultural education, workplace orientation or volunteering.

It has been suggested that using the term 'employer' is misleading in such programs, as businesses do not actually employ the participants, and are most likely engaging them on a voluntary basis (Cooper, Mackinnon & Garside 2008). Nevertheless, LMIs do seek to engage employers in readiness programs in order to provide real work experience for the jobseeker.

Nature of assistance

Readiness programs make a more intensive *per capita* investment in jobseekers, due to the high levels of disadvantage and labour market marginalisation of the target groups. Assistance to jobseekers is typically through facilitating access to services such as childcare, transportation assistance, counselling and other support. These programs tend to be funded from government or philanthropic sources.

Pathways programs

Goal of programs

Pathways programs aim to build individuals' skills, knowledge and capacity to adjust to the mainstream workforce. Accordingly, they are premised on the current labour market and employer requirements, and involve a 'reshaping and development of labour'—through tools such as vocational education and training (VET)—in order to meet this demand (Bretherton 2011). These programs focus on creating or improving a *pathway* to future employment for individuals who have been unsuccessful in seeking employment.

Pathways programs are different from readiness programs, as they often have specific selection criteria, which are likely to exclude the most disadvantaged jobseekers (Giloth 2000; Gore 2005; Loewen et al. 2005). While they may not always lead directly to long-term employment, pathways programs represent a form of labour market intervention. Their primary goal is to assist jobseekers towards future employment.

In their review of UK programs, Cooper, Mackinnon and& Garside (2008, p. 16) argue that most of the guidance on employer engagement focuses on 'improving the relevance of the product or service to suit the particular needs of individual companies'—in other words, 'improving' labour supply to meet employers' current or future needs.

Employer motivation for participating in pathways programs

For employers, pathways programs combine a focus on meeting corporate social responsibility objectives with filling actual and created vacancies (often through traineeships).

Employers may derive benefits from being seen to do good or be good, enhancing their brand reputation (Working Links 2012). Also, employers increasingly recognise that having a workforce that reflects the diversity of their customers can provide significant benefits (ACCI 2012; Gonzalez 2013). For example, a diverse workforce is thought to provide a 'source of valuable insights and expertise' that can be 'drawn upon to provide competitive advantages' (Watts & Trlin 2001, p. 96). The benefits of employing disadvantaged jobseekers can also include enhanced loyalty from those employees (Hasluck 2011; Working Links 2012).

Nature of assistance

Pathways programs involve identifying and developing an employment pathway for the jobseeker. Skills development, mentoring, job search and placement support constitute typical activities in such programs. In Australia, the role of intermediaries has been described as 'strategically important' for transferring labour market knowledge and information, providing support services, and tailoring training to employers' needs (Bretherton 2011, p. 16).

Vacancy-led approaches

Goal of programs

Vacancy-led approaches are designed to fill employers' vacancies or address their skills and workforce requirements by matching excluded jobseekers to existing jobs. In these programs the primary objective of LMIs is to identify suitable candidates or to develop the requisite skills, knowledge and adaptability of excluded jobseekers to meet mainstream labour market and workplace expectations. Approaches based on actual job vacancies provide an additional

recruitment channel for good candidates who would otherwise be excluded or screened out by mainstream recruitment practices.

Employer motivation for participating in vacancy-led approaches

Employers are motivated by the direct business benefits of vacancy-led approaches. They structure their recruitment practices to limit the costs and potential risks of taking on disadvantaged jobseekers.

Direct business benefits of vacancy-led approaches may include reduced recruitment costs, reduced staff turnover, increased productivity, a solution for skills shortages and access to public funding (ACCI 2012; Hasluck 2011; Wren 2013). In one survey, nearly half of the employer respondents stated that they were addressing a specific business issue such as a labour shortfall when engaging in an employer engagement project (Cooper, Mackinnon & Garside 2008). In another study, employers cited business benefits including 'a more reliable workforce' (51 per cent) and 'improved employee retention' (44 per cent) (Working Links 2012, p. 9). Other research regarding increased workforce diversity has found that direct business benefits include improved sales revenue, increased profits and an increased customer base (Herring 2009).

Nature of assistance

In vacancy-led employer engagement programs, LMIs find or develop workers who 'fit' existing jobs rather than adjusting workplaces to employ a broader range of candidates. LMIs find and equip jobseekers to meet employers' needs, with minimal risk to the employer. As the candidates are considered to be close to 'job ready', efforts are focused on addressing demand-side issues of bias and discrimination in the workplace. Vacancy-led programs are most closely linked to the concept of 'demand-led' employer engagement.

Employer engagement programs in this study

The interviewees referred to a variety of programs; however, most of the programs discussed were readiness or pathways programs, rather than vacancy-led.

Common features of employer engagement approaches in this study

Features that were shared by many of the programs include:

- small scale

- short-term work placement and work experience

- labour hire arrangements

- mentoring, pre-employment and/or on the job

- targeted traineeships

Small scale

The programs were mostly very small scale. With the exception of two national employers, most programs in this study had 12 or fewer candidates at any one time. The smallest programs had 1 to 5, usually under the supervision of a single manager or workplace mentor. All were regarded as special programs by employers and did not involve significant changes to company policies or practices.

One large national employer referred to their program, with five participants, as a 'nice thing to do', and expressed the view that their program was unlikely to develop into a larger scale program:

> If that number was up to around 100, 200, my goodness then, there's the business case for
> it. But because we've never been able to convert that to that number, I think it's more a—
> don't know if this is politically correct—but it's a nice thing to do.

The two national employers that had been able to achieve greater scale had multiple sites across Australia. However, finding LMIs that could support large numbers of candidates across a large geographic area was a challenge.

Time-limited work placements

The employment programs described by participants in this study were predominantly designed around short-term placements which would provide experience, exposure to workplace culture, networks and on-the-job skills acquisition, rather than direct recruitment or a guarantee of ongoing employment. These approaches focus on readiness and pathways rather than vacancies, and utilise mainstream employers as hosts. Some programs offer ongoing work for some candidates ('try before you buy'). The duration of placements typically ranged from 3 to 12 months, depending on the nature of the work and the resources of the employer.

For employers, work placements provide the opportunity to get to know potential employees and see how they work in a 'real work' environment. This process enables employers to mitigate any perceived risks and gives the candidate an opportunity to prove themselves in a way that mainstream recruitment processes do not offer.

The program run by the national hotel group is an example of this type of approach. In their program for jobseekers with refugee backgrounds, candidates can move from a direct placement into an entry-level vacancy such as food and beverage attendant, kitchen steward or housekeeping attendant. This opportunity is contingent on successful completion of the supported placement, which effectively acts as a trial period.

Social purpose labour hire arrangements

In a number of cases, the LMI not only provided recruitment and support, but also acted as the legal employer, with the employer providing the placement as a 'host employer'. This arrangement allowed the employer to avoid perceived risks in terms of recruitment in the short term, and to bypass internal policies—such as hiring freezes—that might prevent them from taking on particular employees.

The rationale for such labour hire arrangements, like the time-limited work placements above, was that candidates gained on-the-job experience, training and familiarisation with a potential employer. While they were not guaranteed an ongoing position after the contract, candidates were usually invited to apply for work with the host organisation, or acquired references and experience that they could use when applying for work in the open labour market.

An example of a labour hire approach was a program operated by an inner city council in their maintenance and operations area. The council had a number of current and forecast vacancies due to staff retirements, as well as problems with a contractor that provided street cleaning, litter collection and graffiti-removal services. The existing contract was close to expiry and council staff saw an opportunity to respond creatively, and sought the input of a local community organisation that had been working with public housing tenants to provide employment opportunities. The outcome was that part of the new contract for street cleaning was awarded to the LMI, which would provide workers from refugee and public housing backgrounds on a labour hire basis. This provided a cost

saving to the council, while building its workforce diversity, enabling it to meet its social inclusion aims and creating traineeships and pathways for further employment for some candidates.

Like many of the time-limited work placements, the labour hire model represents a 'low risk' option for employers; however, it remains unclear how often this approach leads to more secure jobs in the longer term.

Mentoring is a key component

Pre-employment mentoring

Pre-employment mentoring programs can assist jobseekers in the general development of their skills and interests *before* they apply for available roles. For example, one employer described a mentoring program for young refugees provided in partnership with a not-for-profit intermediary. This program, managed within the organisation's diversity and inclusion framework, does not offer immediate employment, but takes a longer term view, recognising the risk of *future* labour market disadvantage. It aims to increase education, training and employment options for these young people within 15 months of arriving in Australia. Existing employees allocate time over the course of one year to mentor young people, providing support and focusing on career and education issues: Australian workplace culture, career options and pathways, exposure to the world of work and social and business networks. Casual jobs are available to the young people and some have moved into longer term employment after completing their education. This approach appears to have little to do with labour demand; however an interviewee from an employer representative organisation suggested that while such programs are set up to meet corporate social responsibility aims, they also provide alternative sources of 'talent'.

On-the-job mentoring

Mentoring by existing staff members featured in many of the employer engagement programs described by participants. According to interviewees, mentoring by supervisors or colleagues provided additional on-the-job support for candidates and assisted their inclusion in the workforce. These roles also allowed the mentors themselves to develop skills which their substantive role might not offer. The mentor role could also meet professional development objectives for workplace supervisors or managers. While interviewees recognised that mentoring, both formal and informal, was an added cost, in terms of staff hours, the benefits for both the candidate and employer were often considered to outweigh the cost.

Targeted traineeships

Several employer organisations participating in this study had utilised traineeships to organise their employment programs. Traineeships are more structured work placements that combine paid employment, on-the-job training, and formal (usually off-the-job) training that lead to a recognised qualification. Typically trainees are employed by an intermediary organisation (such as a group training organisation or an Australian Apprenticeships Centre) which organises recruitment, pay and off-the-job training by a registered training organisation (RTO). The host employer provides on-the-job training and experience.

These approaches resemble mainstream apprenticeships or traineeships, but are utilised by employers in a targeted way to provide employment pathways, work experience and training to particular groups of jobseekers facing disadvantage in the labour market.

One employer, from a university maintenance division, had taken on five candidates using a traineeship model in partnership with a LMI. While the university's involvement was driven primarily by its social inclusion agenda, the traineeship model itself had other benefits for the employer, according to the interviewee. The traineeship model enabled the employer to source external candidates that would otherwise not have been eligible under standard recruitment processes. There were also lower costs associated with the appointment of trainees than with mainstream appointments. In return, although employed on trainee wages, the candidates received ongoing support, work experience, networks and a Certificate III in administration. They were also able and supported to apply for internal positions across the university as these arose at the end of the traineeship.

This traineeship approach is most suitable for jobseekers without qualifications. As one LMI operations manager explained:

> When I started, [traineeships and apprenticeships] were the main area the [name of LMI] was focusing on. A lot of people that came to us had no formal qualifications. So it was a great way of them getting formal qualifications, being supported, earning money and they had something to put on their resume. But then over the years, that climate has changed, a lot of people are coming to us with multiple qualifications, they don't want another traineeship.

Even if jobseekers do want to commence a traineeship, they may be ineligible for a subsidy due to their existing qualifications. Under the Victorian Training Guarantee, subsidised training is not available to candidates with an existing qualification at the same or higher level. For example, jobseekers with a Certificate III cannot receive funding for another Certificate III associated with a traineeship, even though their initial training might have been poor quality, in an area they were not interested in, or in a field where they could not find employment.

The continuum of approaches we developed provides some signposts that differentiate program components and suggests how they correspond to the actual drivers of employers. The drivers of employers and the nature of the relationship between employers and LMIs are discussed in more detail in the following chapters.

5 Drivers of employer engagement

The interviews provide insights into the motivations of employers who engage with not-for-profit LMIs to provide employment opportunities for jobseekers facing disadvantage. The drivers identified by interviewees are described below in order of their prevalence in the data.

Corporate social responsibility (CSR) and community values

A key driver for almost all of the employer engagement programs identified in this study was a commitment to meeting corporate social responsibility (CSR) and related objectives, such as social inclusion goals, or diversity targets. In most cases these drivers took precedence over labour demand issues. We consider CSR and community values to be most evident as drivers in readiness programs; however, they are important for employers in taking on disadvantaged jobseekers in almost any program type.

Six of the nine organisations represented in this study were not directly focused on filling existing vacancies, and had explicit social, philanthropic or community values. These were expressed in terms such as 'social employment', 'social inclusion', or 'giving back to community'. Large corporate employers tended to frame their motivations in terms of formal CSR policies and diversity targets. Their commitments were a part of articulated corporate strategies, with specific targets for units across the organisation.

Some of the employers articulated objectives of recruiting jobseekers from the area where the business is based. Local councils participating in the study were motivated by commitments to community and local economic development objectives, which included employing local jobseekers. For example, one manager from local government explained:

> We as a council have an interest and a desire to get local people into local jobs ... [because] if nothing else, they live locally, they're more likely to turn up for work rather than have to travel long distances and there is probably a commitment to the local environment and the local setting anyway. Having a new business start is a positive thing and if you're a local and you see that, you feel perhaps able to give a greater commitment.

Several employers identified target groups within their CSR strategies or social agendas, reflecting an organisational interest in particular forms of disadvantage. Target groups included refugees and recent migrants, Aboriginal and Torres Strait Islanders, mature age, people with disabilities, and young people.

Targeted programs included those associated with a Reconciliation Action Plan (RAP), designed to assist Aboriginal and Torres Strait Islander jobseekers. RAPs encourage businesses to document how they will contribute to reconciliation in Australia, and outline practical actions they will take to build strong relationships and enhance respect between Aboriginal and Torres Strait Islander peoples and other Australians (Reconciliation Australia 2014). One interviewee from an employer association emphasised RAPs as a 'really good tool,' a 'driver and a motivator' that 'involves CEO buy-in as well'.

Company and personal values

Within the CSR and community values of employers, interviews revealed the importance of expressed organisational or corporate 'values', as well as the personal commitment of individual staff.

A construction company included in this study listed one of its company values as 'community'. According to the interview with this employer, these values were driven 'from the top' in senior leadership, and relate to the 'history the company has in terms of assisting migrants and disadvantaged people from the early days of the company.'

Endorsement and active promotion of community values or CSR measures by leadership was considered by many participants to be a powerful driver. Some participants also identified social procurement requirements in government contracts as influencing employers' engagement with social programs, although there was also recognition that, like internal CSR targets, the requirements were often difficult to meet, and therefore also required genuine buy-in from across the organisation.

Interview findings suggest that individuals within employing organisations—particularly senior executives—can act as 'champions' for community programs and initiatives. Some programs for disadvantaged jobseekers were initiated by senior staff who approached LMIs to explore partnership opportunities. One employer described how he selected and made initial contact with an LMI:

> I read [a story of a refugee] I was really moved by it. Leading towards the end, he outlined some of his worst experiences in his life was in Melbourne, and some of the racism that he'd received and the difficulty in getting jobs, and he said [the LMI] had really helped him out, and having read that, I looked up [the LMI's] website and … made contact with [the LMI] from there.

The fact that most of programs in the study were primarily driven by the employers' community values or CSR policies, rather than business or labour force needs, led to these programs also having a 'special' status within organisations. This meant that programs for disadvantaged jobseekers became exceptions to, or operated completely separate from, mainstream recruitment and human resources practices.

Workforce diversity

Several employers interviewed in this study described their involvement in employer engagement programs as motivated by a desire to gain the benefits of a 'diverse' workforce and an inclusive workplace culture.

The interviewees described broad understandings of 'diversity'. One employer said that 'diversity to me means everything. That's everything from sexuality, to religion, to nationalities, to cultures. That's an important aspect of this organisation'. There was recognition in several interviews that disadvantages are associated with particular groups of jobseekers. Another employer described diversity simply as 'a good thing'.

A senior executive of a human resources organisation linked greater workforce diversity to a greater 'collective intelligence':

> The evidence is very clear that collective intelligence is often commensurate to the diversity of the group ... [When] you get a whole bunch of women in the room the collective intelligence will not be as good as having a balance of men and women, or equally those who see things in different ways because of their unique circumstances, be it gender, culture, or disability.

The managers of large national organisations explained that they pursued workforce diversity to respond to their client and customer needs. For one hospitality employer, it made business sense to offer jobs to more diverse candidates:

> I think being in the hospitality industry or in tourism we have such a diverse range of people that use our product and our service that we need to be able to relate to that as well as we can and the more diverse we can be in our workforce the better we can accommodate the diverse nature of clientele as well.

A manager from the financial services sector observed that 'you cannot underestimate the benefit of being able simply to have diverse cultures in that work area', and linked this to 'engaging better' with populations in branch locations. Some LMIs observed that diversity was not open-ended, but rather had to be considered in terms of acceptable levels of employment risk. For example, one LMI manager commented:

> At one point we had a go at having an arrangement with [a recruitment agency], for example … They had employers that were wanting more diverse candidates, but they wouldn't take any more guys because they want diversity, but **they want diversity which is just like us**. They don't want real diversity, if that makes sense. There's multiculturalism and there's multiculturalism. There's multicultural people who are just like you and me. (emphasis added)

The study raises questions about the limitations on 'diversity' as a business driver for employers who seek to engage disadvantaged jobseekers and about the role of LMIs in addressing risk concerns of employers. It also suggests that some forms of diversity may have more 'currency' with employers than others.

Labour demand?

Few of the programs and initiatives in this study could be considered *primarily* 'demand-led', that is, structured around job vacancies, skills requirements, or other workforce and industry needs.

Time-limited vacancies

The few programs that were vacancy-led typically offered short-term or seasonal roles with limited prospects for ongoing employment. One large public sector employer described a seasonal employment program 'which basically incorporates [our] busy peak period at Christmas time where [we] have a need for casual staff'. Another employer from the construction industry described their 'fluctuating', project-based workforce, and highlighted difficulties in 'committing long term' to disadvantaged candidates.

Even for employers that did focus on filling existing vacancies, the decision to employ disadvantaged jobseekers was usually driven by other factors such as social values. Pure labour demand was not a strong motivator.

One interviewee argued that while many businesses might 'need a hand with recruitment', labour demand typically needs to be combined with other drivers and benefits to offset the investment required in disadvantaged candidates. An LMI representative described the difficulty of pursuing 'labour demand':

> There aren't very many areas where there's actually a genuine labour demand. It's increasingly hard to find ... So, you know, people can look at the broad statistics and go,

> 'This is a huge growth area and there's enormous demand', you know, but it doesn't necessarily pan out that way when you get out there.

Alternative labour supply?

For some interviewees, disadvantaged jobseekers are an alternative labour supply. The need for entry-level workers at low cost and with minimal risk is a driver for these employers.

For example, a small business employer noted that their candidates were meeting specific labour needs for the business. In this case, the work was relatively low-paid and involved unsociable hours, which sometimes made it difficult to recruit and retain staff. The employer considered that refugee and migrant candidates recruited through an LMI were more committed to the job and willing to work under the employment conditions being offered:

> Obviously in our industry, we're 24 hours a day and the majority of work takes place in unsociable hours and weekends, so you'll find a candidate who might've been around for a while ... will attempt to dictate when and where they won't work, and they enter in to the process with a very, almost resistant attitude, and that really is a hindrance ... So we really look for someone who's going to not only have a working knowledge, but will want to work with us.

In another example, when a large employer took on trainees from disadvantaged backgrounds through a labour hire arrangement with an LMI, the manager reported that the trainees—employed in positions specially created for the program—were considered a valuable 'resource' in specifically created positions, at a fraction of the labour cost normally associated with similar positions. The interviewee observed that staff benefitted from working with trainees:

> I think from us we probably get more out of the trainee than they'd get out of us...it assists with [the staff members'] professional development in training and offering assistance and understanding that someone may have had a harder background than they had.

Part of the motivation for these employers is finding workers amenable to the conditions, and the fact that some of the benefits of employing jobseekers from diverse backgrounds can be attained at low cost. At the same time, the jobseekers get opportunities that would not be available through mainstream recruitment channels. A key question remains whether these short-term opportunities translate to longer term employment.

6 Engagement between employers and LMIs

This study investigated the nature of relationships between employers and LMIs, and the factors that facilitate 'successful' programs for disadvantaged jobseekers. This section is structured in response to the following research questions:

- How do relationships between employers and LMIs develop, and what factors result in 'successful' relationships or present challenges?

- How can LMIs better understand and communicate with business regarding issues facing disadvantaged jobseekers?

We first examine interview findings on relationship building, and then discuss the attributes of LMIs that assist in effective employer engagement. We conclude with an overview of the roles for LMIs identified by interviewees in this study.

Investing in relationships

LMI managers and employers generally agreed that engagement between their organisations involved an up-front investment of time dedicated to relationship building. This could vary from two or three weeks in the case of small employers and a limited number of jobseekers to several years in the case of a program with a large employer. From an LMI perspective this up-front investment is important 'so we know what they need, what they want, they're talking about and spend the time to getting to know the business'.

Employers observed that it may take a considerable time to get the program running optimally. Ongoing commitment to the partnership and open communication are important for both employers and LMIs. The manager from a university commented:

> I think that maybe a six-month partnership with [the LMI] probably was them understanding us, me understanding them. I think that just comes with building a relationship and a partnership and it is a true partnership. It is very much about consultation: we collaborate, we talk. It's very much about that and it's not me telling them or them telling me.

What employers want

Interviewees identified factors that were likely to assist the engagement process with employers. The factors most commonly mentioned by employers and business and professional associations were understanding employers' business needs, and coordination and communication at the appropriate organisational level.

Understanding the business
Most interviewees agreed that LMIs needed to understand employers' needs, drivers and constraints. However, there was some variation in how interviewees explained this business understanding and its translation into practice.

One LMI manager highlighted the importance of understanding employer needs, 'building a relationship with them, and getting to know what it is that they need'.

An interviewee from an employer association spoke about the services that employers want:

> ... employers want that bespoke [service], someone who understands their business needs, and is able to go out and help them recruit, help them organise pre-employment training if it's required, you know—just ... outsource, what they don't have the capability to do internally, and navigate the market for them as well, and source talent for them.

Yet another perspective on understanding the business was provided by a manager within an LMI (also a JSA provider), describing a complex balance of skills required of employment consultants:

> You need a different intelligence, you need an appreciation, and to grant the owner of the business the dignity of knowing how they run their business. [You need to] encourage or inspire them to believe that you have got enough wit to know and be able to judge the needs of that business and the type of worker that they would need in that business, and win them over, get the opportunity for the job seeker, having prepared the job seeker to the degree that they are not going to let you down and show up late and swear at a customer or whatever.

These interviewees emphasised understanding the employment needs of business and the LMI's ability to tailor services accordingly, while the interviewees from larger corporate employers emphasised coordination and strategic communication.

Strategic communication and engagement

Employers mentioned the importance of LMIs having a 'single point of contact' for the employer. Particularly for large employers, it was not feasible to communicate with a multiplicity of small agencies. Employers preferred to work with a coordinated service, as one national employer observed:

> I find a lot of providers work in certain geographic sectors so they don't have the reach or the spread to be able to service an organisation like ours. We need one point of contact; we can't be working with fifty people across the country.

From an employer perspective, having to deal with multiple LMIs (including for-profit and not-for-profit, as well as specialist agencies) made engagement more complicated.

Strategic and effective engagement between LMIs and employers was also seen by some interviewees as being challenged by different 'language' and organisational cultures. Engaging non-business organisations could be difficult, as a financial services manager suggested:

> It is a challenge from a corporate perspective ... Sometimes, they speak very different languages. Particularly where government's concerned. Sometimes we're—yes, Churchill said that Brits and Americans—two nations divided by a single language. It can get like that sometimes. Really, it's around understanding the different cultures at play, the different drivers at play.

According to the same employer, the small scale and different organisational culture of not-for-profit LMIs affected the consistency of their service delivery:

> You really have to, again, have patience, and also understand the nature of the organisations you're dealing with. You're not dealing with large corporates. You're dealing with smaller, not for profit organisations that don't have the sophistication in terms of systems, and that don't necessarily have, I guess, the outlook that a corporate would have in terms of how you manage to deliver and drive a consistent level of service. So consistency of service is always a challenge.

Interviewees from business and professional associations recommended not taking a reverse marketing approach to assisting individual disadvantaged jobseekers. Instead they favoured working with employers to develop a program of engagement that considers strategic opportunities, costs and risks.

LMI functions in employer-engaged programs

Several important functions for LMIs were identified in the programs discussed by interviewees:

- service coordination and jobseeker support

- cultural awareness and diversity training

- linking with government schemes

- candidate screening and selection

- managing jobseekers' expectations.

Service coordination and jobseeker support

Interviewees from LMIs highlighted their important role in providing, coordinating or referring jobseekers to non-vocational services. Jobseekers may need support with issues that are not directly related to employment. For example, one LMI manager described how the organisation had assisted a jobseeker who had experienced domestic violence:

> [The LMI field officer] is doing a phenomenal job. We're getting legal aid, we're getting support, finding out whether they want [to access counselling through] the employee assistance program. Because she's from a non–English speaking background [she] doesn't know what services are around, so we're keeping her in the job, but we're also trying to find a new home ...

In addition to this formal support, some employers described informal support that was provided in the workplace. For example, a manager in local government explained:

> One of my administration staff … has, by default, become—you might call them 'case managers'. Where [the candidates] have a letter to write to VicRoads or have particular questions, we provide that support. And she does a very good job of that. We've written to real estate agents, to VicRoads, we've written letters of approval or recommendations in case they want to be referees for family members back home [seeking to migrate].

Assisting supervisors in 'troubleshooting', and handling the practical transitions of jobseekers into the workplace was identified as another important role of LMIs in this study. Several employers referred to the ongoing, regular support they received from their LMI contacts in the management and supervision of candidates. A government employer described this:

> They [the LMI] get with it because they come on site a lot, and they've got very good follow-up. They also help even if it's not their own client, so that means that people can get advice of where they should go to make something happen.

Cultural awareness and diversity training

LMI interviewees also identified the provision of training and support for employers as a key function. Staff of LMIs involved in supporting culturally diverse jobseekers, such as those from migrant and refugee or Aboriginal and Torres Strait Islander backgrounds, spoke about the importance of cultural awareness training for employers.

For example, one LMI provides a cultural awareness program for the staff of a large national employer. The program is designed to overcome, or mitigate, demand-side employment barriers for jobseekers relating to workplace acculturation and bias. An LMI representative indicated that candidates whose supervisors had been through this training experienced better outcomes than those whose supervisors had not.

Linking with government schemes

Interviewees from business and professional associations highlighted the important role of LMIs in navigating government programs and policies, given the complexity of policy frameworks and the training sector. This role includes identifying sources of funding that might support candidates or the employer engagement program as a whole.

One LMI with a focus on boosting Aboriginal and Torres Strait Islander employment provided an example of creating links between employers and government schemes. This LMI utilises the services of government-funded Vocational Training and Employment Centres to prepare Aboriginal and Torres Strait Islander candidates for employment.

Candidate screening and selection

Unlike supply-side employment programs that engage job seekers and attempt to find them employment, the programs described in this study effectively started with the employers' requirements—whether based on CSR, community values or workforce diversity. LMIs identified suitable' candidates for work placements, traineeships, mentoring or short-term employment from their client groups. The candidates required basic skills or attributes relevant to the program and employability qualities such as a desire to work, as well as belonging to the target cohort defined by corporate social responsibility requirements or diversity policy.

In effect, the LMIs conduct a pre-selection from the general pool of jobseekers facing disadvantage. One employer felt this led to a higher success rate:

> Working with [name of LMI] as an intermediary, they only provide us with candidates they think will be successful. So our failure rate would be significantly higher if we just approached the market, and advertised in the community. I think [name of LMI], they've got the trainee program occurring, they then take—I use the term 'cream of the crop'—and provide them to us for [further] screening and selection. So ultimately, our risk of failure, at this stage, we've lost three or four, but that was only due to wages issues.

Programs with targeted eligibility criteria provide an alternative pathway for those jobseekers who are excluded by recruitment processes in the open labour market.

A university employer described their traineeship recruitment process:

> I've got one trainee that's just finished up and another one finishing in May, so what I normally do is say to [LMI representative] 'We'd like to initiate another traineeship'. We double check that the position description is correct ... I'll say [to the LMI], 'Right you can start grading some suitable applicants and you guys can do the screening'. I'm not sure how to do that. But we've worked together long enough [for them] to know what type of people we're looking for. The position description helps. It tells a candidate that it's a frontline customer service/administration role and that we do heaps of on-the-job training ... The [LMI] will screen all the applicants and send me about five and I will organise and conduct formal interviews.

In this example, the LMI also provides coaching to the candidates, assisting with résumés and interview skills training.

For a hospitality employer, the LMI provided résumé support and English language training to potential candidates and prepared candidate profiles to help the employer to understand their backgrounds and interests. As the employer explained:

> [The LMI] did a really good job of putting together a bit of a candidate profile on each of the candidates they were putting forward and also helping them with their résumé and some English language training which really helped coming into the program ... It really helped us to be able to pick up a one-page profile on somebody and understand where are they from, how long have they been in Australia for, what sort of background did they have or work experience in their own country if any, what sort of academic certifications that they have and what their interests really are as well. We could then work out from that whether they would fit into any of those positions and then they would then roll into our 'job ready' program.

In this context, 'fit' refers to the candidate's previous skills and interests, the role available and the degree of support the candidate would require in the role.

A number of employers acknowledged that their programs were most appropriate for more 'job ready' candidates—that is, those requiring less support than jobseekers facing greater disadvantage. Nevertheless, all of the programs recognised that candidates might require more support and training than employees recruited through mainstream channels.

Managing jobseekers' expectations

LMIs described a variety of supports provided for candidates before, during and after placement. Interviewees identified the challenge of managing candidate expectations about employment prospects, and not providing 'guarantees'. This is particularly relevant where the employment program is structured as short-term contract work, or as work experience placements without ongoing employment options.

7 Conclusions

This preliminary study pointed to a variety of approaches that are broadly labelled 'employer engagement'. While they have some common features, they range from programs with a welfare focus to those that are more labour market focused. The data from a small sample of programs suggest that labour demand is a less important primary driver for most of the employers involved than other drivers such as corporate social responsibility. This has implications for the further development of LMIs and employer engagement programs.

Clarity is needed about the meaning of employer engagement

In our exploration of the terminology around 'employer engagement' and 'demand-led' programs we identified confusion about these concepts and their precise meaning in practice. 'Employer engagement' is used to describe almost any form of interaction between an LMI and an employer (not necessarily for the purposes of assisting excluded workers into jobs). While 'demand-led' implies that there are actual vacancies, the term does not necessarily capture the combination of drivers for employers or the roles for LMIs in supporting jobseekers.

Before we are able to assess the effectiveness of employer engagement strategies, it is important to be clear about the nature of 'employer-engaged approaches', the roles of employers and LMIs, and the support required for jobseekers. Our continuum of employer engagement approaches assists in distinguishing between readiness programs that address the personal needs of highly disadvantaged jobseekers, programs that seek to develop more pathways for 'job-ready' candidates through training and work experience, and those that directly address disadvantage in the labour market and are led by existing vacancies.

Labour market and recruitment trends exclude some groups of jobseekers

Employer-engaged approaches need to be understood in the context of broader labour market and economic trends. There are now serious issues of 'mismatch' between labour supply and demand in Australia, due in large part to changes in the structure of the economy. To mitigate employment risk and reduce recruitment costs, employers use screening and selection practices that effectively exclude some groups of jobseekers. While public employment services focus on fostering skill development and providing support to individual jobseekers, few employers now work with mainstream employment service providers—which means that disadvantaged jobseekers continue to be sidelined. Special programs of employer engagement are not of sufficient scale to cater for the pool of people at risk of exclusion.

Labour demand is not the primary driver of most programs

Increasingly, LMIs are seeking to engage with employers to understand their workforce needs and motivations for taking on excluded workers. Our study provides some insights into employers' motivations for engagement with LMIs, ranging from labour demand or an alternative labour supply for low-paid jobs to building workforce diversity, corporate social responsibility and social agendas.

Few of the employers we interviewed in this study were driven exclusively by labour demand, except where they needed more 'flexible' workers at lower cost. Where vacancies did exist for jobseekers facing disadvantage or employment barriers, they were typically part of 'special' (that

is. non-mainstream) programs created for the cohort, and driven by a combination of other needs. Almost all programs in this study were influenced by a need to build workforce diversity and/or meet an expressed social agenda or CSR objective.

As a motivation for employers to consider making jobs available to excluded workers, 'diversity' was a key theme in this study. The key benefit of building diversity for employers in this study was meeting customer needs and expectations. This is essentially a business driver and does not necessarily emerge from a social agenda—although it may have secondary social benefits.

In this study, there was considerable variety in the programs. Structured traineeships, mentoring programs, work experience or work placements, and short-term 'social purpose labour hire' arrangements were all identified. Some programs had employment opportunities for candidates at the conclusion of a short-term, intensive investment by the employer and LMI, while others did not feature any real job prospects. While many programs were small in scale and separate from mainstream recruitment practices, at least two national employers were able to offer many job and training opportunities through their multiple locations.

Roles for LMIs ranged from service coordination and support for jobseekers, through assistance for employers in candidate screening and selection, to provision or coordination of employer-focused training, as well as ongoing support in the form of 'troubleshooting' and cultural awareness programs for existing staff.

The variety of program types and roles in this study—even within a modest sample of employers and LMIs—demonstrates the diversity of experiences within the broad field of 'employer engagement'. In contrast to the focus in the literature, it was rare for interviewees to use terms like 'demand-led'; instead, they simply referred to employment programs as traineeships or work placements, for example.

Programs were typically designed to create a 'fit' between a particular employer and a cohort of jobseekers, but not at a macroeconomic, industry or labour market level. In most cases the programs had limited, achievable aims: that is, they were designed around intended benefits for both the employer and a cohort of jobseekers, which were largely realised. In our estimation, however, few of the programs in this study had potential for larger-scale adoption—although there is some evidence to suggest that approaches may be replicated as small-scale, 'special' programs in other locations.

Questions arising from the study

This study found that while the term 'demand-led' may be popular within the community sector when referring to employer engagement approaches, this does not reveal much about the practicalities or the steps to building partnerships with employers. The continuum of approaches presented in this paper provides some 'signposts' that differentiate possible program components and suggest how they correspond to the actual drivers of employers.

This study has provided some insight into the complexity of employer engagement approaches and raises the following research questions that require attention from all stakeholders:

- How can the successful experiences of employers and LMIs translate into positive, inclusive workplace approaches that can be implemented at a larger scale?

- How can training and employment pathways be made more relevant to employer and industry requirements?

- Would the wider adoption of special recruitment programs unintentionally reinforce discrimination by failing to challenge mainstream recruitment practices?

- To what extent do employers have a social obligation to provide employment opportunities for marginalised or excluded workers?

- How do these obligations differ across employer types, size, industries and labour conditions?

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