



Fair Cities:

Employer-led Efforts That Produce
Results for Ethnic Minorities

March 2004

Fair Cities:

Employer-led Efforts That Produce
Results for Ethnic Minorities

March 2004

Prepared by Jobs for the Future for the National Employment Panel

THE AIMS AND REMIT OF THE PANEL

The National Employment Panel is an employer-led body which provides independent advice to Ministers on the design, delivery and performance of the UK Government's labour market policies and programmes.

The Panel's aims are:

- to increase the opportunities for disadvantaged and unemployed people to gain productive employment and economic self-sufficiency;
- to recommend effective and innovative ways of ensuring that labour market programmes are responsive to the changing needs of the labour market.

Key responsibilities are to:

- monitor progress and provide well-informed, independent advice to the Chancellor and Secretary of State for Work and Pensions on policies and practical measures to enhance the performance of the welfare to work delivery system;
- engage business as a key partner in the design and delivery of effective welfare to work activities;
- recommend proposals for increasing sustainable employment and career development opportunities for disadvantaged and jobless people with special attention to securing equal outcomes for ethnic minorities;
- advise the Minister for Adult Skills on measures to increase the productivity, skill development and career progression of people moving from benefit into the workforce;
- serve as a catalyst for innovation and excellence in the welfare to work delivery system.

For further copies of this report, please contact:

NEP@dwp.gsi.gov.uk

National Employment Panel
Level 5A
Caxton House
6-12 Tothill Street
LONDON, SW1H 9NA

Or alternatively download the report at www.nationalemploymentpanel.org.uk.

NATIONAL EMPLOYMENT PANEL MEMBERSHIP

Sandy Leitch, Chair

Chief Executive
Zurich Financial Services (UKISA) Ltd

Lord Victor Adebowale CBE

Chief Executive
Turning Point

Sonita Alleyne OBE

Director
Somethin' Else

Jeremy Anderson

Chief Executive
Atos KPMG Consulting

Jonathan Austin

Managing Director
Best Companies Ltd

Chris Banks CBE - Deputy Chair

Chief Executive
Big Thoughts Ltd

Mike Beasley CBE

Chairman
CBI West Midlands

Karan Bilimoria

Chief Executive
Cobra Beer Ltd

John Clare

Group Chief Executive
Dixons Group plc

Keith Clarke

Chief Executive
W S Atkins plc

Hilary Cropper CBE

Executive Chairman
Xansa

Professor Sir Ron DeWitt

Chief Executive of North West London
Strategic Health Authority

Amelia Fawcett CBE - Deputy Chair

Vice Chairman
Morgan Stanley International Limited

Sir Roy Gardner

Chief Executive
Centrica

Kate Green

Director
National Council for One Parent Families

Mark Haysom

Chief Executive
Learning and Skills Council

William McGinnis OBE

Chairman
Sperrin Metal Products Ltd
Chair of the Northern Ireland Task Force

John Milligan

Non Executive Member Petroleum
Geo-Services
Chair of the Scottish Welfare to Work
Advisory Task Force

Dr Binna Kandola

Partner
Pearn Kandola

Frances O'Grady

Deputy General Secretary
Trades Union Congress (TUC)

Mark Thompson

Chief Executive
Channel 4 Television

Jeremy Walker

Chief Executive
North Yorkshire County Council

Jobs for the Future

Jobs for the Future believes that all young people should have a quality high school and postsecondary education, and that all adults should have the skills needed to hold jobs that pay enough to support a family. As a non-profit research, consulting, and advocacy organisation, JFF works to strengthen our society by creating educational and economic opportunity for those who need it most.

88 Broad Street, 8th Floor
Boston, Massachusetts
02110 USA

(617) 728-4446

www.jff.org

Foreword


Since the launch of New Deal in 1997, we have made great progress in extending employment opportunity more widely within our society. The Government's welfare-to-work programmes have made an important contribution to the steady fall in unemployment. Many long term unemployed people have had their lives transformed. Business too has benefited from this expansion of the workforce.

The gains from this progress have not been shared equally, however. Ethnic minority participants have fared less well on the New Deals than their white counterparts. While there are significant variations in labour market performance between ethnic minority groups, there is a 17 percentage point gap between the employment rate of ethnic minorities and that of the UK population, which has persisted for decades – a result of poor educational outcomes, the deprivation faced by many of the neighbourhoods in which ethnic minorities are concentrated, and discrimination. This inequality is unacceptable. Moreover, increasingly, ethnic minorities are an important pool of talent whose involvement in the labour market is crucial to the economic prosperity of many cities in the UK.

As an employer-led body, the National Employment Panel is particularly interested in how employers can provide leadership on this issue, and help to deliver real results for disadvantaged ethnic minorities. The case studies in this report provide a wide range of examples – from the UK and overseas – of how they have done just that. Our intention is that the report will stimulate and inform a discussion among local leaders from business, ethnic minority communities, the public sector and community-based organisations about the potential to make a strategic, sustained impact on this issue. Our initial aim is to see *Fair Cities* boards operating in three major UK cities by the end of 2004.

We are acutely aware that we are entering crowded territory. There are many partnerships currently in place with employment and skills objectives; many others have operated in the past. We believe, however, that *Fair Cities* has the potential to offer something unique – high level employer leadership and commitment, combined with an explicit focus on addressing the labour market disadvantage faced by ethnic minorities.

While we are realistic about the scale and complexity of the challenge that that disadvantage represents, I hope that this report and the hard work to follow will make a significant contribution to creating a labour market to which disadvantaged ethnic minority jobseekers have improved access, for which they are prepared and in which they can succeed.



Sandy Leitch
Chair
National Employment Panel

Employer-Led Efforts That Produce Results for Ethnic Minorities

Table of Contents

Executive Summary	4
I. Introduction	15
Purpose of this Report	15
Towards Promotion of Employer-Led, Market-Responsive Initiatives	16
Results for Ethnic Minorities Through Employer-led Initiatives	18
The Structure of the Report	20
Note to the Reader	21
II. Local Efforts to Improve Employment Outcomes for Ethnic Minorities: Lessons from Practice	23
Employer-Leadership and Strategic Direction	24
Local Infrastructure and Capacity to Mobilise and Support Employer-led Partnerships	29
Responsiveness to Employer Demand and Business Needs	32
<i>Target Industries with Significant Entry-Level Labour Needs</i>	32
<i>Link Workforce Development with Economic Development</i>	35
<i>Target Companies that Need to Respond to a Changing Customer Base</i>	36
<i>Target Employers with Strong Corporate-Social Responsibility</i>	37
Customised Services that Help Ethnic Minorities Succeed in Employment	38
<i>Customised Services for Individuals from Targeted Populations</i>	38
<i>Customised Services for Employers</i>	43
Commitment to Monitoring and Meeting Outcomes	47

III. Policy Implications	50
How Policymakers Can Encourage Better Practice	51
<i>Make Improved Labour Market Results for Ethnic Minorities a National Priority</i>	51
<i>Fund a Series of Competitive Demonstrations that Engage Employers in the Planning and Implementation of Local Workforce Initiatives</i>	52
<i>Encourage Flexibility in the Use of Funding at the local level</i>	53
<i>Take Advantage of Public Economic Development and Infrastructure Programmes</i>	54
<i>Promote Cultural Competence Training</i>	54
<i>Coordinate Goals, Priorities, Performance Measurement, and the Monitoring of Progress Across Agencies</i>	55
Pitfalls that Policymakers Should Avoid	56
<i>Promote Local Customisation, Not “One Size Fits All” Initiatives</i>	56
<i>Don’t Underestimate the Importance of Soft Skills</i>	57
<i>Approach targeting with care</i>	57

Executive Summary

INTRODUCTION

In March 2003, the Prime Minister's Strategy Unit published a report titled *Ethnic Minorities and the Labour Market*, which highlighted the severe labour market disadvantage faced by ethnic minority communities in the UK.

The labour market achievement of different ethnic minority groups varies widely, but on average, ethnic minorities experience higher unemployment, lower pay and fewer opportunities for progression than whites. Pakistanis, Bangladeshis, Black Africans and Black Caribbeans fare particularly badly. The national employment rate currently stands at 75% - for Black Africans it is 55%, for Pakistanis only 47%. These comparisons mask further variations by factors such as gender and age.

While ethnic minorities currently make up 8% of the UK population, half of the growth in the working-age population over the next five years will come from ethnic minority groups. Failure to address the employment barriers that they face will have severe economic and social costs.

The National Employment Panel (NEP) is exploring ways to engage employers in addressing this challenge, through the *Fair Cities* initiative. To inform *Fair Cities*, NEP asked Jobs for the Future to undertake an international study of employer-led initiatives that:

- Are led by, or have the substantial involvement of, a group of employers;
- Are local, designed to benefit a neighbourhood, city, or region;
- Are not single, isolated programmes, but rather part of broader efforts to create multiple programmes and change the ongoing relationships among local employers and other stakeholders;
- Involve strategic planning to identify existing and future labour market opportunities and to ensure local systems will produce and support qualified workers.
- Are committed to measuring progress and achieving clear outcomes for individuals and for employers; and
- Have resulted in increased access to, as well as retention and progression in, good jobs by disadvantaged and unemployed ethnic minorities.

The initiatives examined in the study are examples of ‘demand-led’ approaches – their design takes full account of local labour market demand and the recruitment and skill needs of employers. At the same time, they provide customised help for ethnic minority jobseekers to overcome the specific barriers they face, such as language skills and discrimination.

Most of the initiatives target individuals on the basis of their employment status, income, skill level and/or where they live, rather than on the basis of ethnicity. However, they have a disproportionate positive impact on disadvantaged ethnic minorities.

The focus of this report is understanding what it takes to organise, manage and sustain these kinds of employer-led initiatives. It summarises the key practical lessons from the international research, under the following five key design elements:

- Employer leadership and strategic direction
- Local capacity and infrastructure to mobilise and support employer-led partnerships
- Responsiveness to employer demand and business needs
- Customised services that help ethnic minorities succeed in employment
- Commitment to monitoring and meeting outcomes

The final section of the report identifies implications for policymakers who wish to promote and expand promising local initiatives.

Case studies of a wide range of initiatives from the UK, the United States, Canada, The Netherlands and Germany are presented in the appendices to this report. These case studies represent a substantial body of innovative ideas and good practice. Together with the analysis that is summarised below, they are intended to inform policy and to stimulate employer-led action in the UK.

NOTE TO THE READER

It is important to highlight the opportunities and limitations of cross national explorations of policy and practice. There is much to be learned about how practitioners and policymakers from different countries have dealt with challenges that are likely to be common. These challenges include establishing sustainable workforce development partnerships with employers and tackling the range of barriers that can lead to the disadvantage of minority groups in the labour market. However, the initiatives that are

highlighted in the Appendices to this report were developed in particular social, political and legal contexts making whole-cloth borrowing of any programme inappropriate. The good ideas and good practices in the case studies should be drawn on, but need to be adapted to be appropriate for the UK's legal, social and political context.

EMPLOYER LEADERSHIP AND STRATEGIC DIRECTION

Employers are a primary customer of local workforce initiatives – they need a steady supply of qualified workers, and have the jobs and training opportunities that jobseekers need.

Employers are important local partners for other reasons as well. They can have a key role in creating and sustaining the civic will needed to support strategic efforts. They can provide vital leadership in strategic planning both for the future well-being of the local economy, and of initiatives that will help disadvantaged workers to find jobs and advance their careers within that economy. The scale, impact and sustainability of initiatives depends on this serious engagement by business leaders.

The strategic role of employer leaders has several dimensions:

- Bringing together other employers and private and public sector partners in pursuit of common goals.
- Actively engaging in defining the strategic vision and priorities of the partnership.
- Clearly signalling the value of the partnership to policymakers, and advocating policy changes that make the initiative easier to launch and sustain.

Employers also have a crucial role to play in ensuring that employment initiatives meet the priority needs of local businesses and deliver strong results for participants. They can do this by:

- Identifying employer or industry recruitment and training needs.
- Offering job or training opportunities to participants in the initiative.
- Changing internal human resource practices in ways that help participants to succeed in the workplace and set an example for others.

Case study – Wisconsin Regional Training Partnership

Since its foundation in the early 1990s, the Wisconsin Regional Training Partnership has developed into a respected local leader in strategic workforce and economic development initiatives. Its board includes representatives from business, unions and community-based organisations.

See page 98 for details.

LOCAL INFRASTRUCTURE AND CAPACITY TO MOBILISE AND SUPPORT EMPLOYER-LED PARTNERSHIPS

Employer leadership does not mean, however, that the full weight of running a local initiative falls on employers – employers have many competing demands on their time and their main concern is the success of their businesses. For employers to participate in a significant way, they must feel that the initiative addresses pressing human resource needs faced by their organisations. Governance structures must give them a lead role in strategic decisions, without that role becoming onerous or diffuse. And the initiative must be managed by an adequately staffed organisation.

Nor is employer leadership sufficient to develop successful initiatives. Crucially, partnerships must involve key stakeholders from the voluntary and public sectors with complementary skills and resources, such as expertise in working with disadvantaged ethnic minority communities, or in drawing on different funding sources. The capacity to organise and maintain a broad based partnership is a key requirement of the staffed organisation, or ‘intermediary’, that coordinates the initiative. The intermediary must also be able to:

- Move effectively between private, public and voluntary sector cultures, and hire staff who can earn the trust of the full range of stakeholders.
- Understand both the supply and demand sides of the labour market, and the needs both of employers and disadvantaged jobseekers.
- Secure funding from a diverse range of public and private sources, and contract with providers for the right services.
- Collect, analyse and use labour market information, and data on the performance and cost-effectiveness of the initiative.

Effective intermediaries can make employer leadership sustained and strategic, rather than episodic and unfocused. They can support strong partnerships which are able to deliver a range of local programmes and have a real impact.

Case study – San Francisco Works

San Francisco Works was created by a consortium of influential business-led organisations, including the San Francisco Chamber of Commerce. These business leaders identified the need for a new entity, devoted solely to organising programmes that could connect low skilled jobseekers to decently paid jobs in high growth industries.

See page 86 for details.

RESPONSIVENESS TO EMPLOYER DEMAND AND BUSINESS NEEDS

To be sustained and achieve significant scale, initiatives that benefit ethnic minority groups must be driven by the economic realities faced by local companies. The research identified four related but distinct approaches to tapping employer demand.

- **Target industries with significant entry-level labour needs.** Industries and employers facing acute labour and skill shortages are more willing to explore recruiting from non-traditional labour pools, and can often be targeted on a sectoral basis. Targeting should focus on jobs that local ethnic minority jobseekers can fill, given pre-employment support. It is also important to target industries in which advancement from entry-level employment to a better job is feasible for disadvantaged participants.
- **Link workforce development initiatives to economic development efforts.** Major publicly financed or regulated infrastructure projects often generate substantial labour demand – both in construction and other permanent employment – and represent potential opportunities for ethnic minority communities. Both these infrastructure projects and public business financing initiatives can use agreements to formalise employment goals with due regard to legal constraints.
- **Take advantage of changing consumer bases.** As local demographics change, many companies – particularly retailers and other service businesses – are seeking to meet the needs of new customers with diverse languages, cultures, tastes and purchasing habits. These shifts can cause companies to change their recruitment strategies, targeting employees who can respond effectively to those needs.

- **Tap employers' sense of corporate social responsibility.** Extensive research in the US has shown that the strongest predictor of whether US employers will embrace human resource strategies that target low-income and ethnic minority individuals is a combination of a real need for new labour sources and a strong sense of corporate social responsibility. Appealing to that sense has enabled initiatives to overcome employer fears, entrenched employment practices and discrimination.

Case study – Bullring Jobs Team 2003

The Bullring Jobs Team 2003 was a direct response to the opening of the new Bullring shopping centre in the heart of Birmingham. Working with Bullring's retail employers, it is enabling ethnic minority jobseekers to access the 8,000 jobs that will eventually be created at the shopping centre.

See page 104 for details.

CUSTOMISED SERVICES THAT HELP ETHNIC MINORITIES SUCCEED IN EMPLOYMENT

For employer-led initiatives to succeed, programme design and delivery must be guided by local demographic patterns and economic conditions. On the side of the individual participants, a community with a high concentration of Bangladeshis may require different approaches from a neighbourhood with many Black Caribbeans. On the employer side, services must meet the needs of specific firms, clusters and sectors. For both, customisation is key.

For ethnic minority individuals

Disadvantaged ethnic minorities frequently face a range of barriers to success in the labour market. These include:

- Low levels of basic and workplace skills.
- Disproportionate concentration in communities with weak employment bases.
- Relatively weak social networks that open doors to employment.
- Employer discrimination.

The research identified three broad categories of services that enable initiatives to address the particular needs of ethnic minorities.

- **Recruitment and outreach.** This role is frequently played by community-based organisations with roots in local geography, ethnicity or faith. They bring an in-depth understanding of the target population and of the media and institutions through which they can be reached. Their local networks enable them effectively to identify, screen and recruit candidates for employment programmes.
- **Pre-employment skill training.** Effective pre-employment training actively involves employers in curriculum design and delivery, and reflects the realities of the world of work. At entry level, employers place a premium on basic literacy and numeracy skills – contextualised literacy training is particularly relevant to many immigrant groups. Job readiness skills such as punctuality, dependability and knowing how to deal with supervisors are key, and can be developed by simulating the workplace environment. Technical skills are also important to employers, especially for higher than entry level jobs.
- **Post-employment services.** For individuals who are unfamiliar with the workplace, post-placement support can make a substantial difference to their ability to stay in work and advance their careers. Examples include mentoring programmes, career management advisory services, and help with logistical challenges such as getting to work. In the US, some initiatives have begun to offer training in ‘cultural competence’ – the web of behaviours and attitudes that foster effective work in a cross-cultural environment.

Community-based organisations have a key role to play in the delivery of these services, but some do not have the capacity to deliver training and other services to the right quality or scale. Building the capacity of these local providers is another vital contribution that initiatives can make.

Case study – North London Stansted Partnership

The North London Stansted Partnership was established to enable disadvantaged jobseekers from Haringey to get and keep jobs at Stansted Airport. To do this, it provides participants with a comprehensive set of services, including work experience placements, travel subsidies and – once in work – a workforce learning centre and career mentors.

See page 112 for details.

For employers

The willingness of an employer to recruit from what for them may be non-traditional labour pools depends heavily on the severity of its labour shortages. It also depends, however, on the employer's perception of the risks associated with doing so. Those perceptions may be based on experience – for example, of poor job readiness skills among people with a weak employment history – or on ignorance and prejudice.

The research identified three broad categories of support to employers that help to address these issues:

- **Reducing real or perceived risk through alternatives to direct hiring.** A simple way of reducing real or perceived hiring risks is to enable employers to test new employees without taking on the obligation to keep them if the fit is not right. There are several ways of doing this, including training opportunities, internships and temp-to-perm arrangements. The aim of these efforts, however should be to secure full-time employment for clients.
- **Changing employer human resource practices.** Retaining and developing any employee is a challenge for employers. But employees with a lack of workplace experience, or from a diverse range of ethnic and cultural backgrounds, may be particularly poorly served by traditional HR practices. Successful initiatives have worked with employers to implement practices that can improve retention, advancement and productivity. Examples include clearer HR policies, training for supervisors and internal career pathways.
- **Cultural competence for employers.** To help employers manage a diverse workforce effectively – and to counter racial discrimination – some initiatives have delivered bespoke cultural competence training to supervisors and managers. This has covered skills such as conflict resolution, communication, team building and working with diverse groups of employees.

Case study – Augsburg Foreign Business Training Initiative

This initiative increases training and employment opportunities for young ethnic minority individuals by helping ethnic minority businesses to run formal apprenticeships. Employers are provided apprentice management training, and management consulting to improve the business processes in which apprentices are engaged.

See page 118 for details.

COMMITMENT TO MEASUREMENT AND OUTCOMES

What gets measured gets done. As part of their strategic effort, partnerships must set specific, measurable objectives and monitor their progress against them.

The case study initiatives use a range of different measures. Partnerships have typically set a target for the number of participants, and for the number entering work. Initiatives concerned with labour market advancement, measure retention and wage gains. Customer feedback is sought from both employers and individual participants. Crucially, initiatives concerned with outcomes for ethnic minorities track the progress of participants, disaggregated according to specific ethnic minority groups.

Where appropriate, tying payments to intermediaries and providers to achievement of agreed-upon goals can be a powerful tool for influencing behaviour.

Setting up and maintaining adequate management information systems has been a significant challenge for many initiatives – the complexity of this task should not be underestimated.

IMPLICATIONS FOR POLICYMAKERS

In communities where ethnic minority groups face severe barriers to participating in the mainstream labour market, employer-led strategies of the kind described in this report have real power. They have only begun to emerge recently, however, and some remain at relatively small scale. For policymakers who wish to promote the development and expansion of employer-led initiatives that deliver results for ethnic minorities, the case study research has several important implications.

- **Make improved labour market results for ethnic minorities a national priority.** That commitment should be framed in terms of the centrality of employer involvement, and of the need for local capacity to deliver quality programmes.
- **Fund competitive demonstration projects that engage employers in planning and implementing local initiatives.** These projects should encourage variation in local approach, and should be studied carefully to learn lessons for future policy. They should involve strategic planning, demonstrate a commitment to outcomes and illustrate sufficient local capacity to build and support a partnership.
- **Promote flexibility in the use of funding at the local level.** Policymakers should try to make it easier for local partnerships to combine resources in flexible and innovative ways.

- **Take advantage of public economic development and infrastructure programmes to create demand for labour.** This should include setting standards and goals for employment outcomes from these major investments, with due consideration to the UK's legal framework.
- **Promote cultural competence training in workplaces and on workforce programmes.** Public agencies should consider its incorporation into some of the programmes they fund and deliver.
- **Coordinate goals, priorities and performance measurement across agencies.** Cross-agency goals for improving the labour market performance of ethnic minorities should be set at a national level, and local initiatives given discretion to set their own goals within that framework.
- **Promote local customisation, not 'one size fits all' initiatives.** Effective workforce programmes must be responsive to the particular opportunities offered by local labour markets.
- **Don't underestimate the importance of soft skills.** Demonstrating soft skills and an understanding of workplace culture and expectations is the first hurdle for many members of ethnic minority groups.
- **Approach targeting carefully.** In some instances, targeting individuals with low incomes, low skills or living in areas with high concentrations of disadvantaged ethnic minorities – rather than directly targeting by ethnicity – is a better approach. In other instances, such as positive action training, targeting particular groups can be useful.

I. Introduction

The Purpose of this Report

This report has been prepared at the request of the National Employment Panel (NEP), an employer-led body that provides independent advice to Ministers on the design, delivery and performance of the UK's welfare-to-work policies and programmes. The US-based organisation, Jobs for the Future, prepared this report to inform *Fair Cities*, an initiative being undertaken by the NEP to increase employment outcomes for disadvantaged ethnic minorities through employer action.¹

The need for greater focus on improving labour market outcomes for disadvantaged ethnic minorities in the UK is clear. A 17 percentage point difference in employment rates between ethnic minorities and the population as a whole has persisted for several decades. While ethnic minorities currently make up 8 percent of the UK population, half the growth in the working-age population between now and 2009 will be from ethnic minority groups. In part, this is because the baby boom generation is retiring and the number of minority residents entering the labour force is growing.

There are wide variations in the labour market achievements of different ethnic minority groups. For example, on average, Indians and Chinese often outperform other ethnic minority groups —Pakistanis, Bangladeshis, and Black Caribbeans— in the labour market. Statistical analysis suggests that all ethnic minorities, including more successful groups, however, should be doing better in terms of employment, earnings, and opportunities for advancement. Given the growing importance of ethnic minorities in the UK labour market, failure to address their labour market problems could have serious economic and social costs.

The Department for Work and Pensions has attributed ethnic minorities' labour market disadvantage to three factors: human capital disparities across ethnic groups; geographic concentration of ethnic minorities in disadvantaged areas; and the combination of employment discrimination and cultural barriers to full labour market integration.

The Government has targeted these disparities in recent years with initiatives focused on skill development, improved public agency performance, interagency collaboration, and regeneration schemes for disadvantaged neighbourhoods. Yet there is broad recognition that more needs to be done. Different departments are considering and acting upon different pieces of this complicated, but critically important challenge.

For its part, the National Employment Panel is exploring ways to increase employer involvement in the design and delivery of programmes to improve employment outcomes for disadvantaged ethnic minority communities. The *Fair Cities* initiative is the cornerstone of this effort.

To inform *Fair Cities*, the NEP asked Jobs for the Future (JFF) to undertake research to identify successful examples of local employer-led initiatives that have increased the labour market participation, retention, and progression of ethnic minorities, particularly minorities with limited employment experience and skills. JFF was asked to produce case studies of innovative local and regional efforts in the United States, Canada, the UK and Europe that:

- Are led by, or have the substantial involvement of, a group of employers;
- Are local, designed to benefit a neighbourhood, city, or region;
- Are not single, isolated programmes, but rather part of broader efforts to create multiple programmes and change the ongoing relationships among local employers and other stakeholders;
- Involve strategic planning to identify existing and future labour market opportunities and to ensure local systems will produce and support qualified workers.
- Are committed to measuring progress and achieving clear outcomes for individuals and for employers; and
- Have resulted in increased access to, as well as retention and progression in, good jobs by disadvantaged and unemployed ethnic minorities.

This report summarises the lessons from this research for both local programmes and national policy. It is intended not only to inform policy, but also to stimulate employer-led action.

Towards Promotion of Employer-led, Market-Responsive Initiatives

In the past decade, a number of factors have led policymakers and practitioners in both North America and Europe to consider employment and workforce development strategies that are more responsive to the needs of business and the dynamics of local labour markets. Several are described below.

Economic Growth and Tight Labour Markets: During the 1990s, economic growth was strong and long lasting in most countries, creating new challenges and opportunities in the labour market. Employers in some areas and industries experienced real obstacles to meeting their labour and skill needs from their traditional labour pools. This made them open to new approaches to meeting skill needs, including new partnerships at the local level and recruitment from groups outside their traditional hiring pool.

In response, practitioners found ways to develop local programmes that tapped into employer need. They were responsive to and flexible in adjusting to business expectations. They took advantage of local conditions to promote economic and social goals at the same time. Such conditions created the opportunity for social inclusion policies to win new support.

Changes in Welfare and Workforce Policy: In the United States and, shortly afterwards, in the United Kingdom, the economic trends of the 1990s coincided with a dramatic shift in welfare policy to promote work rather than benefits. This policy shift was a catalyst for many of the innovative initiatives that have put business needs at the centre of workforce policy. Moreover, the increased attention to work as central to sound social policy reinforced the basic, though often forgotten, principal that labour market outcomes are ultimately determined at the workplace.

Success of Demand-led Approaches: Equally important, during the last decade, “demand-led” approaches have demonstrated both promise and success in helping low-income, unemployed, and underemployed individuals to enter and advance in the labour market. This promise and success is illustrated in the case studies of this report (see Appendices).

The Future is Now: The experience of welfare and employment policy and programmes in the United States, the United Kingdom, and other nations during the 1990s pointed the way to a different paradigm for efforts to help disadvantaged jobseekers and ethnic minorities to get, keep and advance in work. A vision emerged of a “demand-led” workforce system—one that starts from the needs of employers and takes advantage of labour market demand in the design and targeting of skill development and employment programmes. It is evident at the national level in the United Kingdom. For example:

- The Performance and Innovation Unit’s 2001 report, *In Demand: Adult Skills in the 21st Century* argues passionately for a “demand-led” workforce system that—to spur productivity, growth, and social inclusion—focuses on strategies to respond to and increase the demand for skills among both employers and individuals.
- The Government’s recent Skills Strategy, *21st Century Skills Realising Our Potential*, is guided by the same vision. As the Skills Strategy puts it: “We must put employers’ needs for skills centre stage, managing the supply of training, skills and qualifications so that it responds directly to those needs.”²
- Responding to employers is a key cross-cutting theme of the *Success for All* strategy. Along with the Skills Strategy, it sets out clear expectations of the way colleges and other providers should support employers and people in the workforce to meet local, regional and national skill needs. The Department for Education and Skills and the Learning and Skills Council are working to facilitate this by addressing the issues, which have led to a mismatch between supply and demand.

- Employer Training Pilots are also an example. They allow low-skilled employees time off to train for basic skills or a Level 2 qualification. There is support available for employers to meet the cost of giving staff paid time off to train. There is also support given to employers to broker the sourcing of training and to help ensure that training meets the needs of the learners and employers.

The Government recognises that the combination of changing skill requirements, demographic shifts, and demands for efficiency and equity in public investment demand the evolution of policy and practice toward a “demand-led” workforce system.

The movement of policy and practice toward greater employer responsiveness has been remarkable in recent years in the United States, the United Kingdom, and other industrial nations. However, these efforts are in their infancy. There is much to be learned about the strengths and weaknesses of different models. More also needs to be learned about how to maintain employer leadership and interest during slower economic times or in areas with weak employer bases.

Results for Ethnic Minorities Through Employer-led Initiatives

In general, the results of government efforts to help disadvantaged ethnic minority individuals get, keep and progress in work have been disappointing in many industrialised countries. This can be attributed to various factors, from a failure to understand labour market dynamics to the difficulty of addressing, through national government policy, the complex combinations of disadvantage that constrain the progress of ethnic minority individuals.

However, over the last decade, in a number of countries, innovative approaches to generating outcomes for ethnic minorities have put employers and workforce practices at the centre. These approaches start with a careful strategic planning process rooted in an employer-led analysis of local labour market dynamics and identification of opportunities to get disadvantaged ethnic minority individuals into work. They customise services to meet the needs of ethnic minority clients pre- and post employment. Like broader employer-led efforts, they are not common. Information about their results and their design essentials is not always well documented. But their success and promise make it advisable to understand them better and to learn from them. The findings and recommendations in this report derive from several of the best examples. Two findings are worth discussing briefly here.

First, the research undertaken for this report shows that strategies designed to help ethnic minorities to get, keep and advance in work, must strike a careful balance between the needs and interests of employers and those of individual participants. Efforts that meet the needs of ethnic minorities without taking employers and the dynamics of the labour market into account inevitably fall short. Efforts that target outreach to minority communities, but fail to address employer demand or create effective routes to engage employers find it hard to secure employer enthusiasm and collaboration. This double customisation is at the heart of most successful local initiatives.

Secondly, the research undertaken for this report highlighted different approaches to targeting resources and services that need to be considered when developing initiatives to improve employment outcomes for ethnic minorities. Approaches varied from explicitly targeting ethnic minorities to targeting geographic areas or jobseekers with certain skill profiles and income levels.

On the one hand, in some social and political environments, explicitly targeting ethnic minorities can have an unintended consequence of undermining social inclusion and community cohesion. Moreover, employers often think in terms of the skill needs of work teams or departments, which may or may not be ethnically diverse, making targeting skill development opportunities by race or ethnicity potentially inappropriate.

In the United States, both legal frameworks and political culture drive policy and practice away from explicitly targeting ethnic minorities. Initiatives are typically targeted in terms of income or skill level rather than race. They target low-income workers or low-skilled individuals. In urban or rural areas where minorities can comprise over half of residents, this targeting by income or skill level typically has a disproportionate and positive impact on racial and ethnic minorities.

On the other hand, positive action programmes that justifiably target specific ethnic minority groups can be an effective and important way to help those groups to compete for jobs.

Decisions about targeting should be approached with care. With any approach that is taken, programmes need to be customised to meet the needs of particular groups if outcomes are to be achieved. Ethnic minorities must frequently overcome barriers that are not as high for or damaging to white jobseekers or workers. Minority group members may have particular problems such as language barriers among immigrants, cultural traditions that discourage women from participating in the labour force or discrimination by employers. These obstacles must be addressed directly if outcomes are to be positive.

The Structure of the Report

What does it take to organise, manage, and sustain the types of employment initiatives that we set out to find? That is at the heart of this report. In the following pages, we describe how some of the most successful, local, employer-led programmes we identified are organised for success for disadvantaged ethnic minorities. We focus on five key design elements:

- **Employer leadership and strategic direction:** Employers play a lead role in building the civic will for and interest in initiatives to improve labour market outcomes, for disadvantaged and ethnic minority individuals. They work in partnership with a range of key stakeholders providing a clear direction on the dynamics of the local labour market and where employer demand and need are greatest. They work with their partners to engage in medium to long-term planning that sets clear objectives and outcomes for workforce development.
- **Local infrastructure and capacity to mobilise and support employer-led partnerships:** There is strong local capacity and infrastructure - intermediaries - to mobilise and sustain the participation of employers and other stakeholders in workforce development partnerships. Strong local intermediaries oversee the implementation of programmes that address clear business needs while also improving outcomes for disadvantaged ethnic minority jobseekers and workers. Sufficient funding and support for intermediaries is available.
- **Responsiveness to employer demand and business needs:** Initiatives demonstrate sensitivity to the dynamics of employer demand in the local labour market and the flexibility to respond to demands for skills and workers when they emerge.
- **Customised services that help ethnic minorities succeed in employment:** Services are tailored to help ethnic minority jobseekers/workers and the employers who recruit and employ them. They go beyond job matching to include pre and post employment support. They improve information and understanding, reduce discrimination, and help minorities and employers prepare for productive performance on the job.
- **Commitment to monitoring and meeting outcomes:** Clear labour market goals are set by partnerships, disaggregated for different groups, and progress toward outcomes is monitored.

These elements are discussed in detail in Section II on local partnership and programme design.

The report also identifies lessons for national policymakers who wish to promote and expand the scale of promising local innovations. These policy implications, based on both cross-national comparisons and the local case studies, are addressed in Section III.

In the Appendices of this report are short case studies from partnerships and initiatives in the United States, the United Kingdom, The Netherlands, Germany, and Canada.

Note to the Reader

A word about cross-national comparisons: caution is the appropriate stance toward both interpretation of success factors and, even more so, of whole-cloth borrowing of innovations from other countries. The international scan conducted by JFF at the request of the NEP was not intended to be exhaustive. Rather, we identified a range of approaches to helping disadvantaged ethnic minorities get, keep, and advance in work. We are well aware of the potential pitfalls of relatively modest cross-national research. Initiatives develop and operate within specific political and legal environments. They exist in different employment cultures and serve different ethnic minority groups.

At the same time, there is much to learn from cross-national research. For example, the challenges around engaging employers and the range of barriers faced by disadvantaged groups are often similar in different countries. As such, factors that contribute to good programmes or strong partnerships in one country can be adapted and effectively applied elsewhere.

We paid particular attention to the transferability of case studies across legal contexts. In the UK, any employment initiative similar to those in the case studies would need to comply with the Race Relations Act 1976 (RRA) (or parallel legislation in Northern Ireland). The Act prohibits both direct and indirect race discrimination in recruitment and selection for employment, in promotion and training and dismissal from employment. The Act permits 'positive action' to meet special needs of members of a particular racial group or to encourage and assist members of a particular racial group to overcome historic disadvantage and/or exclusion from particular types of work. The report was reviewed to assess the compatibility of the various approaches outlined in the case studies with the RRA.

The Dutch and German examples would require modification to comply with UK legislation. Among the aspects of the German case studies, for example, that would need to be better understood and adapted is the approach that was taken and criteria that was used to select candidates for apprenticeships. Likewise, among the aspects of the case studies from The Netherlands that would need to be better understood and adapted is the particular conditions of the agreements that were made between business and

government as well as the approach that was taken to recruiting individuals for the schemes that are described.

The initiatives in the examples from the US, Canada and the UK, on the facts provided, would not conflict with the RRA provided:

- The initiative was consistent with the positive action provisions of the RRA. This could include:
 1. Meeting the special pre-job training needs of a particular racial group, for example, offering basic language skills or basic work skills training; or
 2. Where members of a particular racial group are under-represented amongst people doing particular work, targeting recruitment efforts to attract and encourage people from that racial group to apply for such work, or offering training to improve the prospects of people from that group to be selected for such work;
- The initiative did not involve indirect discrimination in recruiting or selecting people for jobs or for training. This means that if people were recruited in a way that disadvantaged members of one racial group (while benefiting members of other racial groups), the criterion or practice that was applied could be justified as a proportionate means of achieving a legitimate aim. For example, to recruit people for job training on the basis that they live in an area of high unemployment or that they have recently been released from prison might benefit people from certain racial groups who live in that area or have recently left prison, but might disadvantage white people or people from other racial groups who are less likely to come within those categories. However to improve employment opportunities by offering access to training for people within these categories is likely to be justifiable. And/or,
- The initiative did not include the imposition of quotas or reserved places in selecting for jobs or promotion. Quotas or reserved places can involve direct discrimination in order to achieve the required number or percentage of employees from the designated group(s). Instead to set targets to recruit a certain number or percentage of ethnic minority men and women in a particular period carries no compulsion and would not be in breach of the RRA.

II. Local Efforts to Improve Employment Outcomes for Ethnic Minorities: Lessons from Practice

Drawing on the case studies (see the Appendices), this section summarises key lessons that can inform the development of employer-led initiatives that can simultaneously meet business needs and help ethnic minorities get, keep, and advance in work. It highlights the importance of five key design elements:

- **Employer leadership and strategic direction:** Employers play a lead role in building the civic will for and interest in initiatives to improve labour market outcomes, for disadvantaged and ethnic minority individuals. They work in partnership with a range of key stakeholders providing a clear direction on the dynamics of the local labour market and where employer demand and need are greatest. They work with their partners to engage in medium to long-term planning that sets clear objectives and outcomes for workforce development.
- **Local infrastructure and capacity to mobilise and support employer-led partnerships:** There is strong local capacity and infrastructure - intermediaries - to mobilise and sustain the participation of employers and other stakeholders in workforce development partnerships. Strong local intermediaries oversee the implementation of programmes that address clear business needs while also improving outcomes for disadvantaged ethnic minority jobseekers and workers. Sufficient funding and support for intermediaries is available.
- **Responsiveness to employer demand and business needs:** Initiatives demonstrate sensitivity to the dynamics of employer demand in the local labour market and the flexibility to respond to demands for skills and workers when they emerge.
- **Customised services that help ethnic minorities succeed in employment:** Services are tailored to help ethnic minority jobseekers/workers and the employers who recruit and employ them. They go beyond job matching to include pre and post employment support. They improve information and understanding, reduce discrimination, and help minorities and employers prepare for productive performance on the job.

- **Commitment to monitoring and meeting outcomes:** Clear labour market goals are set by partnerships, disaggregated for different groups, and progress toward outcomes is monitored.

Employer Leadership and Strategic Direction

Any effective employment and training strategy needs strong employer commitment and leadership. Without the support and engagement of employers, a programme is unlikely to succeed in training workers to meet business expectations, in securing job commitments from targeted employers, or in operating at a scale that can affect local labour markets significantly.

Employer leadership in the workforce development arena tends to target two priorities:

- 1) Leadership in strategic planning for the future growth and well-being of local industries and the local economy; and
- 2) Leadership in the design and implementation of initiatives that meet employers' labour market needs while also helping disadvantaged workers find jobs and advance their careers.

Employers are in a special position vis a vis local workforce initiatives. They are a primary customer, in that they need a steady and predictable supply of qualified workers. They also have what job seekers need - jobs and training opportunities. No local workforce initiative can hope to have a significant impact or reach large numbers of individuals if the employer community is not invested in the success of the effort. Scale, impact, and sustainability are ultimately dependent upon employer engagement and leadership.

For business leadership to be serious and ongoing, leading employers in the local community must feel that the initiative answers specific business needs. They also need to feel that the effort strengthens a partnership that can respond effectively *over time* to changing economic and labour market conditions and address serious workforce challenges. This is particularly true of the most visible and influential CEOs in a community. When employers feel supported in this way, they are often eager to step out and take the lead in planning, designing, organising, and building support for new initiatives.

One of the most important roles that employers play in successful workforce initiatives is helping to create and sustain the civic will for investment in ambitious new efforts (see Box 1 on Greater Cleveland Growth Association). Employers have the credibility, connections, and direct interest that gives them a particular ability to lead a process of strategic planning and goal setting for the initiative as a whole, under which specific programmatic goals and benchmarks can be pursued. This strategic role has a number of distinct dimensions:

- Leadership in bringing together other local employers and private, public and voluntary sector partners to work toward common, agreed-upon goals;
- Active engagement in defining the strategic vision and priorities of the partnership;
- Clear signals to public policymakers at the local or regional level regarding the value of the partnership to local employers; and
- Advocating for policy changes that make the initiative easier to launch and sustain.

Employers also have other critically important roles in the design and shaping of effective employment initiatives that can serve both their needs and those of disadvantaged jobseekers and workers, including those from ethnic minority groups:

- Identification of employer or industry training needs;
- Changing internal human resource practices in ways that set an example for others;
- Identifying sources of funding; and
- Offering training opportunities to individuals served by the initiative.

Employer leadership brings two powerful assets to any workforce initiative targeted to improve labour market outcomes for disadvantaged workers: the ability to create a strong strategic partnership among key players in the community; and the ability to identify high priority business needs that, if met, can yield strong results for programme participants.

Box 1. Strong Employer Leadership in Planning Regional Workforce Initiatives: Greater Cleveland Growth Association

In the mid-1990s, several organisations interested in economic development, including Cleveland Tomorrow (an organisation of CEOs representing the region's 57 largest companies) and two local private foundations, took the lead in designing a regional, employer-led, workforce improvement partnership for the Cleveland region. These civic leaders asked the Greater Cleveland Growth Association, the largest metropolitan Chamber of Commerce in the United States with more than 16,500 members, to organise and manage a Jobs and Workforce Initiative (JWI) that would focus simultaneously on addressing local labour shortages and reconnecting discouraged and unemployed city residents, who were primarily African-American, to the labour market.

Daniel Berry, the executive director of the Growth Association, decided that a critical first step would be to engage interested employers in a strategic planning process—and then to engage employers in a broader planning and design effort. According to Berry, “We started out trying to organise the business community’s voice, not bring them into a big coalition. If you put business leaders into broad coalitions, they very quickly lose interest, their eyes glaze over and they get burned out. Instead, we tried to create a locus of [business-led] power around these issues. That way we could come into coalition discussions with a perspective on the issues.”

The Cleveland Jobs and Workforce Initiative has had the explicit goal of building deep and lasting employer investment, trust, and leadership. In its effort to create a “regional consensus on the need for action,” the initiative solicited input from over 1,300 employers through focus groups and surveys. A Business Advisory Committee of 25 executives oversaw the initiative’s design process. Over 100 CEOs who expressed an interest in workforce development issues were brought into a year-long process of working groups convened to recommend next steps on improving strategies around basic skills, specialised skills, job readiness, economic growth, and the healthcare industry.

Cleveland’s leading employers identified six strategic objectives:

- Organise and sustain employer participation in workforce development.
- Organise the delivery of training and recruitment services.
- Improve the quality of labour market information and its communication.
- Address serious skill gaps in the region’s workforce.
- Develop more efficient and effective systems for financing workforce development.
- Ensure that training and workforce preparation efforts are continually monitored, evaluated, and capable of adapting to changing needs.

JWI’s first major project—creating the Cuyahoga Compact—was designed to show employers that their concerns had been heard. The Compact began as a formal collaborative group involving city and county government, as well as a host of for-profit and non-profit stakeholders, mobilised around a common need to improve the region’s workforce system. The Compact launched Cleveland’s first One-Stop—a state-of-the-art centre focused on employer needs and providing employment services to all residents of the city. Foregoing red-tape-laden federal One-Stop funds, the Compact’s leadership relied on local funds to build the centre, using fees from paying customers to underwrite scholarships for disadvantaged jobseekers. Local employers also contributed significant dollars to ensure quality programming across traditional dividing lines.

Berry notes that the JWI effort and its employer leadership have begun to change some labour market dynamics in Cleveland: new relationships are becoming institutionalised; some private and public resource flows are changing; business has developed additional influence in public policymaking circles; and the JWI itself has demonstrated an ability to be a catalyst for change in the community.

See page 74 for details.

Employer leadership typically builds from longstanding and prior efforts to create vibrant civic leadership with employers as the core constituency. The Boston Private Industry Council is perhaps the prototypical example from the United States.

- The Boston Private Industry Council was created over 20 years ago to enable the city's dominant employers to take a lead role in building support for school reform. Since then, the PIC – one of the most experienced and effective employer-led workforce partnerships in the United States - has been a vehicle for employers across the city to articulate and advance their interests related to education and workforce quality. On initiatives ranging from school improvement to school-to-work, welfare-to-work, and incumbent worker training, the PIC has served as a stable platform for business leadership. This ongoing leadership vehicle has made it possible for the city's employers, public agencies, and education and training providers to move quickly to work out the details of new workforce initiatives.

In 2000, when a red-hot labour market in the city's large and expanding healthcare sector demanded strategies to tap new sources of trainable labour, the PIC could engage a consortium of large healthcare employers that had already been involved in other PIC efforts to quickly and efficiently launch a Radiation Technology Program.

The PIC's Employer Committee regularly assesses the health and growth opportunities presented by the leading industry sectors in the city. Using employment projections from a local university labour market research centre, the PIC has targeted the incumbent low-wage workforce in a few high-growth industries for support, training, and advancement. This has guided the PIC's strategic decisions regarding investment of staff time and organisational resources. See page 62 for details.

Employer leadership does not have to be restricted to the local or regional level. In the Netherlands, national “peak organisations” of business and labour are strong. Here, employer leadership took the form of a signed agreement between the national government and the Dutch association of small and mid-sized enterprises (MKB-

Nederland), representing over 125,000 employers. This agreement committed the association and its organisations and firms to reserve a significant number of new job opportunities for members of the country's ethnic minority groups. The initiative, launched in 2000 and targeted at relatively work-ready unemployed minorities, moved 36,000 individuals into jobs. See page 123 for details.

Wisconsin Regional Training Partnership provides another good example of employer leadership (see Box 2).

Box 2. Building a Strong Strategic Partnership: Wisconsin Regional Training Partnership (WRTP)

WRTP is a business-labour-civic partnership in Milwaukee, Wisconsin, a city with over 20 percent minority residents, the majority of whom are African-American. WRTP has been a key player in citywide and regional efforts to strengthen leading local industries and improve the access low-skill and ethnic minority workers have to better employment options. For over a decade, WRTP has been building a strong civic partnership, rooted among local industry leaders and trade unions, that has expanded from an initial focus on the changing manufacturing industry to a broader approach to regional economic well being across multiple industries.

A membership organisation of more than 125 employers and unions, WRTP has become a stable and trusted strategic partner and leader of local workforce and economic development initiatives. It is a respected convenor and organiser of stakeholders in the local economy. As it has grown and matured, WRTP has played an increasingly important role in organising its members to advocate for favourable policies at the state capital and in encouraging civic leadership to recognise the importance of workforce quality to the city's economic future.

WRTP had its beginnings in the early 1990s when area labour leaders convened a set of meetings with perhaps a dozen employers and unions to develop strategies to keep manufacturing firms in Milwaukee competitive and productive — and to attract and retain qualified staff. Initial successes in the development of recruitment and training programmes strengthened WRTP's stature in the community and enabled the organisation to expand its focus to future workforce needs.

In the late 1990s, a surge in employment in manufacturing created opportunities to bring African-Americans into decent jobs and to support their retention. WRTP's Board acted to take advantage of that economic opportunity. They worked with local manufacturers to identify job openings and skill needs. They also worked with local service providers and community-based organisations to identify potential candidates and to provide needed training.

More recently, as manufacturing suffered significant employment losses and many firms were laying off rather than hiring, WRTP's leadership looked ahead and made a strategic decision to branch out into other industries that could offer good job opportunities, but were less vulnerable to global competitive trends. The Board targeted healthcare, construction, hospitality, technology, and transportation industries with weaker union representation than manufacturing, but more employment and growth opportunities.

For each industry, WRTP has helped establish and now supports a strategic planning committee of employers and unions. Each partnership develops a strategic plan to meet the staffing and training needs of their respective sectors. The plans encompass programmes for incumbent, dislocated, disadvantaged, immigrants, and young workers. To date, 90 percent of the more than 1200 workers served by WRTP have been from ethnic minority groups. Successful trainees raised their average wage 165 percent in their first year on the job and had a 75 percent one year retention rate. See page 98 for details.

Local Infrastructure and Capacity to Mobilise and Support Employer-led Partnerships

“Employer leadership” does not mean that the full weight of managing the partnership or of designing and carrying out a local initiative should fall on participating employers. Employers have many competing demands on their time and their ultimate and constant concern is their business' performance and success. Employer-leadership must be supported by:

- Local capacity to bring together employers with other key stakeholders in order to develop and sustain the partnership as well as to design and deliver an effective programme;
- The involvement of key stakeholders with complementary skills and experiences, for example, community-based organisations that have successfully worked with disadvantaged ethnic minority populations.

Employment and training partnerships at the local or regional level are labour-intensive and time-consuming to organise, maintain, and grow. They do not occur naturally; rather, they must be nurtured by a stable, staffed entity that is respected by the community's most important stakeholders, including employers, education and training providers, social service providers, organisations working with local ethnic minority communities, and local civic and public leaders.

In the United States and the United Kingdom, this role is often played by organisations that have been dubbed “workforce intermediaries”. These are entities that organise key

stakeholders into partnerships and support the development of multi-stakeholder workforce initiatives that respond to the pressing needs of two customers: employers in high-value industries and jobseekers or low-skill workers looking to advance to better-paying jobs and careers. Recent research in the United States has identified several roles that “intermediaries” play in cities or regions where successful employment initiatives have been sustained.³ These roles include:

- Convening stakeholders around a shared vision of a better-functioning labour market for both lower-skilled individuals and the employers who hire them;
- Collecting quality local labour market information that helps stakeholders set priorities for and design new programmes;
- Organising and negotiating with providers to ensure that services meet the needs of employers and individuals seeking employment or advancement;
- Identifying and securing funding from diverse public and private sources;
- Monitoring and assessing data on quality, outcomes, and the value of the partnership initiatives; and
- Promoting policies that can make it easier to develop and sustain effective initiatives.

These roles require intermediary organisations to:

- Engage in regular communication with lead partners;
- Be sensitive to both employer needs and low-income workers concerns;
- Have a sophisticated understanding of both the supply and demand sides of the labour market;
- Hire staff who can earn the trust and cooperation of all local stakeholders; and
- Have staff and leaders who are “bilingual” — that is, who can speak the very different “languages” of the public and private sector.

Having an effective intermediary to fulfil these roles can turn employer leadership from being episodic and unfocused into a real commitment that matters in a local community. It can help build strong partnerships that provide the “glue” for a range of local initiatives. In some of the case studies in this report, existing organisations performed the roles of workforce intermediaries; in others, new entities were created. The cases highlighted below provide good examples.

- In the North London Stansted Partnership’s impressive welfare-to-work effort focused on Stansted Airport jobs, Reed-in-Partnership plays a key role in knitting together the partners. Set up in 1997 as a wholly owned subsidiary of Reed Executive, a major UK recruitment agency, Reed-in-Partnership builds on the parent firm’s long experience of matching the skills of jobseekers to the requirements of employers. See page 112 for details.
- San Francisco Works was created by a consortium of influential business-led local organisations, such as the San Francisco Chamber of Commerce. These leaders felt the need for a new entity devoted solely to organising programmes that could connect welfare recipients and other low-skill populations to decent-paying, entry-level jobs in high-growth industries. None of the existing organisations felt they had the staff, the mission, or the capacity on their own to play the necessary roles. See page 86 for details.
- In Austin, Texas, the Capital Area Training Foundation works with employers in different industries, organising and aggregating their demand for training and employment programmes and building industry-specific committees that become more or less active with changes in labour market needs. With distinct industry-specific steering committees established among healthcare, technology, and construction, CATF can adjust its efforts to the realities of employer demand and regional economic need. A local entity that builds its employer relations across the local economy, rather than in a single industry, has the flexibility to respond to changing employer needs. See page 68 for details.

Local infrastructure to support and sustain employer-led initiatives must combine the ability to bring together partners for strategic planning with the ability to deliver complex initiatives. As part of this, one of the most important functions that intermediaries play is securing funding to support services, partnerships, and the organisations that sustain them. Invariably, this requires the bundling of funding from different sources so that local needs, rather than the requirements of different funding sources, drive programme design. The Wisconsin Regional Training Partnership is a good example.

- The Wisconsin Regional Training Partnership in Milwaukee has grown by finding new sources of both programme and “glue” resources. It first relied heavily on private foundation funding until it could develop workable models and learn how to tap various public and private funding streams. In the late 1990s, the organisation made good use of federal welfare-to-work dollars that flowed through Wisconsin to fund components of pre-employment training programmes. WRTP also organised its employer members to help lobby the state government for policy changes that made it easier to use welfare-to-work funds for workplace-based initiatives. See page 98 for details.

Responsiveness to Employer Demand and Business Needs

If they are to be sustained and achieve significant scale, labour market initiatives that benefit ethnic minority groups must be driven by the economic realities of local companies and the larger markets in which they operate. The outcomes for participants achieved by the initiatives highlighted in this report were due, in large part, to effective responses to employer needs for labour. *Our research identified four related, but distinct approaches to tapping employer demand to secure better outcomes for ethnic minorities:*

- **Target industries with significant entry-level labour needs:** Target sectors and companies with serious labour and skills shortages. The unfilled posts should be good jobs with opportunities for advancement. They should be jobs that local ethnic minority jobseekers can fill with pre- and post-employment support.
- **Link workforce development initiatives to economic development efforts:** Ideal opportunities include public construction projects, publicly supported or regulated infrastructure projects, and employment created by public investments in private companies (e.g., incentives for locating new facilities, tax breaks for expansion).
- **Take advantage of changing consumer bases:** Target companies that want to diversify their workforce to take advantage of changes in the racial or ethnic composition of their consumer or customer base.
- **Tap employers' social sense:** Enlist employers with a strong sense of corporate social responsibility.

Target industries with significant entry-level labour needs.

In the past decade, effective workforce development efforts have become sophisticated at identifying and working with industries with jobs that match the needs of particular local population groups. This programme approach is sometimes referred to as sectoral, cluster, or industrial targeting. It requires workforce development practitioners to identify industries that are:

- Important in the local economy;
- Engines of local growth; and
- Opportunities for employment and advancement for entry-level workers, in particular.

Sectoral initiatives then identify specific companies within these industries, assess their needs, and gain a deep understanding of their products and labour markets. Sectoral initiatives deliver services that match the business needs and culture of these specific companies and industries.

Many of the programmes we studied use sectoral or industrial targeting to open up opportunities for ethnic minorities. Industries and employers with clear and acute labour and skills shortages are often willing to explore hiring from what for them may be non-traditional labour pools. For example:

- In Texas, expansion of the Austin International Airport in a period when overall construction was booming put severe pressure on the local construction industry. In response, the Capital Area Training Foundation, a non-profit workforce development organisation created by the Austin Chamber of Commerce, targeted the industry for its Construction Gateway programme. The initiative recruits and trains low-income individuals, most of whom are ethnic minorities and many of whom are former prison inmates. See page 68 for details.
- In Birmingham, the Bullring Jobs Team 2003 targeted the Bullring shopping mall and its more than 140 retail employers. Team works closely with the Bullring developer and employers to identify workforce shortages and the skills associated with those positions. Their work represents an effort to use the economic engine of the 8,000-job shopping centre to help local minority workers find jobs and the training they need to succeed. See page 104 for details.

It is also important to target industries in which advancement to a better job from low-skill, entry-level employment is feasible for disadvantaged clients. Healthcare, for example, provides opportunities for this approach.

- The Boston (Massachusetts) Private Industry Council (PIC) works with the acute care segment of the healthcare industry and several important hospitals to help fill positions in the area's rapidly expanding and well-paying radiation technology field. In partnership with a consortium of large healthcare employers, the PIC created the Radiation Technology Program to discourage hospitals from stealing rad techs from competing hospitals. The programme trains and places entry-level workers in better paying X-ray related professions with starting salaries of \$40,000 per year (about £21,200). To overcome the barrier of tuition costs for the two-year training programme, the PIC designed a scholarship fund seeded with federal government dollars and supplemented with employer-paid placement fees. See page 62 for details.

This kind of “career ladder” initiative can help entry-level workers avoid getting stuck in lower-wage positions with few opportunities to gain new skills and to move up. The Capital Area Training Foundation targeted construction because the industry’s apprenticeship structure provides a “natural” career progression route from entry-level work. In the case of acute healthcare, programmes like the PIC’s or the Greater Cleveland Growth Association’s work closely with specific employers to map out specific routes to career advancement and link those steps to a clearly defined set of skills training and support services.

There are a range of good examples of taking advantage of labour market demand in the case studies in the Appendices of this report. See Box 3 for another example.

Box 3. Taking Advantage of Demand to Help Minorities Find Goods Jobs and Advancement Opportunities: Stansted Airport

Stansted Airport’s new terminal opened in 1991 and is London’s third international airport. Located about 40 kilometres miles north of London, Stansted is one of the busiest international airports in the country and the fastest growing airport in the United Kingdom. Currently, it serves 17 million passengers per year and employs 11,000 people. In the next six years, passenger numbers are anticipated to grow to 25 million passengers per annum. This growth is expected to drive demand for 6,000 additional employees.

In 1998 BAA began to develop its Employment Strategy to identify the recruitment needs of airport employers. In order to support the Airport’s growth, using socio-economic reports, previously untapped sources of labour were identified that were able to access transport links to Stansted, such as areas within North and East London.

While there was a potential to attract people of working age from local communities to fill Stansted jobs, such as women returners and “third agers”, BAA recognised new sources of labour would need to be tapped to meet the Airport’s growing labour needs. Traditionally, Airport employers recruited from regions to the north and east of the Airport. Drawing from labour sources to the South of the Airport, such as London, was a big change. Further research on this expanded area revealed communities in North and Northeast London with high unemployment. The borough of Haringey was of particular interest to Employment Strategies because it was home to a large percentage of London’s refugees and asylum seekers, and many residents were second- and third-generation unemployed.

The North London Stansted Partnership is a cross-sector partnership. It was formed in 2000 with representatives from the Haringey Council, Reed-in-Partnership, Jobcentre

Plus, Urban Futures College of North East London, and North London Learning and Skills Council. The Partnership focused on developing strategies to move residents in Haringey, many of whom are long-term unemployed, into sustainable employment at Stansted Airport. The primary initiative of the North London Stansted Partnership is the Runways to Work Programme. The Programme provides a path for North Londoners to move from unemployment to training, to placement, and onto a viable career ladder with an Airport employer. One of the key success factors of the project was the assurance of 24 hour transport to and from the area using the Airport's Travelcard. See page 112 for details.

Link workforce development and economic development.

Public economic development strategies take many forms. The most common involve infrastructure development, business financing, and business attraction or retention through tax and other incentives. Increasingly, innovative regions include education and workforce training as part of their economic development strategies, particularly in places where skilled labour provides a key business advantage.

Major publicly financed or regulated infrastructure projects—roads and bridges, public buildings like courthouses, utility upgrading—present the most important opportunities for workforce success with ethnic minorities, through both construction jobs and permanent employment. The demand generated by public projects is often significant and the public purpose and source of investment make it easier to tie workforce goals to the project.

Financing business growth is another economic development approach that provides important opportunities for improving employment outcomes for ethnic minorities. In the US, public and quasi-public business financing is typically accompanied by variations on loan covenants that set out “best-effort” hiring agreements for targeted populations. In Massachusetts, for example, the Boston Industrial Finance Authority includes in its low-cost financing deals an expectation that a certain number of new jobs will be created as a result of the business expansion. Across the U.S., large public projects funded through bond issues include local hiring targets (typically targeted to city residents, not to ethnic minorities per se). The Seattle Port Authority has long been a leader in this kind of linkage of economic development funding with employment and workforce policy goals.

Several examples of combining economic development strategies with employment programmes for ethnic minorities are highlighted below.

- Canada's Vancouver Island Highway Project is a successful example of public investment integration of minority populations into large-scale public construction.

Multiple stakeholders were involved—private contractors, unions, and community organisations—in an effort to reverse historical under-representation of ethnic minorities in construction. The initiative recruited actively on First Nations reservations, at women’s centres, and elsewhere. Hires from underserved populations received introductory orientation and training, and most advanced to further training at local community colleges. To reduce both employer risk and new employee anxiety, trainees were required to develop their skills on a section of highway designated for training purposes. See page 131 for details.

- The Wisconsin Regional Training Partnership targeted the publicly regulated utility industry, trying to take advantage of a \$1 billion (£560 million) infrastructure upgrading project in the industry. WRTP developed a strategy to secure ethnic minority access to these jobs by working with Pieper Power, a firm located in a largely African-American Milwaukee neighbourhood that subcontracts to the industry for meter reading, repair, and upgrades. Pieper’s managers decided to develop a new entry-level “meter tech” position that would require less training (and pay lower wages) than the lowest-rung on the “career ladder” in the Electrical Workers’ collective bargaining agreement. WRTP ascertained that current union members weren’t interested in job categories below the level of electrician. WRTP then established a recruiting centre in the heart of the minority community, obtained labour and management’s support for a new credential, and negotiated a path from meter tech training into both Pieper Power and the union. See page 98 for details.
- The Reinvestment Fund, a non-profit community loan fund in Philadelphia, invests in a wide range of local businesses. It then works with these companies to improve their human resource practices in order to improve outcomes for low-income and ethnic minority employees. The Fund has developed a process to “get in the door” and take maximum advantage of the leverage created by its investment capital. Before any financing deal is closed, staff from the Fund’s Human Capital Group meet with company executives and assess the firm’s employment and human resource needs. As part of closing the deal, the firm signs an Employment Training Agreement that identifies job targets and reporting requirements. Fund staff members then work with firm executives over the long-term, a relationship that is cemented by the Fund’s investor/owner status with the firm. See page 80 for details.

Target companies that need to respond to a changing customer base.

As the demographic composition of an area changes, many companies, particularly retailers and service businesses, find themselves scrambling to meet the needs of new customers with diverse languages, cultures, tastes, and purchasing habits. Likewise, innovative companies continuously explore new consumer markets as traditional

customer bases mature. These shifts often cause companies to change their hiring strategies to target employees who can respond to the needs of a more diverse customer base. For example:

- State Farm Insurance Company, responding to the rapid growth in insurance purchasing among Latino customers, built its new customer service call centre in El Paso, Texas. With a local population that is over 78 percent Hispanic, the company was assured of bilingual employees by locating in El Paso.
- Recognising the opportunity that minority markets represent, financial institutions are increasingly seeking employees whose backgrounds mirror those of individuals in these emerging markets. Wells Fargo, a major US bank that has stepped up its efforts to attract minorities, notes, “It’s our largest growth opportunity, especially in California and the Bay Area.” Wells Fargo is establishing three independent offices and a new call centre targeting minorities in East Los Angeles, and it wants to draw on the area’s diverse population to staff the centre with Spanish-speakers and those proficient in Asian languages, such as Chinese, Japanese and Vietnamese.
- The Mortgage Finance Programme is an innovative, three-city initiative of the non-profit Fannie Mae Foundation. The objective is to increase minority representation in the mortgage industry workforce as a way to help both minority jobseekers and to attract and assist minority mortgage-buyers. Fannie Mae provides support to three local organisations that run the initiative. In Los Angeles, the Community Development Technology Center, a community development organisation, has the lead organising role. In collaboration with the Los Angeles Technical Training Institute, CDTC trains and places minorities, especially from the Hispanic community, into well-placed positions in the financial services industry.

Target employers with strong corporate-social responsibility.

An extensive survey and in-depth interviews with employers, conducted by Jobs for the Future and Abt Associates, found that the greatest predictor of whether employers would embrace human resource strategies that were responsive to low-income and ethnic minority individuals is a combination of a strong need for new labour sources and a strong sense of corporate social responsibility.⁴ By appealing to employers’ sense of corporate social responsibility, many initiatives overcame employer fears, stubborn employment practices and racial discrimination.

Employer social-civic responsibility can be mobilised in various ways:

- Several initiatives based in employer-led associations have taken advantage of corporate social responsibility to improve labour market outcomes for low-income

residents and ethnic minorities. San Francisco Works, an affiliate of the Chamber of Commerce, was created by a consortium of influential business-led local organisations such as the San Francisco Chamber of Commerce. When the United States enacted welfare reform nationally, SFWorks tapped the local legal profession's interest in giving back to the city's disadvantaged residents. It combined a business case with the case for the value of engagement in a public effort to make the new policy succeed. SFWorks collaborated with the San Francisco Bar Association to create a training programme that brings disadvantaged individuals into entry-level jobs in law offices. See page 86 for details.

- Another approach to targeting employers' sense of civic responsibility is to reach out to and engage minority employers, who may be more receptive to jobseekers from their own communities. In Augsburg, Germany, an effort to increase minority participation in the apprenticeship system recruited businesses operated by first- and second-generation immigrants. While employers had business reasons for participating (e.g., getting lower-paid trainees who understood the customer base, identifying the next generation of managers of participating enterprises), the initiative also played on business owners' desire to help people from ethnic minority communities who needed a leg up in the labour market. See page 118 for details.

Customised Services that Help Ethnic Minorities Succeed in Employment

To succeed, employer-led workforce efforts for ethnic minorities need to be customised to local demographics and business needs. Local initiatives must take into account the dynamics of the local economy, considering questions such as: Which employment sectors are growing? What clusters of firms have similar needs? At the same time, demographics also dictate programme design and strategies. A community with a high concentration of Bangladeshis might require different services and approaches than a neighbourhood with a large Black Caribbean community. Thus, the particular local mix of economic conditions and demographic patterns must guide programme design and delivery. For this reason, even national initiatives must be quite localised in their design. *Customisation of services to employers and ethnic minority jobseekers and workers is key to programmes that meet real needs. It can unite employers and ethnic minority groups around a common agenda and set of initiatives.* Each is important. Both are addressed below.

Customised Services for Individuals from Targeted Populations

Disadvantaged ethnic minorities frequently face a range of barriers to success in the labour market. These barriers include:

- Low basic and workplace skills, including lack of English language fluency, among some groups;

- Disproportionate concentration in neighbourhoods with relatively weaker employment bases;
- Relatively weaker social networks that open doors to quality jobs; and
- Employer discrimination.

Initiatives that help disadvantaged ethnic minorities to secure and advance in good jobs must be customised to address this range of barriers. Strategies and approaches that enable employer-led efforts to respond effectively to the particular needs of ethnic minorities can be grouped into three types of supports and services:

- **Recruitment and outreach:** strategies that engage ethnic minority community institutions;
- **Pre-employment skill training:** basic, soft and hard skills training that can overcome skills deficiencies and prepare individuals for the workplace culture; and
- **Post-employment services for individuals at the workplace:** supports such as child care, transport, peer mentoring, and other strategies to increase inclusion, as well as career management assistance. Particularly important for clients who may have trouble reading and adapting to a certain workplace culture is training that in the United States is called “cultural competency.”

The capacity to deliver quality customised services to jobseekers and low-skill workers is not always adequately developed even within the most well-meaning and committed organisations working at the local level to improve workforce outcomes. The capacity to deliver quality services customised to different populations and employers must be strengthened and supported if ambitious new employer-led initiatives are to succeed—particularly among local community-based organisations trying to help particular constituencies advance in the labour market that need support. Building the capacity of local providers that need it to deliver quality training that meets the needs of clients and requirements of employers, whether it is language instruction, soft skill development, or technical training, is critically important. In Boston, a recent effort funded by private foundations, city and state money has helped a group of a half dozen local service providers to improve their services and expand their capacity to deliver quality programmes to jobseekers and entry-level workers. Four of the six community-based organisations, which had weak relationships with employers prior to the capacity-building initiative, are now engaged in innovative employer partnerships in healthcare and automotive technology.

Recruitment and outreach

In many areas, community-based organisations, with roots in geography, faith, or ethnicity, are well positioned to recruit, screen, and identify prospective candidates for

employment programmes. In employer-led initiatives, the involvement of these local entities is often critical: they have a better feel for, and working relationship with, the target population than would an organisation only tied closely to employers. They know which local and ethnic newspapers, radio stations, and other media are relied upon by different ethnic minorities. They know which local institutions — churches, holiday fairs, festivals — are frequented and valued by groups they want to reach. Some of the most effective efforts are those that find effective ways to involve community-based organisations as partners who have particular value to add: their connection to ethnic minorities and their communities. For example:

- San Francisco Works’ automotive technician programme, targeted largely to ex-offenders, involved the Northern California Service League, an organisation with a long history of recruiting and working with ex-offenders and former substance abusers.⁵ See page 86 for details.
- The Greater Cleveland Growth Association has developed a close working relationship with the local Urban League office, which is rooted in the city’s African-American community.⁶ See page 74 for details.

These partnerships are critical. They can make up for a weakness of some employer-led efforts: a limited understanding of, and access to, local ethnic communities.

Pre-employment training

Many low-skill and low-income jobseekers need significant training and preparation for work if they are to succeed in getting and keeping a job and advancing to better employment. Effective pre-employment training programmes are well connected to employers, reflect the realities of the work world, and result from active employer participation in curriculum design and delivery. Training designers work closely with the employers to find out what they want and need from new recruits. The more clearly employers specify the skills they need, such as basic literacy and numeracy, technical skills, and job readiness skills — the better-designed the initiative is likely to be and the more participating employers are likely to be invested.

Technical skills are, of course, important to employers. Employers look for experience in the same industry or occupation and would prefer to hire employees with skills that can be of value from the day of hiring, including skills in using computers. However, employers are not always looking for “hard” or technical skills, particularly in entry-level workers. In fact, at the entry-level, potential employees typically need basic literacy and numeracy skills. For many immigrant groups, basic literacy in the dominant language is critical to labour market success. There is growing evidence that language skills can be learned more quickly and efficiently if they are “contextualised,” reflecting the language skills needed in the workplace or in a particular industry.

Jobseekers also often need job readiness skills, which are frequently referred to as “soft skills.” Job readiness skills include punctuality and dependability, knowing how to deal with supervisors, dressing appropriately for the workplace, being able to work in teams and on projects, and taking initiative.

Effective soft skills training for adults is also often built around workplace examples or involves simulations that recreate the pace, culture, and expectations of the workplace.

- Twin Cities Rise (TCR!) in Minneapolis, Minnesota, believes that personal development and empowerment are critical to participants’ success. Its clients are mostly African-American men who are either long detached from the labour market or churning through a succession of dead end jobs. TCR!’s intensive, six- to eighteen-month pre-employment skill development programme emphasises Empowerment Skills Training, a course designed to help participants develop the habits, attitudes, and skills needed to achieve professional success and personal stability—the keys to long-term retention and career advancement. See page 92 for details.
- .KOM (“dot com”) a Dutch training initiative, delivers an introductory, six- to eight-week training programme, 80 percent of which consists of language training for immigrant minority participants. The .KOM introductory phase is a good example of a pre-employment training effort tied to an employer-led initiative. During this training, employer representatives come to the classes to describe available jobs, trainees go to businesses to become acclimated, and ethnic minority frontline workers come to share their experiences with trainees. Other training topics include soft skills such as social and communication skills, interviewing skills, and tips for immigrants on understanding a company’s culture. See page 123 for details.

Post-employment services for individuals at the worksite

For individuals who are unfamiliar with the routines of the workplace and unsure how to meet the challenges that arise once they are employed, post-placement support is critical. It can make a significant difference in the ability of new employees to persist on the job and advance their careers. Examples of support services include mentoring programmes, career management advisory services and help with difficult logistical challenges such as getting to work. Several examples of programmes providing support of this kind are given below.

- The Wisconsin Regional Training Partnership (WRTP) worked with representatives of both labour and management to develop a set of workplace-based supports for all entry-level workers in participating manufacturing firms. To combat high attrition rates, particularly among African-American males, WRTP helped institute a

mentoring network that trained more senior workers to look out for and advise new employees. The effort also includes positive attitude workshops to improve worker performance and on-site courses in English as a second language. See page 98 for details.

- The Runways to Work Programme at Stansted Airport offers participants the opportunity to work with a career mentor, who is either another programme participant or a Stansted employee. Partners help new workers integrate into the workplace. They help deal with challenges—whether on the job or at home—that make it hard to perform. By helping new workers address such issues as financial health or family problems, this largely informal support system has contributed to high rates of retention and low absenteeism in Runways to Work. See page 112 for details.
- The British Airport Authority addressed the high cost of travelling to the airport by negotiating a reduced daily and monthly fare for employees beginning their commute at several train stations. See page 108 for details.
- Because work schedules are often poorly synchronised with public transport, the city of Camden, New Jersey, 15 kilometres from Philadelphia, negotiated special van routes for welfare-to-work participants employed at the United Parcel Service airport facility, timed to UPS work shifts.

“Cultural competence” training

Much of the training in “soft skills” that employers find so important, particularly for less-skilled, entry-level employees, is explicit orientation to workplace expectations, cultural norms, and patterns of behaviour. The importance of this preparation to workplace success cannot be underestimated. Such knowledge is particularly critical for immigrants and many minorities whose communities are weakly attached to mainstream workplaces.

In the United States, a strand of innovation within the workforce development field has expanded the notion of job readiness and soft skills to a broader set of attitudes and skills sometimes called “cultural competence.” The Annie E. Casey Foundation, which has invested heavily in employer-led workforce approaches that are sensitive to issues of race and ethnicity, defines “cultural competence” as “the ability to understand and integrate “the web of behaviours, attitudes and policies that foster effective work in cross-cultural situations.”⁷ Cultural competence implies knowledge of individuals, groups of people, and institutions that results in attitudes, actions, and practices that respect diversity. For workers in particular worksites, it means observing and adapting to what employers care most about on the job while maintaining personal identity.

Like other skills, cultural competence can be learned.

- The Cleveland Jobs and Workforce Initiative uses *Learning to Work it Out*, a curriculum designed to acclimate first-time employees to the workplace and develop strategies to cope with the challenges that arise. *Learning to Work It Out*, a 10-lesson adaptation of a popular curriculum first developed in Denver, Colorado, is designed to reveal the unspoken rules of the workplace. It teaches adult jobseekers how to understand and successfully adapt to workplace rules. It is meant to sensitise workers, particularly those whose cultural backgrounds differ greatly from the dominant culture of the corporate workplace, to the attitudes and behaviours that will be expected of them on the job. Using real life situations, it is designed for delivery by a certified trainer in pre-employment training programmes. A companion curriculum developed for employers and their frontline supervisors, called *Managing to Work it Out*, recognises that cultural competence is a two-way street: it must be travelled by both parties in the workplace. (For more information, contact The Piton Foundation, Denver, Colorado.) See page 74 for details.

Customised Services for Employers

The willingness of an employer to hire from what for them may be non-traditional labour pools is largely a function of the severity of that employers' labour shortages. Thus, ethnic minority hiring may be more robust in tighter labour markets and slacken as labour markets weaken. In some cases, though, employers may resist hiring and training ethnic minority individuals regardless of the tightness of the labour market if they perceive the risks involved to be large.

Employer perceptions of risk are often based on their experiences. An employer may have, for example, encountered skill deficits more frequently among disadvantaged ethnic minorities than among their more traditional employees. Skill deficits could include language limitations among recent immigrants or poor job readiness skills among those with a weak employment history. On the other hand, such perceptions may be based on racial stereotypes, ignorance, and lack of experience. Frequently, bias and experience mix in complex ways, shaping strong perceptions.

Employer-led programmes that show better outcomes for ethnic minorities provide a range of targeted services to address employer fears and perceptions. These services include pre-employment training, temporary employment arrangements, and assistance in adjusting employer human resource practices. *They also include cultural competence for employers, which is as important for employers as it is for jobseekers and new employees.*

Reducing employer risk through alternatives to direct hiring

The most direct approach to reducing employer risks of hiring any employees - not just ethnic minorities - which for them may be non-traditional sources of labour is to alter, or even eliminate, the formal hiring arrangement. This allows employers to test new employees without taking on legal and other obligations to keep them if the fit is not right. A continuum of such arrangements exists, from training to internships and temporary-to-permanent contracts. Two examples are highlighted below.

- LEAP, a programme developed by San Francisco Works, an affiliate of the San Francisco Chamber of Commerce, uses a phased engagement structure for participants. The programme trains participants for placements in law firms and corporate legal departments. It begins with a nine-day appraisal process, followed by eight weeks of intensive hard and soft-skill training (forty-hours-per-week). Graduates then enter a two-week internship placement during which trainees interview with participating firms. The following twelve weeks of paid work experience is combined with additional skills training. At the end of the internship, employers can hire the trainee, or LEAP will secure a placement with another firm. See page 86 for details.
- German apprenticeship programmes provide a more formalised way of providing actual work experience without a full hiring commitment on the part of the employer. In Augsburg, the Foreign Business Training Initiative seeks to increase the number of ethnic minority young people who leave school with vocational qualifications by increasing their participation in apprenticeships. The programme places participants in small businesses operated by people from immigrant backgrounds. It provides the business owners with the training needed to support apprentices and to become more engaged with the rest of the local employer community. See page 118 for details.

Over the past decade, several innovative alternatives to traditional staffing organisations have emerged in the United States to provide temporary-to-permanent arrangements for employers.⁸ In term-to-perm arrangements, employees continue to be employees of the staffing provider until the employer makes a permanent hiring decision. The providers can help workers who have little work experience to gain access to more stable employment, along with regular pay, support services, and training.

- In several cities, Origin, Inc., a national non-profit corporation, arranges temporary and temp-to-perm contracts with a variety of large national employers. Employers contract with Origin to fill openings. Origin in turn works closely with community-based organisations to help structure recruitment, assessment, and training to meet the specifications of its employer customers.

It is important to note that the aim of such efforts should be to find jobseekers full-time employment.

Changing employer human resources practices

Retaining and advancing employees is a significant challenge for all employers and all their employees, regardless of their backgrounds. However, in hiring people from what employers may consider to be non-traditional sources of labour, they often confront retention and advancement challenges among these workers. These employees are sometimes new to the world of work and have trouble adapting to workplace norms, juggling personal challenges while meeting employers' expectations, and quickly learning new skills. As such, traditional human resource practices may not provide enough support. Similarly, retaining employees from a wide range of ethnic backgrounds with a diversity of cultures presents challenges to human resource directors with traditional practices. Employer-led programmes that have better outcomes for ethnic minorities directly address human resource practices, adjusting them to better meet the needs of this client group. The work of the Human Capital Group offers a good example (See box 4).

Box 4: Improving Employers' Human Resource Practices: The Human Capital Group

The Human Capital Group, a part of the Philadelphia-based Reinvestment Fund, has found that businesses can reap significant rewards—including lower staff turnover, higher productivity, and worker advancement—by developing HR policies and practices that support entry-level workers. Through work with firms that employ large numbers of entry-level workers in Philadelphia, many of whom are African-American and Hispanic, the Fund has identified a number of specific workplace policies that can improve productivity, retention and advancement. These include:

- Clearer personnel policies;
- Training for supervisors;
- Skills and career pathways inside the firm; and
- More generous employee benefits, both those provided by the employer and those available from external public or private sources (e.g., free tax assistance provided by volunteers, financial literacy courses sponsored by a local philanthropy, enhanced access to public benefits enrolment).

Jobs for the Future (JFF) and the Initiative for a Competitive Inner City (ICIC), two not-for-profit research and consulting organisations in the United States, have documented dozens of innovative human resource practices in high growth companies that do business in inner-city areas, where they typically employ large numbers of ethnic

minorities. (These practices are detailed at www.workforceadvantage.org.) Because the study looked at fast growing companies with significant labour needs, the practices fall into two broad categories: strategies to expand hiring from non-traditional labour pools, and strategies to retain productive workers and help them move up as the company grows. Many of the practices documented by JFF and ICIC have been developed by employers in partnership with local community-based organisations, workforce intermediaries, and service providers. Here are two examples:

- *Career planning, goal setting, and internal job ladders:* CDA Security, in Memphis, Tennessee, hires applicants who exhibit a lot of determination, even if they possess only basic skills. After a review of the career opportunities available at CDA, entering employees work toward individual professional goals established during their orientation. These goals are revisited every six months in meetings between the employee and his or her supervisor. As new employees improve their skills and meet their goals through formal training and work experience, they can receive promotions as positions become available. Because the company is familiar with each employee's career goals and skills, it can match workers more appropriately with available higher-level jobs. This system makes recruitment less expensive and less painful for CDA: every open position above the entry level has a pool of 400 potential internal applicants.
- *Cross-training:* Integrated Packaging Corporation, an inner city corrugated box manufacturer in New Jersey, is committed to training and advancing its largely African-American workforce. The firm routinely cross-trains its employees so they are always prepared to move to another level. Cross-training makes it easier for the firm to identify good candidates for supervisory and managerial positions from among workers who are familiar with the company's operations. All employees are required to learn to operate at least two machines so that they can fill in for absent employees.

Cultural competence at the workplace— for employers

The negative effect of racial discrimination against ethnic minorities on their labour market outcomes is well documented.⁹ *Effective employer-led programmes that show better outcomes for ethnic minorities directly and pragmatically address the issue of employer discrimination by providing employers with a targeted set of services that help overcome cultural biases or ignorance, or help creatively adapt attitudes and practices to respond to a diverse set of employees.* Two examples are given below.

- The Greater Cleveland Growth Association's Jobs and Workforce Initiative recognised that workplace strategies to achieve better outcomes for participating African-American and other minority trainees required training that could sensitise and change attitudes and behaviour among employers. GCGA used a curriculum called *Managing to Work It Out* to prepare supervisors and managers to work in a diverse

workplace environment. *Managing to Work it Out* is an eight-lesson programme designed to improve supervisors' abilities to interact with and motivate entry-level workers. It teaches important workplace skills in the areas of communications, problem solving and, motivation. The programme is designed to be taught at the workplace and makes use of realistic situations that entry-level supervisors encounter regularly in the workplace. A review of more than 100 supervisors who used the curriculum revealed that their behaviour changed in a significant and positive way in 17 of 20 areas evaluated.¹⁰ See page 74 for details.

- Twin Cities Rise! makes cultural competence and other soft skills training for employers an important part of its business model. TCR! offers contract and fee-based training for supervisors and managers who need to develop skills in problem solving, conflict resolution, communications, team-building, and working with diverse groups of employees. The emphasis is on what TCR! calls Empowerment Skills Training, a course designed to help participants develop the habits, attitudes, and skills they need to achieve professional success and personal stability—the keys to long-term job retention and career advancement. See page 92 for details.

Commitment to Monitoring and Meeting Outcomes

As the adage goes, “What gets measured is what gets done.” If national, regional, or local efforts are to both address employer needs and raise the employment and earnings of ethnic minorities in the labour force, specific goals must be agreed by the key partners. Measures must be decided upon that can capture quantifiable progress toward those goals. *The most determined efforts are those that not only set expectations and monitor them, but also tie some incentives and rewards to the attainment of specified goals.*

This is complex terrain. Goals set too narrowly can have unintended consequences. For example, setting high goals for wages can lead programmes to “cream” the most job-ready applicants in order to make their targets. Similarly, expectations need to be carefully linked to labour market realities to be useful at driving behaviour. For example, in the healthcare field today, turnover has dropped to quite low levels in the relatively slack economy in the United States. A performance measure for retention would be almost meaningless in some departments, where six-month retention is already close to 100 percent. Programmes in the UK such as Employment Zones, which are focused on outcomes and allow for flexibility on the ground, attempt to travel this complex terrain.

Local programmes and partnerships have developed a range of measures of progress and success. It is typical for local partnerships to set a target for the size and scale of a particular programme, partly as a way to ensure that the programme can secure enough revenue to support staff and services for participants. In programmes concerned with labour market advancement, retention and wage gains are particularly important

measures, as are measures of hours worked during the course of a quarter or year. Employer-led programmes frequently assess the satisfaction of new hires or training results. Surveys and frequent customer feedback are often built into the programme design. Programmes that are concerned about the prospects of ethnic minorities are likely to disaggregate data so that the relative success and progress of different subgroups can be tracked and analysed.

Several of the case studies provide examples of measuring outcomes. For example:

- The Reinvestment Fund (TRF), a Philadelphia-based community development financial institution, uses its status as an investor in local enterprises to influence human resource practices of the firms in which it invests so they are more supportive of the advancement goals of low-income workers. TRF and its Human Capital Group collect several types of data about the firms they help finance, including payroll data (stripped of individual identifiers to protect privacy), employee surveys, and the extent of adoption of “quality human resource practices” advocated by TRF. See page 80 for details.

Of course, measurement is a more powerful tool for influencing behaviour and driving improvement if there are positive incentives or penalties for meeting or falling short of agreed-upon goals. In a few instances in the United States, innovative partnerships and local organisations have tried to tie payment for employment and training services to performance outcomes, particularly for placement and retention on the job. These programmes have tied some part of resource allocation decisions and payments to local intermediaries to their ability to achieve agreed upon outcomes for participating jobseekers and low-skilled workers. These are not common, and the incentives target labour market performance for all participants, not for particular ethnic groups. However, these innovations point to a powerful lever for performance improvement. The Annie E. Casey Foundation’s Jobs Initiative is perhaps the most ambitious of these efforts, supported by the philanthropic resources of the Baltimore-based national foundation (see Box 5). One lesson from the Jobs Initiative is the difficulty and cost to local providers and partnerships of the management and information systems that are needed to track programme information carefully over time. Smaller providers may need special financial support to set up and maintain a quality data collection and reporting system.

Another innovative approach to tying payment to performance on outcomes is that of Twin Cities Rise!

- Twin Cities Rise! is a unique training programme in Minneapolis, Minnesota, that invests significant resources in an employer-led model of long-term training for low-income, hard-to-employ individuals. TCR!’s 24-month training initiative is costly: the full cost of graduating a TCR! participant in about \$18,000 (roughly £9650), about nine times the “average cost per placement” for publicly funded employment programs in the United States. To help finance the higher cost of services, TCR!

developed an innovative “pay for results” funding model. Arguing that the higher-cost training model would generate a significant long-term return on the state’s investment through increased tax revenues and decreased public spending, TCR! convinced the state of Minnesota to commit up to \$500,000 over two years, contingent upon the placement and retention of TCR! graduates in a job for up to one year. The employer pays TCR! a fee of 10 to 20 percent of the employee’s starting salary. The state reimburses TCR! for its training costs—but only for graduates who get and keep a job for a year. Accountability permeates the programme. To encourage retention in the long training, the organisation secures a commitment from participants that they will pay for their training if they leave before graduation (although the amount is discounted). Employers are reimbursed a pro-rated fee for new hires who do not stay at least six months. A proposal to expand the state effort to the national level is being seriously considered in the U.S. Congress. See page 92 for details.

**Box 5. Using Outcomes to Drive Performance:
The Annie E. Casey Foundation Jobs Initiative**

The Jobs Initiative is an eight-year, \$30 million effort to help 18- to 35-year-old inner city residents obtain family-supporting jobs, funded by the Annie E. Casey Foundation. An ambitious non-governmental effort to change the way workforce development is organised and designed at the local level, the Initiative identified an intermediary organisation in each of five cities: Milwaukee, New Orleans, Philadelphia, Seattle, and St. Louis. The Foundation would hold these organisations responsible for developing employer-led infrastructure for programmes to help raise the wages of local unemployed and incumbent workers, many of whom are from ethnic minority groups.

The Jobs Initiative has pioneered a fairly unique focus on setting outcomes and managing to the expected outcomes. Each community has set goals for the number of individuals to be served by its various programmes and has agreed to strive to secure jobs paying a minimum of \$7/hour (about £3.71/hour) plus benefits - the minimum wage in the United States is \$5.15/hour. The Casey Foundation has tied quarterly payments to the intermediaries to local progress on achieving agreed-to outcomes in terms of placements and wage rates. Each intermediary collects and submits data for all participants in their local programmes, including tracking their employment record for two years. While expensive, this has provided the Foundation, local intermediaries, and researchers with the ability to assess outcomes for particular population groups under changing economic conditions.

Monitoring outcomes by ethnic group is useful for assessing the impact of a project on different ethnic groups. If the impact is contrary to the projects’ intentions, the structure and process of the project may need to be modified to ensure that the intended objectives are achieved.

III. Implications for Policy from Promising Local Practice

This report has argued that engaging employers effectively at the local level is critical to the success of initiatives whose goal is to improve labour market outcomes for disadvantaged ethnic minorities. From a review of local approaches in the United States, the United Kingdom, Germany, The Netherlands, and Canada to doing this, we have identified five key design elements of the most exciting and promising efforts. These include:

- **Employer leadership and strategic direction:** Employers play a lead role in building the civic will for and interest in initiatives to improve labour market outcomes, for disadvantaged and ethnic minority individuals. They work in partnership with a range of key stakeholders providing a clear direction on the dynamics of the local labour market and where employer demand and need are greatest. They work with their partners to engage in medium to long-term planning that sets clear objectives and outcomes for workforce development.
- **Local infrastructure capacity to mobilise and support employer-led partnerships:** There is strong local capacity and infrastructure - intermediaries - to mobilise and sustain the participation of employers and other stakeholders in workforce development partnerships. Strong local intermediaries oversee the implementation of programmes that address clear business needs while also improving outcomes for disadvantaged ethnic minority jobseekers and workers. Sufficient funding and support for intermediaries is available.
- **Responsiveness to employer demand and business needs:** Initiatives demonstrate sensitivity to the dynamics of employer demand in the local labour market and the flexibility to respond to demands for skills and workers when they emerge.
- **Customised services that help ethnic minorities succeed in employment:** Services are tailored to help ethnic minority jobseekers/workers and the employers who recruit and employ them. They go beyond job matching to include pre and post employment support. They improve information and understanding, reduce discrimination, and help minorities and employers prepare for productive performance on the job.

- **Commitment to monitoring and meeting outcomes:** Clear labour market goals are set by partnerships, disaggregated for different groups, and progress toward outcomes is monitored.

There is limited experience with the kinds of initiatives that stood out in our research scan. Only recently have workforce development efforts begun to take advantage of and build around the dynamics of high-demand niches and local labour market opportunities. Yet, these strategies appear to be quite successful in helping to improve employment and earnings outcomes for disadvantaged groups. In them, the interests of employers and of jobseekers coincide, making for a powerful alliance. In communities where ethnic minority groups have stood largely outside the mainstream labour market, strategies that engage employers and give them reason to take a lead in shaping programme activities have real power.

Many of the programmes highlighted in this report, are effective in large part because they are the product of a stable, responsive community or regional partnership and infrastructure, rather than single, standalone programmes for one or a few employers. These efforts are built upon understanding and exploiting niches on both the demand and the supply side of the labour market. While of relatively small scale because of this level of customisation, these efforts appear to engage employers and produce employment and earnings outcomes that far outstrip the results demonstrated by more traditional employment and training efforts.

A number of implications derive for policymakers in the United Kingdom and other nations where the government wishes to promote and strengthen the kinds of local partnerships and programmes highlighted in this report. We conclude with two sets of recommendations: first, some broad guidelines for steps that national governments can take to encourage and expand this emerging form of local workforce effort; and second, cautionary suggestions for policymakers at the national level.

How Policymakers Can Encourage Better Practice

Make improved labour market results for ethnic minorities a national priority.

The first step for national policymakers, is to be clear and explicit that narrowing the employment, earnings, and advancement gaps between ethnic minorities and whites is a national policy priority. The U.K. government has publicly declared the importance of this policy goal—and agencies are taking coordinated steps to respond. *Importantly, this report concludes that that commitment must be framed in terms of the centrality of employer involvement and of local capacity to deliver quality programming to the national strategy.*

The importance of a visible national commitment—in words, policy, and the steering of resources—cannot be minimised. The experience of The Netherlands demonstrates how a national initiative can jump-start and expand both the scale and scope of local activity. In 1998, in response to the twin challenges of labour shortages and huge gaps between native and immigrant group employment outcomes, the government decided to launch a national initiative. A new law set national goals for minority employment and provided significant funding for several years. By 2003, when the law expired, tens of thousands of job-ready minorities had been hired into available jobs in large, medium, and small Dutch businesses. With the expiration of the law, a new, locally focused approach has begun to take its place.

The experience of The Netherlands has both negative and positive lessons. The national effort took advantage of strong corporatist national employer associations that do not exist in the United Kingdom. The “top down” initiative driven by employment goals led to strategies that focused more on job-ready candidates than those who needed more training and skill development to succeed. The initiative did not give priority to strengthening local partnerships and entities that knit together local partners in ways that could become part of the local business and civic infrastructure.

On the other hand, the initiative focused employer attention at an ambitious national level and supported employer interest in the effort, resulting in high visibility, resources for innovation, and explicit national goals that guided agencies, employer associations, and local efforts.

Fund a series of competitive demonstration initiatives that engage employers in the planning and implementation of local workforce initiatives to improve employment and earnings for low-income, low-skill individuals.

In the United States and the United Kingdom, new models are emerging—taking different forms and structures—that appear to hold promise for better results through ambitious and strategic efforts to build civic will and partnerships at the local level for customised services that meet employer and low-income jobseeker needs at the same time. A number of these are highlighted in this report. However, we do not think that experience is strong enough, partnerships routine enough, or capacity deep enough in the United Kingdom (or the United States) for a national programme to advance these models in all major labour markets. The experience base with local employer-led partnerships and initiatives targeted to low-income and ethnic minority groups is still limited in the United Kingdom and elsewhere. More experimentation is needed with employer-led partnerships that are deeply rooted in the local community, work closely with the public system and private interests, and are the source of innovative local strategies to improve labour market functioning for low-income and ethnic minority populations.

For this reason, we recommend funding a set of competitive demonstration grants that can: help the government articulate the principles it would like to see in new local initiatives; galvanise the best local partnerships to expand their efforts; and generate lessons for national policy about how to encourage more and better efforts in the years that lie ahead.

This demonstration should be competitive, requiring partnerships to show their level of seriousness, creativity, and capacity. It should require and support strategic planning at the local level, both within the employer community and among other key stakeholders in the private and public sectors. The competition specifications should emphasise the importance of a local staffed organisation, an intermediary, that will take responsibility for organising the planning, design, and implementation of the local effort. Leadership of influential employers within one or more sectors should be required, as should a plan for demonstrating particular employment and earnings outcomes for ethnic minorities who participate in the initiative's specific programmes. Flexibility in the use of resources from different funding sources (UK, EU, private) should be encouraged.

The demonstrations should promote proposals from partnerships with strong business involvement and commitment, but that might include a number of different public, private, and voluntary sector organisations such as Jobcentre Plus, BME and other local non-governmental organisations as well as employer associations. A key question for the government to explore through these grants is how local efforts can best take advantage of existing public and other systems that serve disadvantaged and minority individuals in the labour market. Variation in local approach should be encouraged and studied carefully.

Promote flexibility in the use of funding at the local level, particularly in initiatives that are tied to workplace human resource change.

Our research found that a critical role of intermediary organisations that knit together the kind of strong partnerships that have been highlighted in this report is to identify, secure, and bundle funding from a diverse range of funding sources - public and private, local and central, and European. The rules, regulations, and requirements governing the use of different funding streams can sometimes frustrate efforts to design and deliver quality local programmes that meet employer demand. The most successful intermediaries combine entrepreneurial fundraising savvy with the ability to navigate bureaucratic waters — and the ability and clout to lobby for greater flexibility in the use of available resources. Policymakers should try to make it easier for local efforts to blend and combine resources for employer-led initiatives and programmes, through demonstration initiatives or more routinely. This may involve waivers from some reporting and funding-use restrictions and negotiations across different funding sources for more consistent requirements.

Take advantage of public economic development and infrastructure programmes to create demand for labour that can be used to promote improved hiring and training for ethnic minorities.

A national (or local) government generates employment and demand for qualified workers when it invests in public infrastructure and in economic development projects. Our research has found that these projects can provide the incentives that lead private employers to engage in innovative workforce strategies that help ethnic minorities in their communities. For example, in Canada, the Vancouver Island Highway Project, to build public infrastructure, was used to help bring First Nation adults into the construction industry.

Government should aim to coordinate its large public infrastructure and economic development investments with its workforce strategy. They should set standards and goals for both employment outcomes and development that have the potential to survive past the specific project. There are legal considerations to keep in mind, however. In the UK most major public construction projects are carried out by private contractors. For any major project, EC (non-discrimination) rules may prevent a requirement to hire locally (rather than from all EU member states). It should be possible, however, to incorporate contract clauses stipulating the recruitment and training of long-term unemployed persons. Following the award of a contract, a contractor can be encouraged to enter into a voluntary agreement to recruit locally. Other examples that are within the scope of the procurement policies and laws that govern UK practice should be explored.

To ensure that such practices have the desired impact, ethnic monitoring should be done. With large scale projects, it can be expensive and onerous, however. It may be possible to incorporate a requirement for the contractor to monitor the workforce by ethnicity; otherwise, how and by whom such monitoring will be done can be agreed with the contractor in agreeing arrangements for contract management.

As this report suggests, to ensure that local disadvantaged populations can take advantage of the job opportunities created through public infrastructure and in economic development projects, several barriers may need to be addressed. Specific pre-employment training may need to be created, negotiations with unions may need to be arranged, employers may need assistance in changing in traditional practices that may exclude disadvantaged ethnic minority clients.

Promote cultural competence training in workplaces and in workforce programmes.

For the most part, the kind of curricula and training programmes used in local initiatives is an issue of service delivery, not policy. However, the value of training for employers and for jobseekers alike that embraces the reality of multicultural workplaces appears clear from our research. If ethnic minorities are to succeed at work, the practices, policies and

cultures of workplaces into which they enter must be appropriate for a diverse set of employees. Despite the importance of training that ensures this, there seem to be few quality materials that employers can use for their personnel. There seem to be only marginally more materials that are prepared especially for ethnic minorities to familiarise them with certain workplace cultures.

Policymakers should encourage the development, dissemination, and use of more “culturally competent” materials and curricula—for both sides of the labour market equation. To stimulate production of such materials and programmes, policymakers could provide incentives to learning providers to create case materials, curricula, and modules that could be used in workshops for HR and other managers. Or a public agency could run a competition to jump start development of such materials for use in their funded training programmes. These are just two possibilities. The broader point is that an investment in promoting training that incorporates cultural competence could have a large effect on outcomes of these efforts for ethnic minorities.

Coordinate goals, priorities, performance measurement, and the monitoring of progress across agencies.

In most countries, responsibility for workforce development is the purview of many different agencies. It is essential that a national (or state) government ensure that different agencies pull in the same direction when it comes to priority initiatives.

Executive leadership must set overarching goals, such as making employment gains for ethnic minorities a national priority. Then, agencies must work together to define and craft policy priorities that are consistent with the national goal. For example, should goals be defined in terms of skill development, employment, earnings, and/or productivity? Should goals be set for minorities as a whole, for particular disadvantaged ethnic minority groups, or for low-income populations in general? The national government will need to decide whether to embrace national goals and, if so, how to frame them. The government will also have to decide how closely to tie incentives and funding to achievement of national goals.

At the same time, local goals are essential, for this is where hiring, training, and advancement happen. To the extent that customisation of programme and strategy is taken seriously by the national government, specification of goals and the commitment to measure progress toward them, must be left to the local partnerships, which are at the heart of the local effort. Business leaders’ commitment to these goals and benchmarks is critical.

If the government pursues a strategy of competitive pilot programmes, as recommended above, then the specification of local goals and benchmarks should be built into the

terms of the competition and the criteria for selection. Performance on achieving the agreed-upon goals—including total job placements, starting wage rates, retention on the job (at six months and/or one year), wage progression over time—should be monitored carefully. Smaller organisations may require additional support if they are to build and sustain management and information systems that can collect and track participant outcomes. Some percentage of funds available through the demonstration projects should be tied to meeting performance benchmarks.

Pitfalls that Policymakers Should Avoid

Promote local customisation, not “one size fits all” initiatives.

If there is a dominant finding in this report, it is that effective workforce programmes must respond and be responsive to the particular opportunities and trends in local labour markets. For this reason, national policy must encourage local diversity and flexibility. “One size fits all” is not an option. This also means that national governments must find ways to promote local capacity and capability to “read” the local labour market, appeal to employers’ self-interest, bring the strongest partners in the area together, and create programmes that meet very particular conditions and opportunities.

In several countries included in the research for this report, this kind of national promotion of local flexibility has been difficult. It is not part of the policy tradition or political culture. Canada, for example, so similar to the United States in many ways, provides a stark contrast when it comes to employment and training policy. The Canadian government has long been the monolithic provider and shaper of local practice. The Canadian Department of Human Resources Development funds, directly initiates, and leads workforce development programmes across the country. One consequence is a kind of disinterest and detachment of employers from training policy and programmes. According to one Canadian observer, “Employers in Canada still look to the government to provide training. The Canadian workforce development system operates through an upside down pyramid, with most of the initiative undertaken by the national government.” Thus, employer-led efforts are rare, and non-governmental initiatives tend to be community-based, but not particularly attentive to employer or business needs.

In Germany, a dual system is governed at both the national and the regional level by a well-developed set of institutions led by employer and labour organisations with government support. Here, the demand side of the labour market has long been the driver of resource and programme development decisions. Yet customisation of curricula and training programmes to address the changing composition of the local population has been slower to develop. There is broad recognition in Germany today that the dual system needs more flexibility to adapt to rapid changes in product and labour markets. Augsburg’s effort to engage minority youth (and employers) more effectively is atypical,

but it is part of a trend towards more localised, customised adaptations of the dual system to new demographic and economic realities.

Don't underestimate the importance of "soft" skills.

In today's economy, when service is increasingly important and customer relations skills are expected of more and more entry-level workers, "soft skills" such as communication, initiative, and teamwork are central to labour market success. In fact, most employers say that they will gladly train workers on particular equipment or for particular work tasks, if they can find workers who are eager and capable of being trained. In this environment, technical skills can certainly provide an advantage in the labour market, but the more generic skills and attitudes that show an understanding of workplace culture and expectations can be the first hurdle for many disadvantaged ethnic minority individuals.

In our research, we saw innovative and successful programmes emphasise soft skills through pre-employment training, internships and tryout employment, and post-employment support and counselling. These efforts recognise that cultural differences, limited experience in workplaces dominated by white managers and workers, and fears on the part of both employers and jobseekers can frustrate employment and training efforts. A number of initiatives went further than soft skill training, however, incorporating strategies to help both individuals and managers in participating workplaces to develop a sensitivity to and "competence" in addressing the cultural differences that exist in multicultural societies and workplaces.

Approach targeting with care.

Policymakers face an important choice regarding how best to promote improved outcomes for ethnic minorities. Should policy explicitly promote activities and policies that target ethnic minorities? Or should targeting be done in relation to income, social status or geography, rather than ethnicity?

Using race or ethnic minority status as a lever for policy intervention should be approached with care. If not done properly or in the right social and political climate, it can have negative consequences. For example, in The Netherlands, a campaign to target ethnic minority employment ran into two problems: a political backlash against preferential treatment for immigrants; and an unintended hardening of identities among ethnic minorities in relation to government programme participation and resource allocation.

In contrast, positive action programmes in the UK are an important and useful approach to ensuring that ethnic minorities are prepared to compete for jobs.

Public policy in the United States has tended to favour race-blind strategies, in part, because race has long been an explosive issue. The U.S. policy environment tends to be more amenable to targeting neighbourhoods or cities with high concentrations of poverty and unemployment for extra services or economic development assistance, which typically are also areas of high ethnic minority concentrations. U.S. employers tend to be sympathetic to strategies that do not target racial groups specifically, partly because a body of complex employment discrimination law governs U.S. workplaces and partly because few employers perceive decisions about productivity and human resources as issues where ethnic minority status is the key variable.

Whichever approach is taken to targeting, policies should be flexible enough to promote customisation of programmes at the local level to meet the needs of disadvantaged ethnic minorities, such as appropriate recruitment approaches and pre and post employment training. Moreover, tracking of access, participation, and outcome data (as opposed to targeting of resources) should be disaggregated by ethnicity in order to assess the impact on different groups of any targeting and to ensure that it does not constitute indirect discrimination.

ENDNOTES

¹ The term “ethnic minorities” is used throughout this report. In the United Kingdom, ethnic minority groups are recognised in official policy documents, as they are in the Netherlands. Terms such as “immigrant” and “refugee,” used in other countries, are not commonly used in the United Kingdom. In the United States, the term minority, while in use, can be an odd misnomer, because in some cities and communities “minority” residents actually comprise a majority of the population. Also in the United States, the phrase “racial and ethnic minorities” is more commonly used than “ethnic minorities” alone. In Germany, ethnic minority has a different meaning, referring to longstanding ethnic groups within the native population. In Germany, immigrants or foreigners are more common terms for the population that is the subject of this report.

² *21st Century Skills Realising Our Potential*, July 2003.

³ Robert Giloth (editor). *Workforce Intermediaries in the Twenty-First Century*. Philadelphia: Temple University Press, 2004.

⁴ Judith Combes Taylor, Geri Scott, Anne St. George and Scott Hebert. *Employers in the Annie E Casey Foundation’s Jobs Initiatives: Attitudes and Practices*. Draft report. Boston: Jobs for the Future, forthcoming.

⁵ Richard Kazis, “What Do Intermediaries Do?” in Robert Giloth (editor), *op. cit.*

⁶ The National Urban League is a national organisation in the U.S., created during the War on Poverty years. The Urban League has local chapters around the country in cities with large concentrations of African-Americans. The organisation has been a longtime advocate for African American economic advancement and its local offices are frequently involved in running local employment and training programmes.

⁷ See Website of Annie E. Casey Foundation. www.aecf.org/initiatives/jobsandraces/whatis. Downloaded January 10, 2004.

⁸ National Study of Alternative Staffing Services. *Alternative Job Brokering: Addressing Labor Market Disadvantages, Improving the Temp Experience, and Enhancing Job Opportunities*. Boston: Center for Social Policy, University of Massachusetts-Boston, 2004.

⁹ Philip Moss and Chris Tilly, *Stories Employers Tell: Race, Skill and Hiring in America*. New York: Russell Sage Foundation, 2001. William Julius Wilson, *When Work Disappears*. New York: Vintage Books, 1997.

¹⁰ The Annie E. Casey Jobs Initiative has developed a number of resources explicitly designed to help employers improve the “cultural competence” of front-line supervisors. “Soft Skills Training For Supervisors: Improving the Performance of Supervisors of Diverse, Entry-Level Workers” from the Seattle Jobs Initiative, and “Investing in Success: a Supervisor’s Guidebook for Supporting and Retaining New Workforce Entrants in Today’s Multicultural Workforce” are two examples. Both are available at www.aecf.org/jobsandraces.

Appendices

Contents

United States

The Boston Private Industry Council: Leveraging a high-demand occupation to obtain employer commitment to financing advancement	62
Capital Area Training Foundation: Targeting receptive industries to train and place underserved minorities	68
Greater Cleveland Growth Association: Leveraging employer networks to build community capacity	74
The Reinvestment Fund, The Human Capital Group: Creating successful workplaces that support the needs of lower-income workers	80
San Francisco Works: Creating win-win programmes that benefit employers and low-income minorities	86
Twin Cities Rise! Intensive pre-employment training generates long-term employment	92
Wisconsin Regional Training Partnership: Unions and employers working together to generate opportunities for inner-city workers	98

United Kingdom

Bullring Jobs Team 2003: Leveraging an urban regeneration scheme to open large numbers of entry-level jobs for minorities	104
Cross River Partnership: A sectoral approach	108
Stansted Airport: Bringing the people to the jobs	112

Germany

Association for Foreign Entrepreneurs to Initiate Apprenticeship: An employer association supports minority business owners and trainees	118
--	-----

The Netherlands

The Netherlands: A summary of national policies and initiatives to promote minority employment	123
--	-----

Canada

Canada: Selected workforce development initiatives with positive outcomes for minorities	131
--	-----

The Boston Private Industry Council

Leveraging a High-Demand Occupation to Obtain Employer Commitment to Financing Advancement

Boston, Massachusetts, USA

The Greater Boston Metropolitan Area, the seventh largest in the United States, is home to three million people; the city itself has a population of about 600,000. Minorities — primarily African Americans and Hispanics — constitute over half of the city's population, and there is an increasingly large, new immigrant population.

The area has long had a knowledge-intensive economy led by the higher education, high-tech, finance and healthcare sectors. With the city as home to some of the nation's most prestigious medical centres, this sector has been an important engine of growth for the Boston economy. It has witnessed sustained growth rates even in the face of significant economic downturns. But the city's minority population continues to face challenges in accessing jobs in healthcare and other expanding sectors. Although the labour force participation of minorities is improving, African Americans still earn only 55 per cent of what whites earn and Hispanics only 63 per cent. This disparity is particularly acute in healthcare, where minorities represent only 3 to 5 per cent of the clinical workforce and are concentrated in lower-paid positions.

The Radiation Technology Program

The Boston Private Industry Council is an influential, business-led workforce intermediary. It works with education, labour, the community, and local and state governments to connect youth and adults to jobs and advancement opportunities in Greater Boston. It serves as the Workforce Investment Board (under the federal Workforce Investment Act), and it is structured as a private non-profit organisation.¹ It provides oversight to the public workforce development system, including three federally mandated career centres that serve the city's low-income and unemployed populations. The PIC has a national reputation for innovation, first gained in 1982, when it established the Boston Compact — a school reform agreement between the city's education and business communities. The Compact laid the foundation for school improvement and guaranteed the commitment of business and higher education communities to Boston public school graduates — jobs and higher education placements for graduates.

¹ Non-profit organisations, called 501(c)3s, after a section of the US tax code, are exempt from federal taxes.

A variety of programmes aimed at the city's youth now flourish under the umbrella of the Compact. From that signature initiative, the PIC went on to develop other strategic programmes for youth and adults. In the late 1990s, it created successful pipelines for moving low-income minorities leaving welfare into a select number of industry sectors, including Boston's large and expanding healthcare sector.

While the healthcare programme succeeded in placing welfare recipients into entry-level jobs, the PIC's tracking data showed that few participants advanced into the better-paying job categories dominated by whites. In response, in partnership with a consortium of large healthcare employers, the PIC launched the Radiation Technology Program in 2000. The programme was designed to train and place entry-level workers in better paid, X-ray-related professions, with starting salaries of \$40,000 (£22,200) per year.

A key barrier many minorities faced in entering this profession was the cost of the two-year training required for Radiation Technology certification. To address this issue, the PIC developed a programme that includes a scholarship fund seeded with federal funds and supplemented with fees paid by employers when a successful placement is made.

The Boston PIC's Radiation Technology Program's success illustrates the value of:

- *Employer Leadership*: Obtaining commitment from multiple employers is easier when they are organised in a consortium.
- *Being Responsive to Employer Demand*: Employers are more receptive to advancement schemes when a skill shortage is acute.
- *Customising Services*: Employers need support and capacity building to fulfil their commitments.

Employer Leadership: Obtaining commitment from multiple employers is easier when they are organised in a consortium.

Since the 1980s, the Boston PIC has been active in employer-led workforce development in the healthcare sector. For example, in the early 1990s, the PIC launched ProTech, a student apprenticeship programme that connected Boston high school students to careers in healthcare (and several other industries). ProTech became a model for the national School to Work Opportunities Act of 1994, which aimed to improve opportunities for low-income youth by integrating school and work-based learning, high school and post-secondary education. However, the PIC's attempts to negotiate training and placement agreements with individual hospitals — each with different skills demands, bureaucracies and cultures — proved to be a barrier to achieving industry-wide scale.

The creation in 1994 of Partners Health Care presented a major opportunity for the Boston PIC. Partners is a consortium of the city's leading private and public hospitals. They had come together to benefit from coordinated economies of scale across various facets of hospital operations, purchasing, and management; workforce development was not originally targeted. However, many of the hospitals are located in parts of the city that border inner-city neighbourhoods. The PIC capitalised on this connection, convincing Partners' community relations department to become a single point of contact for the PIC to access the recruitment and certification requirements of the consortium's many autonomous departments. Subsequently, Partners created a Corporate Human Resources Division and a Community Benefits Division to address labour force diversity and community service efforts. These divisions are the ones that typically interface with the PIC. In addition, Partners has a Workforce Recruitment and Retention Workgroup.

The PIC first worked with Partners to develop a programme to place people leaving welfare into jobs in healthcare through Project Rise. Conceived and delivered against a backdrop of welfare legislation reform, when rapid job placements were emphasised over training, Project Rise moved nearly 200 welfare recipients, 90 per cent of whom were from ethnic communities, into healthcare jobs, but mainly in entry level, non-clinical positions.

In 2000, for the Radiation Technology Program, the PIC and Partners came together again to address not just employment but also advancement opportunities for low-income residents.

Being Responsive to Employer Demand: *Employers are more receptive to advancement schemes when a skill shortage is acute.*

As part of welfare-to-work reform in the late 1990s, the PIC established formal pipelines for entry-level workers into hospitals' non-clinical departments (e.g. transport, catering). It soon became clear, however, that few entry-level non-clinical workers possessed the minimum educational requirements required to move into clinical professions. Worse, even if training were available, these workers lacked the financial resources to pay for it. Although short-term government grants were sometimes available, those funds were under constant fiscal threat and did not provide a long-term solution to the problem.

Partners' corporate leaders were also searching for a way to smooth out the industry's business cycle related demand for skilled labour. They floated the idea of a rotating training fund: money withdrawn to pay for worker training would be repaid by the departments that hired the trainees. The rapidly expanding and increasingly lucrative radiation technology field proved to be a perfect venue for testing the concept. The demand for MRIs, body scans and related diagnostic procedures has exploded with recent innovations in imaging technologies. In addition, Boston imaging departments are

separate profit centres, insulated from the financial constraints experienced by other parts of the hospital. In fact, in many Boston-area hospitals, the only limit to the growth of lucrative imaging departments is the shortage of trained personnel. This combination of high growth and revenues fuelled a voracious appetite for qualified radiation technology professionals, but imaging departments had no experience of growing their own workforces. Their primary recruitment strategies consisted of raiding the staff of competitors or hiring from expensive temp agencies. In the process, turnover and pressure on wages increased across the industry.

In 2000, the PIC proposed a solution. As a quasi-government entity, it could collaborate with Partners to obtain a competitive grant from the federal Government. Partners agreed, and the grant was obtained, to fund a programme to recruit and train entry-level hospital workers in radiation technology. The grant paid for a small staff at the PIC and also financed a scholarship fund to pay for workers to attend a two-year radiation technology certification degree programme at a local community college. Partners committed staff to the programme and paid for release time for workers to attend it. Two primary pools of candidates were targeted: entry-level workers (clinical and non-clinical) within Partners institutions and recently unemployed workers who were being served by the local career centres that the PIC oversaw. For the first group, Partners used the services of its own Corporate HR Division for recruitment, while the PIC recruited candidates from the career centres.

By 2002, when the first participants graduated from the programme, the Partners' imaging departments were convinced that this training approach worked. They were so impressed that autonomous radiation departments across the Partners network agreed to pay a fee into the scholarship fund for each staff person hired out of the programme. This revolving fund now pays for the training of future radiation technologists.

Partners Health Care is happy because the fund smooths the boom-and-bust cycles that characterise hiring in the industry. The PIC is pleased because the scholarship fund represents an ongoing resource for advancing the city's low-income minorities.

Customising Services: *Employers need support and capacity building to fulfil their commitments.*

As the Radiation Technology Program evolved, PIC staff identified three challenges at the hospital level:

- Hospitals lacked the capacity to identify and support programme participants who were experiencing trouble and in danger of dropping out.
- Many department managers did not understand, or failed to support, release time for worker trainees.

- Hospital personnel departments lacked the career counselling skills required by the programme's target population.

The PIC developed a strategy to respond to each challenge.

The PIC recognised that low-income workers face significant barriers to advancement. As the PIC had learned first hand from its welfare-to-work clients, low-wage work created as many problems as it solved. Childcare and transport resources, unnecessary while receiving welfare, now drained family incomes, leaving little to pay for skill training. Even if the money for training could be supplied otherwise, workers were left exhausted by long days at work, commuting, picking up and dropping off children at various schools and care centres. For the Radiation Technology programme, an additional barrier was the high cost of the training involved. The PIC and Partners addressed this through the creation of a rotating fund to pay for tuition and related costs.

To help the Partners' hospitals provide support to programme participants, the PIC worked with the participating institutions to establish a process for tracking enrollees' progress (e.g. through grades, attendance). While the concept of tracking participants to identify and resolve problems was familiar to the PIC, it was new to the Partners' hospitals. Thus, the PIC provided assistance to develop this capacity, which included the ability to maintain contact with teachers to detect early signs of trouble. The PIC also helped Partners establish a support group for programme participants; the group meets regularly and enables early intervention.

When the PIC and Partners looked into the reasons why department managers were being obstructionist, they learned that programme participants were recruited from a variety of hospital departments. Some trainees came from radiation departments, whose managers well understood the long-term payback for the short-term cost of releasing an entry-level worker to attend school. But many other trainees were recruited from non-clinical departments, where department managers were asked to make short-term sacrifices in the interest of another department. As a solution, the PIC and Partners developed a support group for the managers.

The issue of career counselling emerged during the recruitment process. While the programme wanted to recruit as many participants as possible from the hospitals' own employees, identifying the qualities that would make a good programme candidate required skills that were beyond most of the hospitals' personnel departments. In fact, the skills required to determine someone's ambitions, interests, skills and ability to commit to an intensive, two-year programme are more likely to be found in a social worker than in a corporate human resources representative. During programme start-up, PIC staff supplied these skills. Currently, PIC and Partners are developing a plan to implement a system-wide, computer-based, career tracking and management software programme funded by a city-wide workforce development initiative.

OUTCOMES

	Project Rise: 1997-2003 Radiation Technology: 2000-2003
Total enrolment in PIC-Partners adult healthcare programmes to date	Project Rise: 187 Radiation Technology: 71
Per centage of minority enrolment in PIC-Partners adult healthcare programmes to date	Project Rise: 93 per cent Radiation Technology: 30 per cent
Total number of minority participants in PIC-Partners adult healthcare programmes to date	Project Rise: 173 Radiation Technology: 31
African-American enrollees	Project Rise: 134 Radiation Technology: 15
Hispanic enrollees	Project Rise: 38 Radiation Technology: 2
Asian enrollees	Project Rise: 1 Radiation Technology: 4
Total number of programme participants placed in jobs	Project Rise: 143 Radiation Technology: 71

Note: Although minority enrolment in the training programme is only 30 per cent, this is a significant achievement, given the racial make up of the profession and the fact that the programme has only been in existence for three years. For civic and business reasons, the PIC and Partners are committed to developing and institutionalising career services targeted at minority entry-level hospital staff.

Contact Information

Boston Private Industry Council

www.bostonpic.org

Karen Shack Program Development Coordinator

7th Floor, 2 Oliver Street,

Boston,

Massachusetts 02109

Phone: 617.423.3755

Fax: 617.423.1041

kshack@bostonpic.org

Capital Area Training Foundation

Targeting Receptive Industries to Train and Place Underserved Minorities

Programme: Construction Gateway

Austin, Texas, USA

Through the 1980s, Austin, the Texas state capital and home to the main campus of the University of Texas, was transformed from a college town into one of the nation's major high-tech industry clusters. For many of the area's high-skilled residents, the high-tech boom generated substantial employment, income gains and opportunities for career advancement. But in surrounding Travis County, many of the low-skilled Latino and African American residents, who make up more than a third of the county's population of 820,000, were excluded from the new high-tech jobs. High unemployment and poverty among these groups worsened with the recession that began in 2000. Unemployment rates for African Americans (10.9 per cent) and Latinos (23 per cent) are substantially higher than the rate for the country as a whole, at 2.5 per cent. Latinos and African Americans are disproportionately represented on the Travis County welfare rolls, constituting more than 75 per cent of its welfare population.

Exacerbating the problem is a rapidly growing ex-offender population again — mostly minority — generated by a state with one of the highest and most punitive incarceration rates in the country.

Construction Gateway Program

The Capital Area Training Foundation (CATF) grew out of a partnership between the City of Austin and the Greater Austin Chamber of Commerce. Operating as a non-profit organisation under the aegis of the Chamber, CATF's two-fold mission is to advance the area's low-skilled, disadvantaged populations and simultaneously to generate a pipeline of well-trained workers for employers. Through strategic partnerships with employers and educators, CATF provides work-based learning to predominantly minority youth and adults through a variety of efforts. These include:

- *Community Technology Training Centres*: A technology education programme designed to help young people and adults acquire the computer skills demanded by local industry;

- *Get Ahead in Nursing (GAIN)*: A healthcare sector initiative designed to alleviate a severe local nursing shortage through an innovative work-study programme; and
- *The Construction Gateway Program*: A collaboration between CATF, Austin Community College and the local construction industry. It is CATF's premier and most successful programme.

The Construction Gateway is a collaboration between CATF, Austin Community College, and the local construction industry. It serves the hiring needs of construction employers and the training needs of people seeking entry-level employment in construction. Since its inception in 1994, the programme has worked with industry trade associations to train and place over 690 individuals in the local construction industry. These include significant numbers of ex-offenders and work-release inmates from the local prison population.

Construction Gateway's success illustrates the value of:

- *Being Responsive to Employer Demand*: CATF targeted construction, an industry with high demand for and few barriers to entry-level employment.
- *Employer Leadership*: Construction industry associations play a major role in developing the training and providing certification and jobs.
- *Effective Local Infrastructure*: Effective partnerships with employers, educators and other local stakeholders are essential for programme success.
- *Customised Services*: The pre-employment training is customised to accommodate the needs of an underserved and difficult population: prisoners and ex-offenders.

Being Responsive to Employer Demand: CATF targeted construction, an industry with high demand for and few barriers to entry-level employment.

At the core of the Construction Gateway Program's success is a match between the needs and skills of its difficult-to-place population and the demands and entry criteria of the construction industry. The Construction Gateway Program was created in direct response to a shortage of trained, entry-level construction workers created by the booming Austin economy in the 1990s. The construction industry was particularly affected due to an ageing worker population, shifting demographics and historic racial barriers to entry. An African American judge, aware that construction of Austin's International Airport was about to begin and that people leaving incarceration — especially minorities — faced serious barriers to employment, talked to CATF about a construction programme. CATF seized the opportunity, and launched Construction Gateway.

Targeting the right industry was critical for the CATF's work with incarcerated people. The construction sector presents one of the few opportunities for this population; unlike most of the service sector, contractors are willing to hire ex-offenders as long as they are physically able to do the work, have the right skills and are willing to work hard. Barriers to entry in construction are practically negligible for candidates possessing these qualities. So even though the programme's target population faces multiple employment barriers — minority status, prison records and long periods of unemployment — the construction industry has proven to be an ideal fit, providing a large pool of well-paying, entry-level jobs with advancement potential, which would be almost impossible to access in other sectors.

Employer Leadership: *Construction industry associations play a major role in developing the training and providing certification and jobs.*

Employers from targeted industry sectors play key roles in defining the strategy, curricula and outcomes of CATF programmes. For each of its programmes (healthcare, technology, and construction), CATF creates an industry-sector steering committee as a vehicle for understanding and aggregating employer needs and ensuring that programmes are truly demand-responsive. The committees engage employers in:

- Designing career pathways;
- Providing work-based learning experience to students and teachers;
- Linking employers directly with schools and post-secondary institutions; and
- Providing scholarships.

Industry-sector steering committees have only one responsibility that is predetermined: to shape their activities around the immediate and forecasted needs of the local labour market.

The Construction Steering Committee, which develops strategies for the Construction Gateway Program, not only engages individual employers but also works with industry trade associations, including the Association of Builders and Contractors and Associated General Contractors, to develop the curriculum and, more importantly, to provide placements and industry-based certification for programme graduates. While there are no formal hiring contracts, the employer associations recommend Construction Gateway as a preferred recruiting source to their members.

Effective Local Infrastructure: *Effective partnerships with employers, educators and other local stakeholders are essential for programme success.*

The Construction Gateway Program capitalises on CATF's ability to convene critical partnerships among the business community, local government and the education sector. This role was presaged by CATF's own origins: it grew out of a partnership between local government and the Austin Chamber of Commerce. As a result, CATF functions as a "hub of intermediaries" that works with educational institutions (e.g. Austin Community College, high schools) and brokers relationships between educators and employers to deliver its programmes. For instance, Austin Community College is the training site for the Construction Gateway Program, with the industry providing the curriculum and certification. Many Gateway graduates later gain further certification at the college. Similarly, CATF runs Community Technology Training Centers at local high schools in collaboration with school districts.

CATF's strategic convenor role is best reflected in Greater Austin@Work, which it created for the purposes of developing public-private partnerships and influencing policy for the local community. Through Greater Austin@Work, CATF partners with the public workforce system, not as a competitor, but as an advisor on the needs of populations underserved by the public system, especially the incarcerated. Under the umbrella of this initiative, Construction Gateway works with the county prison system and has staff offices at the federally funded local career centres, through which it reaches out to newly dislocated workers and the long-term unemployed.

CATF is funded through a variety of public and private sources, reflecting its public-private structure. In 2001, CATF's operating budget was approximately \$2 million (£1.1 million). About 60 per cent of the budget comes from public sources, about 30 per cent from industry and the remaining 10 per cent from foundations and sponsorships.

The Construction Gateway Program's most recent budget was funded at about \$150,000. Local government covers over 90 per cent of this. The average cost per participant is \$2,000 (£1,100). CATF is a certified training provider for the public workforce development, which qualifies it for state and federal funds, but that contribution is relatively small.

Customised Services: *The pre-employment training is customised to accommodate the needs of an underserved and difficult population: prisoners and ex-offenders.*

The Construction Gateway Program customises pre-employment training to accommodate the needs of its special population. Its innovative work with incarcerated people and ex-offenders is attracting national attention. Participants spend five weeks at Austin Community College's Riverside Campus undergoing a rigorous construction skills programme. The technical curriculum is based on a nationally accredited curriculum used by the Associated Builders and Contractors (ABC) apprentice programmes.

The curriculum was developed by ABC and is taught by accredited instructors. It covers a variety of construction skills, including carpentry, plumbing, electrical wiring, hand and power tool use, masonry, rigging and sheet metal working. Additional training is provided in construction maths, blueprint reading, safety and first aid. Participants also receive training in life skills and basic work skills, such as punctuality, accountability and teamwork. Participants earn eight hours of college credit towards an Associate's degree and receive certificates of completion and job-placement assistance from two trade associations.

The programme conducts outreach through One-Stop Career Centers. For the incarcerated population, CATF recruits from the Travis County Correctional Complex Criminal Offenders Re-entry Effort (CORE) Program, a state jail that houses a military-style boot camp. It typically selects four "cadets" from each group of eight to twelve candidates recommended by the sheriff department's CORE staff. CORE applicants must go through the same process as all other applicants to the Construction Gateway Program.

All Construction Gateway applicants are interviewed, complete a programme application and take a Test of Adult Basic Education to determine reading and maths grade levels. Applicants scoring below the average seventh grade skill level (11 years old) are usually screened out. During the week prior to the start of each class session, all applicants attend a final group meeting to complete the student application to Austin Community College.

CATF's success is most evident in recidivism rates. For inmates completing Construction Gateway, the rate is 15 per cent, compared to 50 per cent for inmates overall in the Travis County Prison system.

OUTCOMES

Construction Gateway Program	Reporting Period: 2000-2003
Total number of clients served	376
Number of minority enrolees in programme	266 (71 per cent)
Number of black enrolees	106
Number of Hispanic enrolees	145
Number of “other non-white” enrolees	15
Total number of participants trained and graduated	329
Number of minorities trained and graduated (including “other non-white”)	237 (72 per cent)
Total number of participants placed	258
Number of minorities placed (including “other non-white”)	186 (72 per cent)
Average hourly wages, post-programme	\$9.73 (£5.40)
Number of employers served	150
Industries/occupations served	Construction and associated industries
Other outcomes	Substantially lower recidivism rates for prison and ex-offender populations: 15 per cent for Gateway graduates versus 50 per cent for Travis County prison population

Contact Information

Capital Area Training Foundation
www.catf-austin.org
 John Fitzpatrick, Executive Director
 P.O. Box 15069 Austin,
 TX 78761-5069
 Tel: 512.323.6773, ext. 110
 Fax: 512.323.5884
jfitz@catf-austin.org

Greater Cleveland Growth Association

Leveraging Employer Networks to Build Community Capacity

Cleveland, Ohio, USA

Cleveland, Ohio's second largest city, was once a major midwestern industrial centre with a strong African American middle class. In the second half of the twentieth century, however, it entered a downward spiral. A substantial loss of manufacturing jobs was accompanied by the flight of both the white and African American middle classes to the suburbs and beyond. This left a diminishing tax base and an increasingly impoverished, majority African American city. After a period of growth and renewal in the 1990s, the recession of the new millennium brought significant unemployment to the region in general, with African Americans disproportionately affected.

The metropolitan area's population is almost 3 million, with 500,000 people living in the city itself. African Americans represent 51 per cent of Cleveland residents and they face employment barriers that mirror those of African Americans across the country. For those with few marketable skills and high literacy deficiencies, the result is often frustration with an inability to break down structural and personal barriers to family-sustaining jobs and full participation in the economy.

Jobs and Workforce Initiative

Founded by the Greater Cleveland Growth Association (GCGA), the largest metropolitan Chamber of Commerce in the United States, the Jobs and Workforce Initiative (JWI) was developed in the context of national welfare reform and it is designed to respond to the needs of GCGA members for a well-prepared, regional labour force. Guided by the efforts of more than 100 regional employers, the JWI builds upon the resources of its employers and the skills and talents of its clients to ensure that the region's One-Stop Career Centers provide job training and job placement services that respond to employer needs. Among the goals of the initiative are to increase educational attainment and skills acquisition, align education with economic development, develop evaluation measures appropriate to the region, and increase the capacity of local minority communities to strengthen the workforce development system.

JWI's success illustrates the value of:

- *Being Responsive to Employer Demand and Business Need:* Visionary leaders created an employer-led capacity to address workforce challenges.

- *Employer Leadership and Local Infrastructure:* GCGA generates deep support among employers through an information-gathering process.
- *Customised Services:* GCGA leverages employer support to build community capacity.

Being Responsive to Employer Demand and Business Need: Visionary leaders created an employer-led capacity to address workforce challenges.

In the mid-1990s, Cleveland’s business and civic leaders faced a new problem. Economic growth had spurred business expansion, causing the city’s lowest unemployment in decades and a serious labour shortage. More than half of the city’s employers reported difficulty finding qualified workers. They also reported that many recent applicants and new hires for entry-level positions lacked basic hard and soft skills, such as punctuality and attendance. In addition, projections of serious skilled labour shortages, due to an ageing and retiring workforce, created a bleak future for the economy’s growth sectors: health and business services, telecommunications, and manufacturing. The business community recognised that impending worker shortages posed a direct threat to Cleveland’s growth.

At the same time, tens of thousands of people, particularly low-skilled African Americans, were unemployed or marginally employed in low-wage, dead-end jobs. Cleveland’s leadership recognised that improving human capital posed the most significant challenge to meeting the needs of employers and fostering the area’s long-term economic viability. This challenge was compounded by a fragmented workforce development system, with duplicated city and county services and few if any connections with the needs of the business community.

Founded in 1997, the Cleveland Jobs and Workforce Initiative grew out of discussions among several organisations interested in civic health and economic development, including Cleveland Tomorrow (a group of CEOs representing the region’s 57 largest companies), the Cleveland Foundation, and the George Gund Foundation. They asked the Greater Cleveland Growth Association to lead a workforce improvement initiative with three guiding principles: the process must be regional, partnership-based and, most importantly, employer-driven.

Employer Leadership and Local Infrastructure: GCGA generates deep support among employers through an information-gathering process.

Building Relationships and Support

JWI’s organisers built relationships with many area businesses and business organisations to ensure the development of a “regional consensus on the need for action.” Over 1,300 employers provided input to the JWI during the information-gathering process through focus groups and surveys. The focus groups identified five key challenges:

- Reducing the number of new workers with basic skills deficiencies;

- Eliminating barriers to employment;
- Upgrading workers' skills to enhance upward mobility;
- Creating a supply of skilled workers to meet employer demands; and
- Developing workforce skills to support growth in new and emerging industries.

A Business Advisory Committee of 25 executives oversaw the next steps. Over 100 employers participated in working groups designed to explore each of these challenges and recommend next steps. The working groups included Basic Skills, Specialised Skills, Job Readiness, Economic Growth and Health Care (the region's largest employment sector, currently undergoing restructuring).

The common theme among the recommendations was the need to dramatically increase the attention paid to employers' workforce needs. Six strategic objectives emerged to guide JWI:

- Organise and sustain employer participation in workforce development;
- Organise the delivery of training and recruitment services;
- Improve the quality of labour market information and its communication;
- Address serious skill gaps in the region's workforce;
- Develop more efficient and effective systems for financing workforce development;
- Ensure that training and workforce preparation efforts are continually monitored, evaluated, and capable of adapting to changing needs.

Through these objectives, employers demanded movement toward a more systematic approach to workforce development.

Addressing Employer Concerns

JWI's first major project, creating the Cuyahoga Compact, was designed to show employers that their concerns had been heard and were being addressed. The Compact began as a formal collaborative group inclusive of both city and county government, as well as a host of for-profit and non-profit stakeholders. The collaboration facilitated by the Compact enabled key stakeholders to move beyond traditional turf barriers and unite around a common need to improve the region's workforce system.

The Compact's initial project was launching Cleveland's first One-Stop. Similar in concept to the UK's Jobcentre Plus, One Stops are operated by local Workforce Investment Boards (WIB). WIBs are entities made up mostly of businesses which work with other local stakeholders and set workforce development policy for their area. The JWI, however,

decided to forgo the use of federal One-Stop funds, which came laden with red tape. Instead, the Compact's leadership relied on local funds to build the centre, using fees from paying customers to underwrite scholarships for disadvantaged job seekers. Local employers also contributed significant funding to ensure quality programming.

Customised Services: GCGA leverages employer support to build community capacity.

Center for Employment Training

With employer relationships and support solidified, the JWI recognised that community-based and faith-based organisations can play a critical role in helping to implement training and work-based initiatives at the community level, particularly among Cleveland's African American community. In 1997, JWI, in partnership with the Urban League of Greater Cleveland (the local affiliate of a national organisation that seeks to equalise opportunities for African Americans and minorities), the City of Cleveland, and Cuyahoga County, facilitated the creation of a training facility based on principles developed at San Jose's Center for Employment Training (CET). Both the San Jose and Cleveland programmes are recognised for successfully serving the "hardest" of the hard-to-serve population (the homeless and ex-offenders) by using culturally competent curriculum and staff.

Soft skills are a standard training component of the CET model. The JWI offered WorkLink, its soft-skill curriculum, at classes held in two African American churches. JWI found that the faith-based institutions themselves offered a supportive, but no-nonsense, training environment for people often labelled "difficult to train and employ." The programme is grounded in the theory that training should prepare clients for high-demand jobs, serving as a motivating factor for clients, who often have little work experience. The training curriculum includes classroom and work-based components. CET also provides its clients with assessment, training, and support services, using an adult learning model.

Based on the belief that it takes two to have a conversation or a conflict, JWI recognised that culturally competent workplace communication skills are as important for employers as for employees. The JWI adapted *Working It Out*, a soft-skills curriculum developed by the Annie E. Casey Foundation's Jobs Initiative to acclimatise first-time employees to the workplace and develop coping strategies. A companion curriculum, *Managing to Work It Out*, was delivered to supervisors and managers to provide culturally competent tools and strategies to prepare managers and supervisors to work with minority employees.

Both curricula are based on a "cognitive" approach to conflict resolution developed by the US Department of Justice for work with teenage gangs, which is grounded in the belief that conflict will be reduced if the parties involved have a better understanding of their own and the other party's motivations. In *Working It Out*, the training modules focus primarily on helping participants understand their own behaviours that will affect workplace success, how these behaviours may conflict with workplace standards, what those workplace standards are (and why) and provide role plays and other activities to practice new behaviours. In *Managing to Work It Out*, the modules focus on the same materials, but from the perspective of the manager. Thus, the trainees would learn why

new hires might respond to a new work environment in certain ways and how they should manage the situation.

Health Career Ladder Initiative

JWI used its relationship with area employers as the foundation for developing the Healthcare Career Ladder Initiative (HCLI), aimed at improving the employment prospects of low-wage workers in the health field. Led by JWI, HCLI is a partnership with the Center for Health Affairs (representing 28 area hospitals and medical centres), the Cuyahoga County Board of Commissioners, and Cuyahoga Community College. It moves entry-level nurse assistants along a continuum of educational skill development opportunities through three advancement levels to Clinical Technician III. The career ladder creates bridges between entry-level healthcare opportunities and post-secondary training.

HCLI's on-the-job training and classroom instruction prepare lower-tier workers to advance to higher-tier opportunities. Training covers four areas: academic enrichment (maths, literacy, and soft and life skills); healthcare foundation and technical skills; workplace technology; and career preparation and exploration.

Programme participants and staff trainers receive paid release time for training as well as scholarships to support advanced professional training. Through participation in HCLI, employees gain additional skills, enjoy longer retention rates, earn increased wages and gain exposure to allied health careers that offer the opportunity and potential to advance to professional training. Expansion plans include collaborating with the American Red Cross to identify additional nursing facilities, expanding into acute care and working with the local community college and other post-secondary programmes to structure a part-time Licensed Practical Nurse training programme and related training programmes.² Cleveland inner-city demographics meant that programme participants were 90 per cent minority, primarily African American men. The remaining participants were Asian-American. Since its inception, HCLI has served over 100 employees, with the goal of serving 200 over the next year.

² Licensed Practical Nurse is the entry-level professional position in clinical nursing.

OUTCOMES

	Center for Employment Training 1997-2003	Health Career Ladder 2001-2003
Total number of programme participants	JWI: 1,113	HCLI: 121
Per centage of minority participants	100	100
Largest minority groups	African Americans (90 per cent)	African Americans (90 per cent)
Number/per centage of participants trained	774	121
Number/per centage of participants graduating	774	121
Number of participants retained 180 days after being hired	434	121
Per centage of minority participants placed	85	100
Number/per centage of participants promoted or advanced (if programme serves incumbent workers)	—	121
Average hourly wage, post-programme	\$8.65-\$11.65 (£4.80-£6.47)	\$10.11 (£5.62)
Wage gains, pre- and post-programme	Yes	Yes
Number of employers served	19	—
Industries/occupations in which participants are placed	Machining, welding, printing/graphics, and shipping and receiving	Three levels of allied health-certified nurses assistant

Contact Information

Greater Cleveland Growth Association

www.clevelandgrowth.com

George E. Coulter, Director Workforce Education and Training

50 Public Square, Suite 200

Cleveland, OH 44113

Phone: 216.592.2387

Fax: 216.687.6788

gcoulter@clevegrowth.com

³ Since its inception, the JWI has developed other training programmes that have provided training to an additional 339 Cleveland residents, the majority African Americans.

The Reinvestment Fund, The Human Capital Group

Creating Successful Workplaces that Support the Needs of Lower-Income Workers

Philadelphia, Pennsylvania, USA

Philadelphia is a city of 1.5 million people. Once one of the largest and wealthiest cities in the United States, after the 1950s decades of population loss and business flight left it with a crumbling infrastructure and growing poverty. In recent years, the city has experienced something of a revival as a result of significant public investment in restoring the city's historic core combined with growth in the private-services sector. Still, nearly one in three Philadelphia residents live in poverty. African Americans, Latinos and Asians make up about 55 per cent of the city's population. Philadelphia's greatest challenge is to reverse the job erosion that has contributed to the loss of thousands of residents to the suburbs. There are about 100,000 fewer jobs in Philadelphia than a decade ago.

The Human Capital Group

Founded in 1985, the Philadelphia-based Reinvestment Fund (TRF) is a community development financial institution that builds wealth and opportunity for low-income communities by promoting socially and environmentally responsible development. TRF has made over \$250 million (£139 million) in loans and investments to firms locating in the Philadelphia area, directly resulting in the creation of more than 1,500 jobs.

In the late nineties, with an eight-year grant from the Annie E. Casey Foundation's Jobs Initiative, TRF created an innovative workforce development programme for leveraging investment capital to improve conditions for entry-level workers at the firms in which TRF invests. By linking private equity financing with innovative human resources strategies, this programme, ultimately known as the Human Capital Group, simultaneously increases the success of businesses by introducing effective human resource strategies and creates economic opportunity for low-income workers.

The Human Capital Group's successes illustrate:

- *Being Responsive to Employer Demand and Business Need:* Community investment capital represents a significant "leverage point" for influencing change in firms that employ entry-level/minority workers.

- *Customised Services:* Creating actual change in firms’ practices depends upon the ability to add real value to firms’ bottom lines.
- *Commitment to Monitoring and Meeting Outcomes:* Monitoring progress is essential but challenging when firms are involved.

Being Responsive to Employer Demand and Business Need: *Community investment capital represents a significant “leverage point” for influencing change in firms that employ entry-level/minority workers.*

Human resources practices and cultures within firms—how people are supervised, managed and treated on a day-to-day basis—have a major impact on the ability of entry-level workers to remain employed and advance. For example, firms with “zero tolerance” tardiness and absentee policies are not always the best fit for working mothers with unreliable childcare options. Clearly, firms that utilise more supportive human resources practices and attempt to adapt to some of the unique challenges faced by their non-traditional entry-level workers can generate better retention and advancement results.

Although workforce development professionals have long understood this link between workplace practices and entry-level worker success, some employers rarely view the management of their entry-level workforce as affecting a firm’s productivity and profit. In the absence of a severe labour shortage, it is hard to convince some firms that a change in their practices vis-à-vis the management of low-wage, entry-level workers can result in increased productivity.

The Reinvestment Fund leverages its power as an investor in Philadelphia-area businesses to improve the way in which recipient firms manage their workforces. Through its venture funds, TRF invests only in companies that create quality jobs for low- and moderate-income workers. In fact, TRF’s \$46.5 million Urban Growth Fund strives to create 30 new jobs for every \$500,000 it invests.

Toward this end, TRF has built a human capital assessment into its due-diligence process for prospective investments. The Human Capital Group’s in-depth assessment:

- Looks at how management treats its workforce;
- Assesses the degree to which the firm is open to alternative recruiting to reach more low- or moderate-income people;
- Determines whether the firm’s business model creates accessible jobs; and
- Gauges whether the firm’s management recognises the value of investing in its people.

If the Human Capital Group identifies areas where effective human resource strategies could improve a firm's efficiency, the TRF investment is made contingent upon the recipient firm's signing an Employment Training Agreement that identifies job targets and reporting requirements. Once the deal is closed, TRF's Human and investment group staff work with the firm's executives to find ways to support the firm and its employees.

Allegheny Childcare Academy

Allegheny Childcare Academy (ACCA), a for-profit firm that provides high-quality childcare to underserved urban communities in four states, entered the Philadelphia market in 1998 through a TRF investment. With the assistance of the Human Resources Group, ACCA has made quality childcare synonymous with quality employee care. In an industry with annual employee turnover rates as high as 36 per cent, ACCA's innovative human resources practices have sustained annual turnover rates as low as 15 per cent.

There are currently 29 ACCA centres in Philadelphia, with 464 employees working mostly as teachers and aides. Teachers earn \$7.20 to \$9.60 (£4.00 to £5.30) per hour, well below wage levels considered "family-sustaining." Almost all of these workers are female heads of household. Sixty-seven per cent of ACCA's workforce is African American and 27 per cent is Latino. Only 20 per cent completed high school. For a significant proportion of the workforce (37 per cent), a job at ACCA represented the person's first paid work experience. Eighty-four per cent were receiving some form of public assistance when ACCA hired them and had had difficulty making the transition to steady full-time work.

ACCA's business model targets the subsidised childcare market, focusing on opening centres in low-income neighbourhoods without existing licensed facilities. As a firm that depends upon hiring a significant number of former welfare recipients, Allegheny addresses special challenges in keeping this group employed by providing support services and training to help people qualify for better jobs. Over the last five years, TRF's Human Capital Group has provided or brokered a variety of supports for ACCA's staff:

- Free tax preparation for workers to access tax credits available to low-income working families;
- Access to financial literacy classes to help employees build long-term financial stability;
- Access to available public benefits and tax assistance to subsidise the ACCA's long-term investments in its workforce;

- Access to three grants to underwrite the costs of hiring specialists in improving staff retention, advancement and quality control; and
- Working with the local union and the public authorities to pilot an on-site skill training programme for entry-level staff.

Customised Services: *Creating actual change in firms' practices depends upon the ability to add real value to firms' bottom lines.*

The Human Capital Group has found that changing firms' human resources practices and cultures is challenging. The Human Capital Group must prove that its recommended strategies will increase the firm's productivity before fast-growing, cash-starved firms will devote energy to longer-term human resource issues. The Human Capital Group brokers services in four areas to help raise productivity of clients:

- Expanding firms' recruitment practices to include the use of high-quality workforce development providers as a source for qualified inner-city workers;
- Developing HR policies and practices that support entry-level workers, ranging from developing clearer personnel policies to instituting training for supervisors;
- Supporting retention and advancement for entry-level workers by developing skills and career pathways inside the firm; and
- Improving employee benefits, both those provided by the employer and those from external public and private sources (including, for example, free tax assistance provided by volunteers, financial literacy courses sponsored by a local philanthropic organisation and enhanced access to public benefits enrolment).

Commitment to Monitoring and Meeting Outcomes: *Monitoring progress is essential but challenging when firms are involved.*

Tracking outcomes and assessing the impact of investment in services to employers is essential. As investor/owner, TRF usually has a seat on the firm's Board from which it can monitor long-term progress and firm commitment. Even so, firms' commitment to changing practices is difficult to sustain without evidence that an investment is paying off. Public and private funders also seek hard evidence that new and innovative human resource approaches that target low-income workers are viable.

Unfortunately, determining successful outcomes can depend upon the availability of often proprietary, difficult-to-collect data that firms are reluctant to reveal. TRF has

invested significant funds in the collection from its recipient firms of data relevant to human resources. At present, TRF and the Human Capital Group collect several types of data to measure the impact of changes in human resource policies. These include:

- *Payroll Data:* Collected directly from the employer, this data is stripped of any identifying names or numbers to protect the privacy of individual employees.
- *Employee Surveys:* With the assistance of a major consulting firm, the Human Capital Group developed an employee survey designed to assess workforce interventions, barriers to long-term employment and the impact of the job on individual and family household income. The survey functions as both an employee satisfaction tool for firms and as a mechanism that TRF can use to measure the social value of its investment.
- *Best Practice Collection:* The Human Capital Group has established a collection of recognised “quality human resource practices” and tracks the number of companies and employees that have adopted one or more such practices as a result of the Group’s intervention.³

³ Additional details can be found in *Adding Value to Portfolio Companies by Meeting Human Capital Needs: A Community Development Venture Capital Practitioner’s Handbook*, which summarises the practices of and lessons from The Reinvestment Fund and four partners with a similar mission.

OUTCOMES

The Human Capital Group 2001-2003	
Number of firms that have adopted at least one “quality human resource practice” recognised by TRF	17
Number of firms that have adopted at least two “quality human resource practices” recognised by TRF	10
Number of low-income residents employed in firms with at least two quality practices.	1,162

Contact Information

The Reinvestment Fund

www.trfund.com

Margaret Berger-Bradley

Director, Strategic Communications & Program Development

718 Arch Street, Suite 300 North

Philadelphia, PA 19106-1591

Phone: 215.925.1130

Fax: 215.923.4764

bradleymb@trfund.com

San Francisco Works

Creating Win-Win Programmes that Benefit Employers and Low-income Minorities

Legal Employment Action Programme — LEAP

San Francisco, California, USA

San Francisco Works (SFWorks) operates in the Bay Area of California. Its service area covers the cities of San Francisco, Oakland and San Jose. The Bay Area, with a population of slightly over seven million, is a multi-ethnic, multi-racial region with a mix of whites, Hispanics (19.7 per cent), Asians (18.4 per cent, of which Chinese are one third), African Americans (7.3 per cent) and Filipino (4.6 per cent). Smaller percentages of the population include Native Hawaiian and other Pacific Islanders. With a knowledge-based economy dominated by the information technology sector, the region capitalised on its ability to deliver IT as both a stand-alone and as a support industry to the Bay Area's manufacturing and service sectors.

During the 1990s, San Francisco was renowned for its newly minted dot-com millionaires with a reputation for liberal politics and an expensive, laid-back lifestyle. Like much of urban America, however, it was a tale of two cities, with increasing economic and social polarisation based on education and ethnicity. Those who worked in financial or high-tech fields grew increasingly affluent, pushing rents and home prices to the nation's highest levels. They were likely to be white or from certain Asian-American populations and to have one or more college degrees. At the same time, workers in the low-wage end of the service sector were disproportionately African American and Hispanic and likely to have a high school education or less and limited English proficiency. While San Francisco is slowly emerging from the early 2000s downturn, when the dot-com bubble burst and 340,000 jobs were lost, the gap between the haves and the have-nots remains.

Legal Employment Action Program — LEAP

San Francisco Works, a collaboration among the Committee on Jobs (a coalition of San Francisco's 35 largest businesses), the San Francisco Chamber of Commerce and the United Way of the Bay Area, was established in 1997 to coordinate the San Francisco business community's response to national welfare reform. Welfare reform's emphasis on getting welfare recipients into employment rapidly neglected to take into account two

important characteristics of many of those making up the welfare rolls: lack of work experience and lack of skills. Using the networks and resources of its consortium members, SFWorks used sophisticated labour market analysis to convince employers that targeted training could meet employers' long-term hiring needs and the employment needs of the Bay Area's low skilled residents.

SFWorks, an employer-led, sector based, multi-faceted organisation, delivers a variety of value add incentives to Bay Area employers as well as unemployed and underemployed residents. It accomplishes this through targeting, planning and scheduling training cycles around employers' needs. It also leverages socially receptive and responsive leadership into support for customised training and advancement. As a result, SFWorks clients are hired by participating employers.

This niche marketing strategy zeros in on high-end, high-wage, emerging and stable industries to create opportunities in non-traditional careers for low-income individuals moving into work or trying to advance in work. Through various initiatives, including the Legal Employment Action Program, a training programme for welfare recipients seeking careers in legal services, SFWorks' job training efforts illustrate broader lessons and themes concerning:

- *Employer Leadership*: Participating employers receive business and community benefits.
- *Being Responsive to Employer Demand and Business Need*: SFWorks makes the business case for employer involvement.
- *Customised Services*: SFWorks provides intensive training and monitoring.

Employer Leadership: Participating employers receive business and community benefits.

SFWorks facilitates the engagement of employers in welfare-to-work and workforce development activities, benefiting both low-income individuals and the business community. Its model is premised on the notion that quality workforce development initiatives are “win win”, offering low-income individuals the skills to move toward self-sufficiency and employers a cost-efficient staffing solution. SFWorks' workforce development approach provides low-income individuals with life skills, job training, job placement, retention and supportive services. Programmes are designed to place graduates in skilled positions with healthcare employers and opportunities for advancement and wage growth. Employers are motivated to partner with SFWorks not

only out of a sense of community and social responsibility, but more important, because they receive economic benefits in terms of reduced recruitment costs, increased retention, greater workplace diversity and tax credits.⁴

The Bar Association of San Francisco has over 9,000 members involved with a variety of legal issues and programmes in the Bay Area. One of the association's funded affiliates is the Volunteer Legal Services Program (VLSP), which provides free legal services to low-income and other disadvantaged populations. Following the passage of welfare reform in 1996, the director of VLSP contacted SFWorks, as he saw an opportunity for the legal community to help disadvantaged people move out of welfare and into meaningful careers rather than short-term jobs. The VLSP-SFWorks collaboration led to the creation of the Legal Employment Action Program — LEAP — a training programme for welfare recipients seeking careers within the legal services sector.

LEAP succeeds or fails in its ability to match trainees with law firms. Firms participate for various reasons: an influential member of the legal community has asked them to; they are attracted to the philanthropic nature of the programme; they have had good experiences with welfare-to-work in the past; they like the free training; they want to strengthen their image and relationship with the community. Employers are generally recruited through lunches hosted by VLSP. VLSP does not ask employers to commit to hire from LEAP, but instead to commit to interviewing its trainees. Once a firm commits to hiring a LEAP graduate, however, it agrees to:

- Place a LEAP participant in a three-month period of paid work experience;
- Employ the participant for nine months after that; and
- Provide a mentor within the firm for the LEAP participant.

Participating law firms pay LEAP interns about \$9.00 (£5.00) per hour. LEAP graduates are then hired into entry-level jobs, earning \$20,000 to \$26,000 (£11,100 to £14,400) per year as records/file clerks and office services clerks.

Legal Star, a demonstration programme just completing the pilot phase, recruits and trains these entry-level workers to move into para-professional positions that offer higher pay and more prestige. This career advancement initiative provides additional training and mobility for participants.

⁴ The US government has developed four tax incentive programmes aimed at employers who hire categories of employees or employees from designated neighborhoods and communities. These credit or reimbursement programmes are the Work Opportunity Tax Credit, the Welfare to Work Tax Credit, the Empowerment Zone Employment Credit, and the Renewal Community Employment Credit.

Being Responsive to Employer Demand and Business Need: SFWorks makes the business case for employer involvement.

SFWorks' base in the employer community convinced it of the need to make "a business case" if it wanted to create long-term customers for its services. Accordingly, it won funding from the Annie E. Casey Foundation to support research for Fast Forward: The Business Case for Workforce Partnerships. Based on five case studies of employer customers in different industries, this research report concludes that pre-employment workforce development programmes offer a "win-win" to both individuals and businesses. Low-income participants benefit from training that leads to good jobs. Businesses gain cost savings in recruitment, higher retention rates compared to traditional hires, tax benefits and an enhanced reputation in the community.

Fast Forward compared SFWorks' costs and benefits to those of the "temp-to-perm" staffing agencies used by most of the city's law firms. During the temporary phase, firms pay a staffing premium over and above the hire's hourly rate (typically 30 to 45 per cent above the individual's salary). In addition, once the worker moves into a permanent position, the firm pays the staffing agency a one-time fee of \$3,000 to \$5,000 (£1,700 to £2,800). LEAP has been successful in making the case to area law firms that its training programme—in which no fees are paid—helps reduce a firm's recruitment costs. Also, the post-employment services offered by LEAP help troubleshoot problems with programme graduates, thus improving the firm's retention rates among entry-level employees.

Customised Services: SFWorks provides intensive training and monitoring.

SFWorks contracted with the non-profit Urban University to develop and conduct training in life skills (e.g. communication skills, workplace etiquette) and with City College of San Francisco to provide the hard-skills portion of the training (computer hardware and software, keyboarding, etc.). The LEAP programme consists of:

- A nine-day appraisal process to assess the candidate's job readiness;
- Eight weeks of intensive, 40-hour-a-week hard- and soft-skills training, covering everything from computer skills to interviewing;
- A two-week internship during which the trainee interviews with firms; and
- 12 weeks of paid work experience (three days a week) concurrent with continued hard and soft skills training (two days a week) that makes it possible for the curriculum to be customised to meet the needs of each firm.

At the end of the internship, the firm can choose to hire the LEAP graduate, or the programme will place the participant with another firm. Throughout the entire training period, LEAP staff remain in close contact with law firms to determine job availability and the potential match between employers and programme graduates. After the initial placement, LEAP staff visit firms to meet supervisors and get a sense of the corporate culture and the success of the firm/participant match. During the paid work experience, supervisors participate in a formal evaluation process. In addition, interns and their managers are supported by LEAP.

LEAP discovered that many participants faced major communication challenges, particularly around language. Participants were not always understood by colleagues and vice versa. Once the problem was identified as a potential barrier to advancement, LEAP collaborated with Urban University to develop culturally sensitive, value neutral literacy training focused on the need to shift language patterns in different settings.

OUTCOMES

	Reporting Period: 1998-2003
Total number of clients trained by SFWorks	350
Total number of LEAP programme participants	97
Largest minority groups	African American: 60 per cent East Asian: 14 per cent Hispanic: 11 per cent
Number of LEAP graduates	89
Number of LEAP graduates placed into full time entry-level legal services employment	89
Number of participants promoted or advanced	89
Number of internships or apprenticeships secured	Secured: 93 Placed: 89
Salary after completion of LEAP training	\$20,000 to \$28,000 (£11,100 to £15,600)
Number of employers served	28
Industries/occupations in which participants are placed ⁵	Legal services

Contact Information

San Francisco Works

Terri Feeley, Executive Director
235 Montgomery Street, 12th floor
San Francisco,
CA 94104-3103
Phone: 415.217.5193 Fax: 415.576.9256
www.sfworks.org

⁵ Since its inception, SFWorks has developed and incubated 16 employer-led training programs in the biotechnology, healthcare, legal, insurance and financial services, banking, automotive repair, building maintenance, and telecommunications sectors.

Twin Cities Rise!

Intensive Pre-Employment Training Generates Long-Term Employment

Minneapolis-St. Paul, Minnesota, USA

The “Twin Cities” regional economy, once centred in agricultural manufacturing, was transformed during the late 1990s into a thriving, diversified service economy, achieving record-low unemployment (below 3 per cent). Yet despite the area’s national reputation for socially conscious “liberal” government, the African American community remained largely disconnected from the emerging economic opportunities. In fact, the Twin Cities area — with minorities, mostly African Americans, accounting for 30 per cent of its 2.5 million people — has one of the highest African American unemployment rates (27.5 per cent) of any major metropolitan area in the United States and the third-largest income disparity between whites and African Americans. White median household incomes are nearly double those of African Americans and minority high school graduation rates are among the nation’s worst.

Twin Cities Rise!

Steve Rothschild, a former General Mills senior executive, founded Twin Cities Rise! in 1993 to prepare unemployed and underemployed African American men (including ex-offenders) and women coming off welfare for living-wage jobs earning \$20,000 or more per year (£11,100) with full benefits and opportunities for career advancement.

TCR!’s market-driven approach to job preparation includes six to eighteen months of soft and advanced skill development, career training and customised, one-on-one coaching. At \$18,000 (£10,000) per client for two years, the programme costs significantly more and lasts longer than most of its publicly funded counterparts. However, graduates have 30 to 40 per cent higher job retention rates than similar trainees from other programmes.

TCR!’s success is made possible through:

- *Customised Services*: TCR! utilises an intensive, non-sectoral approach that provides up to two years of training and support.
- *Being Responsive to Business Need*: TCR! dedicates significant resources to preparing employers to receive programme graduates.

- *A Commitment to Monitoring and Meeting Outcomes:* TCR!'s unique outcomes-based funding structure depends upon successful placements and retention.

Customised Services: TCR! utilises an intensive, non-sectoral approach that provides up to two years of training and support.

Empowerment Skills Training

TCR! believes that personal development and empowerment are critical to the success of its participants, who are either long removed from the labour market or churning through a succession of dead-end jobs. TCR!'s skill development programme emphasises Empowerment Skills Training, a course designed to help participants develop the habits, attitudes and skills needed to achieve professional success and personal stability—the keys to long-term retention and career advancement. The philosophy is that empowered people believe in themselves and have a persevering and positive attitude towards life's challenges.

Participants spend up to 15 hours per week in training for up to 24 months, depending upon their skills and career focus. Instruction focuses on three areas: basic academic skills (reading, maths and computers), personal development skills and occupational skills (e.g. customer service skills). They also work at least part-time during training. The programme includes a combination of classroom training, ongoing coaching, off-site technical training as required and supportive services.

Recruitment

To maintain its founder's mission of connecting a target population of African American men with well-paying jobs, TCR! has devised special recruitment strategies for this population, some of whom have few academic credentials, poor work histories and negative educational experiences. For example, TCR! staff realised that many people in its target population, especially males, were not responding to recruitment efforts because one of the first steps consisted of a short literacy test; many potential recruits dropped out of the process rather than face a test. Recognising the signs of "test taking" anxiety (probably due to negative school experiences), TCR! modified its recruitment process to defer testing to a second stage, and renamed the "Testing and Screening" session as the "information session."

TCR! also increased the number of African American men on its recruitment and coaching staff. In addition, the training curriculum takes an "asset-based" model that emphasises personal strengths and potential, rather than correcting failures. Instructors also utilise "recovery" techniques to identify and address "core traumas" that motivate a client's anti-social behaviour.

Post-employment Support

One-to-one coaches work with clients for up to a year after placement. Coaches are trained in-house at TCR! In severe cases, clients are referred to professional counsellors. Increasingly, TCR! provides support services, such as childcare subsidies, bus passes and emergency loans.

Being Responsive to Business Need: *TCR! dedicates significant resources to preparing employers to receive programme graduates.*

TCR! works closely with its employer “customers” who hire programme graduates to find the best applicants for each job and it practically guarantees employers that programme participants will stay on the job for at least six months. That is because TCR! does not get paid in full by the state until individual clients have retained their jobs for one year. This unusual arrangement stems from TCR!’s philosophy of accountability and its confidence that intensive preparation of workers for employment, and of employers to receive them, will result in retention most of the time. This confidence is validated by the high retention rates of TCR! trainees.

TCR!’s strategy means it puts in nearly as much work in preparing employers as it does in preparing workers—an approach that requires significant staff resources on the demand side. In the first place, TCR! takes a very selective approach to engaging its employer customers. Staff follow up leads for firms that are intrigued by what they hear about TCR! and it invests significant time and resources to work with key personnel to be sure they understand and support the TCR! approach.

Once an employer customer has been engaged, TCR! works with supervisory staff to prepare them to deal with clients’ special needs derived from race, poverty and lack of education and experience. The process can be described as one of “soft engagement,” of acculturating employers in hiring non-traditional workers. This soft engagement seals the more tangible benefits of hiring from TCR!. Employers know they are getting well trained employees for the price of a small placement fee.

TCR! staff also examine each job description and work closely with the employer to identify the specific skills that are required. They then screen suitable applicants to identify the most qualified and interested. Once a programme participant is hired, TCR! continues to provide individual follow-up, soft skills instruction and other retention services for at least one year. A TCR! coach stays in close communication with the participant and the employer during the first year of employment to monitor the new employee’s performance. TCR! also makes additional training available at the request of either the participant or the employer.

The Advancement Institute

Employers liked the results of Empowerment Skills Training and began asking if they could make it available to other employees. TCR! launched the “Advancement Institute,” which offers customised training for employees of businesses, schools and non-profits organisations. Individuals can enroll directly in TCR! training programmes, or TCR! will provide training for groups of employees at the work site. Training is customised to specific business needs, drawing on several components: basic workplace communication, “speechcraft,” customer service skills, computers, basic reading and maths. Based on services offered to employers who hire programme participants, TCR! also offers employers contract/fee-based training for supervisors and managers who need to develop skills in problem solving, conflict resolution, communications, team building and working with diversity. Through these fee-for-service activities, TCR! hopes to generate increased revenues.

A Commitment to Monitoring and Meeting Outcomes: *TCR!’s unique outcomes-based funding structure depends upon successful placements and retention.*

TCR!’s long-term investment in skill development and its market-driven focus are unique and costly. The full cost of graduating a TCR! participant is about \$18,000 (£10,000) — significantly more than the U.S. public sector’s \$2,000 (£1,100) average cost per placement. Central to TCR!’s success is an outcomes-based funding model, based on a philosophy of accountability that permeates the entire programme. Not only are participants expected to fulfil certain obligations, the programme holds itself accountable as well. Employer fees account for part of TCR! revenue, but only a small part.

Recognising that effective training was costly, the organisation developed an innovative, “pay for results” funding model. Arguing that the higher-cost training model would generate a significant long-term return on the state’s investment through increased tax revenues and decreased public spending on welfare, incarceration, etc., TCR! convinced the state of Minnesota to support an innovative, pay-for-performance funding model. Minnesota committed up to \$500,000 (£280,000) over two years to TCR!, contingent on the placement and retention of TCR! graduates in jobs for up to a year. When TCR! secures a placement for a client, the state pays TCR! half the training cost, in keeping with a contract set up in advance. Following one year’s retention, the state pays the remaining cost of training to TCR!.

This arrangement spares employers the direct expenses and onerous paperwork that accompanied an earlier arrangement in which the state reimbursed employers for their TCR! payments. With the new arrangement, the only expense to an employer is a fee of 10 to 20 per cent of an employee’s starting salary, which is taken at placement.

TCR! 's retention rates depend as much on participants' commitment as on training. About two thirds of those who start the programme drop out during the initial eight-week trial period. TCR! does not view this attrition as a problem. In fact, it is part of the model. TCR! considers these first eight weeks as a filter. Clients who make through the first eight weeks are usually well prepared to survive subsequent training and to function in the workplace. For the dropouts, TCR! has developed an "open door" policy and clients are encouraged to return when they are ready and motivated to meet the programme's requirements.

Clients are also held accountable. Participants who leave before the final placement are charged a discounted fee for the training received, based on an agreement created after the eight-week trial period. Because participants do not pay for training if they complete the programme, this encourages retention. For participants who are placed but leave before six months, a pro-rated fee is reimbursed to the employer. The purpose is to encourage individual accountability and delivering promised results.

OUTCOMES

	Reporting Period: 2001-2002
Total number of clients served	416
Total number of programme participants	416
Per centage of minority participants	85 per cent
Number of minority participants	350
Largest minority group	African American: 65 per cent
Number of participants trained	176
Number/per centage of participants placed	106/60 per cent
Number of participants promoted or advanced (if program serves incumbent workers)	76 moved up to \$9 (£5.00) per hour
Average hourly wage, post-programme	\$9.00 (£5.00)
Number of employers served	18
Industries/occupations in which participants are placed	Financial services, business services
Other outcomes	33 placed at \$22,000 (£12,200) per year with full benefits

Contact Information

Twin Cities Rise!

www.twincitesrise.org

Leslie Dwight, Director of Planning

800 Washington Street

Minneapolis, MN 55401

Phone: 612.338.0295

Fax: 612.338.0191

ldwight@twincitiesrise.org

Wisconsin Regional Training Partnership:

Unions and Employers Working Together to Generate Opportunities for Inner-City Workers

Milwaukee, Wisconsin, USA

Milwaukee, a city of 600,000 people, is located on the shore of one of the Great Lakes separating the United States and Canada. Originally an industrial and manufacturing centre, its manufacturing base has shrunk steadily in recent decades as firms have migrated to the suburbs or overseas. The service sector, especially healthcare and insurance, now provides a large and increasing share of the city's jobs.

Milwaukee is considered one of the country's most segregated cities. African Americans are, by far, Milwaukee County's largest ethnic population. At 222,801, they outnumber Hispanics almost four to one and Asians about ten to one. At the same time, according to the U.S. Bureau of Labor Statistics, black unemployment in metro Milwaukee was 17.4 per cent in 2001, compared with 4.1 per cent among whites — the largest disparity in any city the bureau surveyed. African Americans in Wisconsin — the vast majority live in Milwaukee — are also incarcerated at a higher rate compared with other ethnic groups than in any other state. Wisconsin has the lowest African American high school graduation rate in the country and black children in the state are six times more likely to live in poverty than white children — again, the widest disparity in the nation.

The Wisconsin Regional Training Partnership Model

Founded in 1996 in response to the de-industrialisation of Milwaukee, the Wisconsin Regional Training Partnership (WRTP) is a non-profit organisation that serves the needs of Milwaukee-area employers, unions and inner-city residents. WRTP's purpose is three-fold: to help local companies modernise plants and adopt new workplace practices; to upgrade the skills of current workers; and to recruit, train, and mentor new (largely minority) employees.

In 1997, WRTP began to develop a nationally recognised model of employment-linked training, with support from the Milwaukee Jobs Initiative, funded by the Annie E. Casey Foundation. Today, WRTP is an association of 125 employers and unions, responsible for placing hundreds of inner-city minority workers into family-supporting jobs in manufacturing. WRTP is replicating its nationally recognised model in hospitality, healthcare, telecommunications and utilities.

WRTP's recent work in the utilities sector is of particular interest because the industry is committed to a billion-dollar upgrade of the state's infrastructure over the coming decade — a long-term investment that will generate a large number of jobs that are insulated from the economic cycle.

WRTP's success illustrates the value of:

- *Employer Leadership*: Finding common ground between labour and management is key to WRTP's ability to create new channels for inner-city minorities to gain access to well-paying, unionised jobs.
- *Customised Services*: Working closely with labour and management, WRTP develops post-employment support for all entry-level workers.
- *Effective Local Infrastructure*: Strategic partnerships with public and private resources are required to create training and support.
- *Large Public Works Investments*: Large infrastructure or public works investment can be leveraged to create advancement opportunities for inner-city workers.

Employer Leadership: Finding common ground between labour and management is key to WRTP's ability to create new channels for inner-city minorities to gain access to well-paying, unionised jobs.

WRTP has long recognised that vision and leadership are as important as technology and skills training for retaining well-paying industries in Milwaukee. The 1980s were a devastating time, during which the city lost a third of its traditional industrial base. Unemployment and poverty rates rose sharply, union membership plummeted and laid-off workers with few transferable skills could not find new jobs. At the same time, companies remaining in the area were adopting new technologies that their old employees did not know how to use. For the city's economy to expand and adapt, this critical skills gap had to be addressed.

WRTP had its beginnings in the early 1990s when labour leaders brought together a group of employers and unions to discuss strategies to keep companies competitive and productive — and to attract and retain qualified staff. By exchanging information about common problems, the labour and business leaders - who would eventually become WRTP members - were able to devise effective recruitment and training programmes that could be implemented industry-wide.

In the late 1990s, with the assistance of the Annie E. Casey Foundation's Jobs Initiative, WRTP began to focus on the city's future workforce demand. Its labour-management partnership structure proved invaluable. Milwaukee's manufacturing sector was

beginning to recover, and many older workers were reaching retirement age, generating 25 per cent of the area's job openings. Firms were eagerly seeking new workers to expand production at the same time that welfare reform was forcing many adults into the low-wage labour market. The new, predominantly African American workers lacked the skills required for the higher-paying, unionised manufacturing jobs and the firms and unions had no idea how to find, recruit, and prepare them.

WRTP seized the opportunities created by these structural gaps to help connect inner-city workers to good jobs by:

- *Identifying Labour Demand:* Using its membership network to identify upcoming job openings, WRTP would commit to supplying qualified candidates through its “pipeline.”
- *Aggregating Training Demand:* WRTP developed cross-industry job skills and customised training curricula that met the needs of a group of employers. At first, WRTP attempted to develop a new curriculum for each employer and each job category, but that approach proved too costly. WRTP eventually decided to aggregate classes of trainees for multiple employers by identifying cross-firm skills and competencies and developing training curricula for those particular competencies.

Customised Services: Working closely with labour and management, WRTP develops post-employment support for all entry-level workers.

WRTP worked closely with labour and management to develop workplace-based support for all entry-level workers. Again, WRTP's understanding of the types of necessary post-placement support has evolved over time. At first, WRTP hoped that its structure for upgrading worker skills plus the unions' pay and benefits structures would provide enough support for new workers. But early programme assessments illuminated unacceptably high attrition rates among new programme hires. WRTP has subsequently identified causes for high attrition and developed strategies to deal with them:⁶

- *A Mentoring/Peer-Advisory Network:* One problem new hires faced was hostility and a lack of understanding among more senior workers and supervisors. Working with the unions, WRTP developed a mentoring programme that trains senior workers to look out for newer workers.
- *Positive Attendance Workshops:* To address problems of poor attendance and morale among new hires, WRTP developed “Positive Attendance Workshops” in many member firm workplaces to improve worker performance.

⁶ Additional information about these strategies, including manuals and how-to guides, can be found at WRTP's Web site: wrtp.org.

- *Best Practice Dissemination:* WRTP has identified a number of employer practices that contribute to high turnover, including over-reliance on temporary workers, lack of career paths and training opportunities and inability to communicate in the first language of many workers. To address these issues, WRTP is experimenting with a variety of approaches including: establishing joint labour-management committees with responsibility for improving workplace practices; instituting skill training and clearly identified pathways to advancement within the firm; and delivering workplace English-as-a-second-language classes.

Since 2001, WRTP has established goals for implementing its workplace practices and it has set goals for the number of member firms that would adopt one (and two and three) of its good workplace practices. It has worked to persuade firms to institute the changes. WRTP is collecting data (which should be available in Spring 2004) to find out how closely it has come to meeting its goals.

Effective Local Infrastructure: *Strategic partnerships with public and private resources are required to create training and support.*

Meeting workers' skill training needs turned out to be only half of WRTP's challenge. The other half was finding ways to smooth out bumps in workers' lives so that they could become productive and dependable long-term employees for WRTP member firms.

Based on WRTP's experience, these life challenges fall into three categories. First are basic needs (e.g. reliable childcare, transport and housing) that are essential to sustainable employment but difficult for low-income people to obtain. In Milwaukee, as in the rest of the United States, low-income people receive assistance in these areas from a complex array of public and private agencies, which are often seriously under-funded. A second need was for "case management" — overall assistance to low-income clients that focuses on the particular client's needs and how to leverage the right combination of public and private resources to meet those needs. Finally, WRTP faced a need for in-house expertise in particular areas, ranging from how to design a programme for inner-city workers to developing materials for peer mentoring.

To meet these needs, WRTP has cultivated a network of partners and funders that includes the city's welfare-to-work agency, a number of national and local philanthropies, and, increasingly, local faith- and community based organisations. During one period, WRTP collaborated with the local YWCA to provide case management for its clients. WRTP initially did not see client case management as part of its core competency, but the organisation is in the process of developing an in-house case management capacity for the short run while negotiating with partners for a longer-term solution.

Large Public Works Investments: *Large infrastructure or public works investment can be leveraged to create advancement opportunities for inner-city workers.*

While the manufacturing sector was a route to good employment for many inner-city workers in the late 1990s, the number of manufacturing job openings dried to a trickle in the wake of the slowdown that hit industry early in 2001. As a result, WRTP vigorously seeks new opportunities, particularly in sectors forecast for significant economic investment.

The utilities industry, which is publicly regulated but privately operated, is one such sector. It has pledged to invest more than a billion dollars to upgrade the industry's aging infrastructure during the coming decade. These types of infrastructure investments usually generate a large number of jobs, and WRTP is looking for ways to give inner-city workers access to these well-paying, unionised jobs.

This brought WRTP into contact with Pieper Power, a medium-sized firm that subcontracts to the utility industry for meter reading, repair and upgrades. Located in an inner-city Milwaukee neighbourhood, the company has a genuine interest in creating opportunities for the low-income minorities living there. Toward this end, Pieper Power asked WRTP to help it develop a new entry-level "meter tech" position that would require less training (and be paid less) than the lowest-rung on the International Brotherhood of Electrical Workers' "career ladder." To be certain that it was not undercutting local unions, WRTP ascertained that current union members were not interested in a "meter tech" below the level of electrician, but that the proposed position would be ideal for inner-city residents seeking good jobs requiring short-term training.

In addition to brokering a customised training curriculum,⁷ WRTP has taken additional steps to create a pipeline for inner-city residents into these jobs:

- WRTP established a recruiting centre for the programme in the heart of the inner city.
- WRTP obtained labour and management's support for a new credential — the Utility Construction Certificate — that would certify a candidate's qualifications for the meter tech position. Through an addendum to the governing labour-management agreement, the trained meter techs would be eligible to work for Pieper Power and become members of the electrical workers' union.
- WRTP obtained agreement to modify the traditional hiring hall arrangement wherein seniority rules. In this particular case, the firm can directly request workers with the new certificate and the hiring hall will refer only union members with the certificate, bypassing more senior union members.

⁷ The curriculum includes training in hard skills, soft skills, safety, CPR, and preparation for a temporary commercial driver's license.

OUTCOMES

WRTP, 1998-2003				
Race/ Ethnicity	Enrolments		Placement	
	Number	Per cent of Total	Number	Per cent of Total
White	338	13.2 per cent	177	per cent
African-American	1,725	67.1 per cent	1,018	per cent
Hispanic	337	13.1 per cent	277	per cent
Other	86	3.4 per cent	51	per cent
Not reported	82	3.2 per cent	8	per cent
Total	2,568	100 per cent	1,531	100 per cent

WRTP's job placements are in manufacturing, utilities, automotive, hospitality, and entry-level healthcare.

Contact Information

Wisconsin Regional Training Partnership

www.wrtp.org

Eric Parker, Executive Director

532 E. Capitol Drive

Milwaukee,

WI 53212

414.217.3158

eparker@wrtp.org

Bullring Jobs Team 2003

Leveraging an Urban Regeneration Scheme to Open Large Numbers of Entry-Level Jobs for Minorities

Birmingham, UK

Birmingham is one of the UK's largest cities with just over one million people. Its residents are diverse and ethnic minorities are expected to become a larger portion of the city's population over the next decade. According to the 2001 census, the Pakistani community represents 10.6 per cent of the city's population, Indians represent 5.7 per cent and Black Caribbean's 4.8 per cent.

There are disparities between the labour market achievements of Birmingham's ethnic minority community and its White residents. According to the 2001/02 local area LFS, the employment rate of ethnic minority groups in the city was 46.1 per cent as compared to 72.9 per cent for Whites. The 2001/02 local area LFS also indicates that the inactivity rate in 2001/02 for ethnic minority groups was 44.1 per cent compared to 22.6 per cent for Whites.

Birmingham has historically had a strong manufacturing base. Whilst the sector has declined in recent decades, it remains the home of several large companies such as MG Rover and Cadbury Schweppes. The City is also home to burgeoning professional services and healthcare sectors. In addition, Birmingham has a growing retail sector that has recently been enhanced by the development of Bullring.

Bullring Jobs Team 2003

Bullring is a retail regeneration project in Birmingham that covers 110,000 square meters. It is expected to eventually create 8,000 jobs in retail, hospitality and supporting services. It is the largest retail regeneration project in Europe. Bullring opened in 2003 and anticipates 45 million visitors in its first year of operation. It houses stores such as Selfridges, Debenhams, the GAP, NEXT, USC and Benetton.

The Bullring Jobs Team was established in November 2002 to:

- Access local jobs for local people, targeting residents in areas of high unemployment.
- Meet the employment and training needs of employers moving to Bullring.

The Team is a partnership between the developer, which is the Birmingham Alliance, Jobcentre Plus, Birmingham and Solihull Learning and Skills Council, Birmingham City Council and Pertemps Employment Alliance. Partners' commitment, highly visible leadership and collaborative spirit, ensured that it was a robust mechanism for planning and deployment of resources. The strong partnership allowed for problems to be resolved quickly and for decisions to be made efficiently.

The Bullring Jobs Challenge 2003, illustrates the value of:

- *Local Infrastructure and Capacity:* Dedicated resources were put in place to deliver training and to engage employers.
- *Customised Services:* Targeted resources were established to reach clients.

Local Infrastructure and Capacity: *Dedicated resources were put in place to deliver training and to engage employers.*

A commitment was made to resource a delivery partnership team made up of secondees from each core partner to ensure a holistic delivery mechanism. Managers skilled in retail sector training and recruitment, community outreach and employer engagement were seconded full-time to the project from November 2002. The co-location of these individuals was key to the project's success and led to the establishment of a 'hub' delivery mechanism.

A consortium of all the colleges in Birmingham and Solihull was established. It worked in partnership with a network of training providers to deliver both pre and post employment training. The consortium was led by Solihull College, the lead retail college in the area. There was a dialogue between the partners and Bullring employers to discuss the nature, delivery and location of training.

The Jobs Team was able to successfully engage over 140 Bullring retailers building the foundation for the continuation of the hub delivery model after the opening of Bullring. A range of strategies and opportunities were used including:

- Leadership among partners
- Introductions made to retailers by the developer
- Development and publication of an employer 'welcome' pack and invitations to present at retailer briefings.
- Establishment of operating bases, which enabled employers to interview prospective candidates before their site was built.

- Delivery of a three-day recruitment fair, which attracted over 10,000 visitors.

Customised Services: targeted resources were established to reach clients.

Working to achieve the target of access for local people to Bullring jobs, the core Bullring Jobs Team was supported by a small outreach staff skilled to engage local communities. They focused on wards of high unemployment, which often have high BME populations.

Customised services included the identification of individual's training needs as well as pre and post employment training to prepare jobseekers for posts in the retail, leisure, and hospitality sectors.

A customised marketing approach was also developed that included the 2003 Bullring Recruitment Bus. The Bus toured Birmingham the months before Bullring opened to advertise job opportunities and to sign up interested residents. Employers rode on the bus to help the marketing efforts.

Funding to support all efforts was provided by the Neighbourhood Renewal Fund, the European Social Fund as well as from the partners.

OUTCOMES

	Total Outcomes to date
Number people into work	2604
Percentage of jobs going to target area residents	89 percent
Percentage of people who were previously unemployed	80 percent
Percentage of jobs going to BME groups*	48 percent
Percentage of jobs taken by target ward residents	35 percent

* Self-declared BME status

Contact Information

Birmingham and Solihull Jobcentre Plus

Lyndley Jenks

Tel: 0121 254 5390

Cross River Partnership

A Sectoral Approach

Workplace Coordinators Programme

Boroughs of Southwark and Lambeth, UK

Located south of central London, the boroughs of Southwark and Lambeth have ethnic minority populations of 37 per cent and 34 per cent, respectively. Despite their proximity to the economic engines of health, hospitality, tourism, financial and business services and construction that drive the central London economy, the National Index of Local Deprivation ranks Southwark eighth and Lambeth twelfth. The unemployment rate is 7.9 per cent, significantly higher than the rest of London, and about 50 per cent of residents in both boroughs are long-term unemployed. People from ethnic minorities make up 37 per cent of Southwark's population and 34 per cent of Lambeth's. Within the past 15 years, portions of both boroughs have attracted high-end commercial and residential redevelopment and gentrification in close proximity to distressed, inner-city wards plagued by poor health, poor education, high long-term unemployment and few opportunities.⁸

The Workplace Co-ordinators Programme

The Cross River Partnership is a public, private and voluntary-sector partnership to promote economic growth by connecting the poor boroughs on one side of the Thames to the prosperous region on the other side of the river. The Partnership created the Workplace Co-ordinators Programme (WCP) in 1999 to support the Government's New Deal programme, utilising strategic partnerships that integrated the activities of Local Authorities, the Employment Service, voluntary sector agencies and employers to maximise employment opportunities for local residents. The WCP was set up to bridge the gap between the needs of employers in central London with the skills and qualifications of potential/existing employees from the targeted areas of Southwark and Lambeth.

Utilising a sector-based approach, the WCP was designed to prepare unemployed people to fill local jobs in the health, hospitality, financial services, arts and culture and construction sectors.

The WCP illustrates the value of:

- *Responsiveness to Employer Demand and Business Need:* Much of the programme's success derives from its use of a sector-based strategy focused on expanding industries that have an unmet demand for workers due to recruitment and/or retention difficulties;

⁸ In Southwark, the long-term unemployment rate is 51.4 per cent, with 46.6 per cent over the age of 25. In Lambeth, the long-term unemployment rate is 51.8 per cent, with 47.1 per cent over the age of 25 (Source: Focus Key Statistics, April 2000).

- *Customised Services:* Developing infrastructure enables the needs of employers and potential employees to be understood and met, from pre-employment through career advancement.

Responsiveness to Employer Demand and Business Need: Much of the programme's success derives from its use of a sector-based strategy focused on expanding industries that have an unmet demand for workers.

Founded in 1994, the Cross River Partnership is a public, private and voluntary-sector partnership that includes the City of Westminster, the Corporation of London, the London boroughs of Lambeth and Southwark, Transport for London, Network Rail, the Port of London Authority, Visit London, the South Bank Employers' Group, Groundwork, LSC and Business Link for London. CRP's original mission was to implement a redevelopment plan in central London focused on improving transportation and infrastructure. In summer 1999, the CRP called a meeting of key employers in the arts/cultural, health and hospitality/tourism sectors in Southwark, Lambeth and Westminster to discuss ways to improve New Deal outcomes for employers and jobseekers. The group came up with a wish list for an initiative that would:

- Improve job matching and retention for New Deal placements;
- Customise pre-employment training and provide post-placement support for trainees and employers;
- Help employers access and interpret the range of publicly funded training initiatives available to help develop their workforce; and
- Provide services based on an understanding of sector- and employer-specific recruitment and skills needs.

A 1999 CRP study identified key growth sectors of the target area economies:

- *Hospitality/Tourism and Arts/Culture:* A high proportion of businesses were in the field of visitor services (incorporating hospitality, tourism and arts/cultural attractions) operating in Lambeth, Southwark, and Westminster. These sectors grew 15 per cent between 1995 and 2000, with further growth projected as a result of the expansion of key tourist and arts/cultural attractions.
- *Health:* Seventy-three per cent of all education, health and administration jobs in Lambeth and 71 per cent in Southwark were in the health and social work subsector. Significantly, the NHS Trusts were also one of the largest employers in the Cross River Boroughs, employing over 7,000 people at some sites.

Although most jobs were located in close proximity to high unemployment target areas, both the health and visitor-services sectors reported similar difficulties in recruiting and retaining staff. A focus group of workers identified a number of reasons why target area residents were being excluded from local employment opportunities:

- Lack of basic language and maths skills;
- Lack of soft skills;
- Lack of work experience;
- Lack of awareness of job opportunities;
- Negative employer perception; and
- Employer discrimination.

From the beginning, the CRP utilised a sector-based approach to analysing the target area's labour market, workforce and skills development needs. Through the use of sectoral strategies, the CRP engaged employers and sector stakeholders in identifying common issues across all sectors and finding ways to intervene to benefit low-income workers by connecting individuals to better jobs. Through the subsequent creation of the Workplace Coordinators Programme, the CRP set out to serve target area residents by establishing a programme designed to meet the individual needs of programme participants and employers.

***Customised Services:** Developing infrastructure enables the needs of employers and potential employees to be understood and met, from pre-employment through career advancement.*

At the core of the WCP programme model is a team of Workplace Coordinators, trained in and knowledgeable about specific industry sectors. In this process, the employer leads the effort by identifying specific workforce needs and working with the coordinators to fulfil those needs through targeted recruitment and customised training.

On the supply side, Workplace Coordinators disseminate information about available job opportunities to programme participants, manage pre- and post-employment training and support participants in career advancement. To do this, they work directly with employers within firms in those sectors. Coordinators are requested by the firms where they will work.

On the employer side, Workplace Coordinators work through either a single or multiple organisation model. In the single organisation model used mostly in the health sector, Workplace Coordinators are placed in the human resources or training departments of partner employers. From that office, they recruit, train and support programme participants. In this model, coordinators are themselves employees of the partner firm, so they can gain and leverage company-specific knowledge and bring it to bear on the design of recruitment and training strategies for programme participants. This model also increases partner compliance with the programme, as the Workplace Coordinators are themselves a part of the organisational structure.

In the multiple organisation model, Workplace Coordinators are based in agencies that work closely with several employers in a specific industry. Popular with financial services

employers, this model allows coordinators to work with smaller organisations that lack the resources to host and support a coordinator on their own. Not limited to one firm, Workplace Coordinators can expose participants to a broader range of cross-firm job opportunities.

The sector approach enables Workplace Coordinators to gain expertise of value to employers interested in reducing turnover and making appropriate job matches. This approach also allows for the design of training customised to the needs of employers across an entire sector.

The Workplace Coordinators Programme has a holistic approach to employment, taking participants through every stage of the employment process. Participants get skills training, job search assistance and industry insights, interview preparation, post-employment mentoring and career progression guidance. Given the intensive, high-quality nature of their services, Workplace Coordinators have a relatively small client caseload. Each Workplace Coordinator maintains a discretionary training budget, to be used to pay for job-related external training courses.

OUTCOMES

	Total outcomes for Workplace Coordinators Initiatives in all Sectors to date
Number of people trained	740
Number of target area residents obtaining employment	500
Number progressing in employment	273
Per cent retaining employment after 13 weeks	80

Over 50% of the above outcomes were for Black and ethnic minority individuals. The unit cost of getting an individual into a sustained job, keeping the person there, and helping him or her progress is £3,052 for this project, including match funding. The cash cost is £2,373.

Contact Information

Cross River Partnership

Gordon Mole, Economic and Community Benefit Officer,
Westminster City Hall,
64 Victoria Street, London SW1E 6QP
Tel: 020.7525.5518 Fax: 020.7525.5415
gordon.mole@southwark.gov.uk

Stansted Airport

Bringing the People to the Jobs

Runways to Work Programme

Stansted Airport, London, UK

Stansted Airport is the UK's fastest growing airport. Its owner, BAA Stansted, has received approval to expand the passenger base to 25 million passengers per annum (mppa).

Stansted Airport is located about 40 miles north east of London, in a rural area on the borders of Essex and Hertfordshire in the London-Cambridge corridor. The immediate area, where residents traditionally commute to work in London, has relatively low unemployment, offering a small pool of potential employees. Within travelling distance, however, lie the inner-city communities of Harlow and North and East London, culturally and ethnically diverse areas of economic distress and some of the United Kingdom's highest unemployment.

Runways to Work Programme

In the late 1990s, BAA Stansted recognised that the airport's rural location presented an ongoing recruitment challenge to meet the requirements of airport employers as the airport continued to grow. In 1998, BAA appointed an Employment Strategy Manager to develop and implement a strategy to identify and create previously untapped labour markets beyond the traditional recruitment areas in the regions around the airport.

Socio-economic demographics illustrated that the densely populated North and East London communities of Haringey, Waltham Forest, Hackney and Tower Hamlets offered potential to create new markets for labour from which BAA Stanstead could draw, especially as these areas have relatively high levels of unemployment. As an added bonus, these areas were within a reasonable commuting distance of the airport.

BAA helped set up the North London and Stansted Airport Partnership, which established the Runways to Work Programme in January 2001. Runways to Work was set up to serve long-term unemployed people from economically distressed neighbourhoods in Haringey, providing a combination of skills training, subsidised transportation and job supports to help them secure and retain work with employers based at the airport. Funded by a variety of public and private resources, the programme has creatively helped more than 200 North London residents overcome labour market barriers.

Several factors account for Runways to Work's success:

- *Being Responsive to Employer Demand and Business Need:* Taking advantage of sectors with an existing unmet demand for labour created an opportunity for targeted populations.
- *Effective Local Infrastructure:* A broad stakeholder partnership brought together an array of public, private and non-profit partners, each with complementary competencies and funding streams.
- *Employer Leadership:* A committed lead employer could marshal collective employer engagement.
- *Customised Services:* The programme strategy went beyond entry-level job placement to include long-term career advancement.

Being Responsive to Employer Demand and Business Need: Taking advantage of sectors with an existing unmet demand for labour created an opportunity for targeted populations.

Stansted Airport offers many employment opportunities with currently around 11,000 people directly employed on-airport and serving 18 mppa this year. It is the country's fastest growing airport and it is anticipated that the increase to 25 mppa will generate an additional 6,000 jobs over the next 6 to 7 years. Recruiting potential jobseekers to the airport posed a significant challenge.

Location exacerbated the problem. The communities within a 20-mile radius enjoyed, and had for some 25 years, very low unemployment rates. The local population consisted of a high proportion of third-agers and women returners with out-of-date skills in numbers that would not satisfy the airport's labour demand. Poor turnouts at BAA recruiting fairs drove home the fact that these communities could not meet Stansted's need.

BAA Stanstead's employment strategy went beyond the 20-mile traditional catchment radius of the airport, to inner-city communities in North London that had a significant supply of jobseekers. Traditional industries there had declined, leaving high levels of unemployment. Haringey, in particular, had a culturally and ethnically diverse population, with many residents among the long-term unemployed. Although the area continued to suffer from a decline in local jobs and weak links with the central London labour market, the area was also connected to the airport by road and rail through Tottenham Hale station. Yet few North Londoners were working at Stansted Airport and there was little ethnic diversity in the airport workforce. A key challenge for BAA was to

break down the cultural barriers and misperceptions that stood between jobs at Stansted and the people of Haringey.

Effective Local Infrastructure: *A broad stakeholder partnership brought together an array of public, private, and non-profit partners, each with complementary competencies and funding streams.*

The development work that preceded Runways to Work was done by the Tottenham Territorial Employment Pact, an EU-funded local employment partnership. TEP innovation funding supported a successful pilot scheme, which led to the formation of the North London Stansted Partnership, consisting of representatives of key stakeholders from Haringey Council, Reed-in-Partnership, Jobcentre Plus, Urban Futures,⁹ the College of North East London, and the North London Learning and Skills Council, as well as Stansted Airport's Employment Strategies Unit.

The partnership brought together an array of public, private and non-profit partners, each with complementary competencies and funding streams that were used in setting up and implementing the Runways to Work Programme. Jobcentre Plus and the recruitment agency Reed-in-Partnership targeted clients claiming Jobseeker's Allowance and conducted recruitment drives and job fairs. Outreach was undertaken by Jobcentre Plus in neighbourhoods with high unemployment, using local community centres. In partnership with Reed, Jobcentre Plus screened and selected potential job candidates. The College of North East London provided participants with two weeks of training in Tottenham to prepare them for employment. The training provided foundation work skills in catering, retail and other customer-service occupations.

Runways to Work was funded through a variety of public and private-sector sources and has been supported by significant "in kind" contributions from partners. Direct funding was provided through New Deal and the Haringey Employment Zone. This was supplemented by funding from Haringey Council and two Single Regeneration Budget schemes. BAA provided funding for development and a travel subsidy.

Employer Leadership: *A committed lead employer could marshal collective employer engagement.*

BAA Stansted launched an Annual Airport Employers Event to work with airport companies to identify recruitment requirements and employment issues. BAA facilitates employment projects with employers and cross-sector partners to ensure that maximum benefit of employment opportunities is gained by stakeholders. For example, by targeting activities in areas of regeneration to provide local economic development. BAA convened workshops where employers and key public-sector agencies designed an effective programme built around the key elements of orientation, work experience, customer service training and mentoring support. BAA subsequently established an

⁹ Urban Futures was created after the merger of two major regeneration agencies in North London: the Haringey Regeneration Agency and the Upper Lee Valley Partnership. Urban Futures' mission is to promote economic and social regeneration to help people in the most deprived areas of Enfield and Haringey.

employer group to create a list of work-experience placements that could lead to permanent jobs and acted as a matchmaker between employers and the managers of Runways to Work. BAA established a workforce learning centre to provide career development for staff, particularly entry-level staff.

Success has gone a long way to convince employers of the programme's value. Employers recognise that they now have access to a skilled and motivated workforce and lower turnover rates. They have also learned that an ethnically diverse work population brings new language skills to the airport, improving customer service.

***Customised Services:** The programme strategy went beyond entry-level job placement to include long-term career advancement.*

BAA is committed to providing inner-city workers with access to entry-level jobs at Stansted; more importantly, it is committed to ensuring that the new recruits understand and take advantage of the airport's many opportunities for advancement. The airport's labour market demands a continuing influx of employees with certain skills beyond entry-level. BAA works with employers to promote an airport-wide career ladder concept, encouraging entry-level employees to advance to higher positions at other airport employers.

To ensure that new employees understand the opportunities available — and the skills needed to take advantage of them — BAA created Airport Skills Training. This on-site initiative offers an introduction to career growth and personal development and it encourages participants to seek additional development opportunities. It includes course modules in store management, English in the workplace, airport security and other modules.

Because skill sets are frequently transferable between employers, the training programme encourages ambitious participants to move from entry-level positions to the next employment level and they are supported by their employers in doing so. Although this primarily happens informally, participants can work with their employers to design a career plan, setting goals for achievement and skills attainment and requirements for promotion at the start of employment.

Runways to Work also offers participants the opportunity to have a career mentor. This individual is available to assist participants with successful integration into the workplace, troubleshooting problems on the job and career planning. Mentors can be Runways to Work participants or other Stansted staff members. The mentoring programme has helped facilitate an informal support network for participants who may be experiencing problems with finances, family or health. Mentors are trained to help participants directly with problems or to guide them to a person, department or agency that can offer assistance. This support system has contributed to high rates of retention

in Runways to Work by helping participants address challenges that often lead to extended work absences and work abandonment.

Worker Supports: Transport

Getting to jobs 25 miles away at Stansted Airport at an affordable fare presented a major obstacle for inner-city jobseekers. A private car is usually not an option and public transport is expensive. Typically, a same-day return travel card on the Stansted Express train from Liverpool station costs £13.70; too expensive for daily travel.

BAA negotiated with the Stansted Express rail operator for a reduced-fare travel card specifically for airport employees. Available for travel from Tottenham Hale and Liverpool Street stations to the airport, this card enables people to travel to and from work at Stansted at a rate of £4.10 per day. In addition, BAA Stansted has effectively negotiated a reduced-rate monthly travel card which costs a little under £2 per day, less than the daily travel card Haringey residents would need for commuting within London. These travel cards have made employment at Stansted a possibility for many more people.

Negotiating the discount travel card was a major win for BAA. However, steering group representatives voiced concern about the ability of Runways to Work employees to afford even £4.10 every day, considering that many individuals would be moving into employment at Stansted after an extended period of unemployment.

To assist these potential employees, BAA came up with an innovative way to use New Deal Supported Employment funds. Instead of dispersing funds to individual employers, all New Deals funding goes into a funding pool. These combined monies are designated to offset transport costs for Runways to Work employees during the first six months employment. This six-month remand on travel card purchase allows new employees to get on their feet and learn to budget for life expenses.

BAA offers additional support to help Runways to Work employees buy travel cards for another six months. New employees can develop a financial plan over the course of a year. BAA sees this as an investment toward meeting their long-term labour needs. Once employees have been employed for one year, they are three times as likely as new recruits to stay for at least one more year.

OUTCOMES

Total number of participants placed at Stansted	230
Number of minorities placed at Stansted	185

Contact Information

Stansted Airport Limited

www.baa.com

Wilma Scott, Airport Employment Strategy Manager

Human Resource Team

Enterprise House

Stansted Airport

CM24 1QW

Tel: 012 7966 3665 Fax: 012 7966 2740

Wilma_Scott@baa.com

Association For Foreign Entrepreneurs To Initiate Apprenticeship

An Employer Association Supports Minority Business Owners and Trainees

The Training Places Programme

Augsburg, Germany

Augsburg, Bavaria, has a population of 255,000, of whom 125,500 are in the labour market. Even though the still-industrial city lies in Germany's most prosperous state, the 2002 unemployment rate was 7.3 per cent. Unemployment among ethnic minority groups is significantly higher. Ethnic minorities make up 16 per cent of the population. This group is predominately Turkish and more concentrated among the younger age group. The region is at high risk of seeing social exclusion increase. Few people from ethnic minority groups graduate with vocational qualifications and fewer still enter the formal apprenticeship system. At the same time, research showed that people of foreign origin owned 6.8 per cent of all German enterprises and 3 per cent of firms in the Augsburg area. Yet they were generally disconnected from the Chamber of Commerce and Industry and the national apprenticeships system that it operated for the nation's young people.

The Training Places Programme

In 1998, an Augsburg social entrepreneur approached the local Chamber of Commerce and Industry — where she had formerly worked — to engage the business community in efforts to increase the integration of minorities into the local workforce. The independent non-profit organisation that she founded with significant support from the Chamber - the Association for Foreign Entrepreneurs to Initiate Apprenticeship - seeks to establish and coordinate a network of local companies owned by ethnic minority entrepreneurs to promote the participation of ethnic minority owned businesses in the apprenticeship system.

The Association's Training Places Programme has two objectives. First, it provides minority businesses owners with the training needed to support apprenticeships and

helps them to become more active in the local employer community. Secondly, the programme also helps minority youth to enter the apprenticeships offered by minority owned business. The Chamber of Commerce provides leadership and guidance to the association as well as programme support. Eighty-nine per cent of apprentices completing the programme have passed their vocational qualifying examinations, nearly equal to the proportion in the general apprentice population.

Training Places achieves this through:

- **Employer Leadership:** Training Places relies on leadership from the local Chamber of Commerce and Industry and from minority-owned businesses themselves to establish and sustain the apprenticeship programme.
- **Customised Services:** Training Places provides work-intensive training and supports designed to meet the specific needs of ethnic minority apprentices and the minority-owned businesses that hire them.
- **Customised Services:** Training Places provides direct outreach to specific ethnic-minority communities and a variety of services to support culturally comfortable matches between apprentices and employers.

Employer Leadership: Training Places relies on leadership from the local Chamber of Commerce and Industry and from minority-owned businesses themselves to establish and sustain the apprenticeship programme.

Prior to the creation of the Association for Foreign Entrepreneurs to Initiate Apprenticeship, the growing number of minority-owned businesses in the Augsburg region had been, at best, marginal members of the local Chamber of Commerce and Industry. Fortunately, a local Chamber project manager working with minorities recognised the disconnection and conceived the Association as a means of aligning the emerging interests of the Chamber with the region's minority entrepreneurs and youth. In addition to sitting on the Association's Board and providing financial assistance, the Chamber donated paid senior staff time dedicated to negotiating the employer-side of the Training Places apprenticeship programme.

Training Places recruited a large pool of businesses operated by first- and second-generation immigrants who had never participated in the Chamber's apprenticeship system. Before they can sponsor an apprentice, businesses must participate in Chamber-sponsored apprentice management training. In addition to the training, participating businesses receive short-term management consulting to improve efficiency and the production processes in which apprentices are engaged. This is a much-needed benefit:

many of the small minority-owned businesses find it challenging to develop their workforces beyond the first or second generation of workers typically drawn from within the owner's family.¹⁰ The local Chamber believes that longer-term participation in the programme could ultimately lead to the mainstreaming and expansion of small minority-owned businesses beyond their ethnic enclaves.

With three core staff members, seven part-time teachers, and a Board of four Directors, the Association is responsible for all apprenticeship-related planning, coordination, supervision and advisory functions. During its five years of operation, the Association has developed significant experience in working with a wide spectrum of minority businesses, such as grocers, wholesalers, travel agencies, furniture and textile stores and professional offices.

Training Places is funded by a mix of federal government, local and European sources as well as from fees paid by minority businesses:

- Bavarian State Ministry for Labour, Social Welfare, Family and Women (funding stems from federal and local sources) (10-15 per cent);
- Labour Office Augsburg (federal source) (30-40 per cent);
- European Social Fund Target III grant via Bavarian State Ministry (45 per cent);
- Fees from participating businessmen (10 per cent); and
- Augsburg Chamber of Commerce and Industry (1-2 per cent).

Training Places recruits minority apprentice candidates through community-based channels and the local labour office. After an apprenticeship participant is recruited, the programme arranges interviews between candidates and potential host businesses. If the interview is successful, the process moves to contract-signing. In a departure from the standard practice for apprenticeships in Germany, in which businesses contract directly with apprentices, the association developed two contracts, between the association and the apprentice trainee and between the association and the employer. In so doing, the association assumes the risk that a business may not survive the entire training period — with the implication that the programme would have to find a new training spot and pay the apprentice in the interim. The initiative also serves as guarantor to the Chamber that all rules are being followed.

Customised Services: *Training Places provides work-intensive training and supports designed to meet the specific needs of ethnic minority apprentices and the minority-owned businesses that hire them.*

¹⁰ The combination of Chamber and minority business leadership witnessed in Augsburg is part of a groundswell of similar efforts now active in nearly 25 German communities that, in total, provide nearly 3,000 training places and achieve a 70 per cent apprenticeship completion rate. A national coordinating body, KAUSA, receives federal government and national Chamber of Commerce support to: 1) serve as the networking hub; 2) confront the national shortage of training places (which disproportionately affects reduces minority groups); and 3) lay the groundwork for further training and advancement for minority workers.

Through part-time teachers, Training Places provides instruction and support for participants and their parents, as well as troubleshooting problems for businesses. In the course of a two- to three-year apprenticeship, a participant earns €250 to 600 per month, learns a trade, and prepares for and takes a qualifying examination. As in other German apprenticeships under the explicitly demand-led “dual system,” trainees attend class for one day (nine hours) per week and work three to four days per week. Following qualification, the project provides continuing support and encouragement to participants. In addition to classroom instruction, the programme provides other work-related supports (e.g. English-language instruction, coaching in German, conducting correspondence in German, preparation for final examinations, and negotiating the social insurance system while in training).

Training Places serves as a source of apprentices who speak the language of business owners and who may also be familiar with ethnic products sold. In addition to providing workers with classroom training in modern business methods, the programme helps train the next generation of managers of participating businesses — especially valuable when business owners wonder who outside their family might take over the firm. Also, the Augsburg Chamber serves as a source of business advice and training for the minority businesses.

Customised Services: Training Places provides direct outreach to specific ethnic-minority communities and a variety of services to support culturally comfortable matches between apprentices and employers.

Training Places seeks to reintegrate disconnected young people into workforce development channels before they have been out of school for too long. By setting up apprenticeships in the relatively comfortable environment of a business at which owner and apprentice speak the same language, the programme creates better opportunities for success and reduces attrition. In addition, the programme enlists the apprentices themselves as “multipliers,” to spread the word among their friends and family about the route by which they got a job. Within the youth population, the programme sometimes separates training classes for young men and women some cultural practices intimidate women who otherwise perform well in apprenticeships.

To date, most participants are Turkish; participants also include naturalised Germans (originally Russian), Greeks, Iranians, Italians, Syrians, Thais, Croatians, Tunisians, and Vietnamese. According to programme staff, working with the families of apprentices is one of their most critical tasks. In a significant number of cases, the programme has found that foreign parents do not understand the essential role of apprenticeships in the German workforce, and they need to be convinced to support their children as they make this foray into the German system.

The programme recruits young people — mostly 18- to 24-year-olds — of every non-native German nationality. All recruits have no school certificate or only a general one, have limited experience or opportunity within the labour market, speak limited German,

get no help from their parents to begin an apprenticeship and come from non-integrated families. Most have only basic schooling when they enter the programme.

This case study provides useful ideas and examples, but should be reviewed with caution. It would need to be significantly adapted to be consistent with UK race relations legislation.

OUTCOMES

	Reporting Period: 1998-2003
Total number of clients served by the organisation	78
Total number of programme participants	78
Per centage of minority participants in programme	97 per cent
Number of minority participants in programme	75
Largest minority group	Turkish: 78 per cent
Per centage of participants trained	54 to 69 per cent
Number of employers served	71
Industries/occupations in which participants are placed	Financial services, business services
Other outcomes	89 per cent of completers passed vocational qualifying examination

Contact Information

Ausbildungsinitiative Ausländische Unternehmer e.V.

www.aau-augsburg.de

Frau Felicitas Etel, Project Leader

Hermanstraße 31

86150 Augsburg, Germany

Tel: 49.821.34.98.660

Fax: 49.821.32.98.661

info@aau-augsburg.de

The Netherlands

A Summary of National Policies and Initiatives to Promote Minority Employment

The population of The Netherlands is about 16 million, of which 18 per cent is of foreign origin. Approximately one million people are from non-Western countries. The first wave of non-European immigrants arrived during the middle of the twentieth century and came primarily from former Dutch colonies, especially Surinam and the Antilles. More recently, they have been followed by Turks — now the single largest minority group — as well as people from Southwest Asia and North Africa. The Dutch Economic Institute for the SME Sector has predicted that the proportion of ethnic minorities among the working population will rise from 13 to 17 per cent by 2015. The employment gap between non-Western minorities and the general population has been consistent and large. Minority unemployment was 25 per cent in 1994, and 16 per cent in 1998, when the general unemployment rate was 4 per cent. In 2002, minority unemployment had fallen to 10 per cent (Note: only 50% of Dutch adult minorities are part of the workforce. e.g. either working or registered with the employment service).

Dutch Minority Workforce Initiatives

Since the early 1990s, there has been a strong national effort to increase minority employment in The Netherlands, based on a strong collaborative effort among the Government, businesses and unions. The distinctive approach taken to minority employment stems in part from several characteristic features of Dutch civic life. One is a belief in and emphasis on public cooperation among government, industry and unions. Equally important is an ethic of consensus. Third, national and regional business associations are strong enough to negotiate with the Government on behalf of their members.

Developments in The Netherlands during the 1990s also helped shape the national effort by focusing employers and the Government — for the first time — on the disparities between minority and general employment. From the employer side, a major motivator was the labour shortage that appeared in the early nineties and intensified throughout the decade. From the Government side, growing concern about social integration and the costs of Government-provided social supports fuelled concern. A dialogue between industry and Government on how best to handle the issue of ethnic minorities ensued, from which a “covenant approach” emerged.

Fundamentally, the covenant approach represents an agreement on the part of private businesses — represented by employer associations — to accede to the Government’s

goal of increasing minority employment and on the part of the national Government to accede to firms' desire to be free of employment regulation in this area. Government, for its part, provided financial resources to support minority employment initiatives and business firms provided staffing and other resources as well as jobs and internships. Each of the initiatives described here is an example of a covenant.

For a relatively short time (1998 to 2003), the covenant approach was supplemented by legislation that was more regulatory in nature, reflecting the goals of the Government at that time. This was the 1998 *Wet Samen* (Partnership Law) that required business firms to report the ethnicity of their employees to the Government. The information was used to establish a baseline and to gauge employment patterns, not as a regulatory tool (e.g. to fill quotas). The law expired at the end of 2003, and a new approach to increasing minority employment has replaced it. Responsibility for minority employment is devolving from the Ministry of Social Affairs and Employment to the local level, with responsibility vested in municipalities and the local Centres for Work and Income (CWIs), or one-stops, of the Ministry.

Employer-led Workforce Programmes

Samen Werken — “Working Together in Partnership”

Samen Werken (“Working Together in Partnership”) is a joint effort between the Dutch Government and about 50 large firms operating in The Netherlands. Over the past decade, firms participating in the *Samen Werken* initiative have provided work experience placements for ethnic minorities and the Dutch Government has contributed substantial funds to subsidise a portion of the costs of training. At its peak, 350 companies were involved in *Samen Werken*, providing thousands of six- to twelve-month placements. The initiative is now winding down and only employs a few staff in a couple of locations.

The *Samen Werken* initiative began in the early 1990s when a President of ABN-Amro Bank convened a multi-industry group of employers in Amsterdam. Working with the local labour office and temporary work agencies, they formulated a plan to provide work experience places for ethnic minorities, on the assumption that work experience would open up opportunities for permanent employment elsewhere. The project received an 8 million guilder subsidy from the central government so that it could offer companies a subsidy of up to 18,000 guilders (compared with the minimum wage of 30,000 guilders) to provide these traineeships. Companies also contributed resources. ABN-Amro, for instance, spent 1 million guilders per year. Over the course of its eight-year involvement, ABN-Amro provided traineeships for 1,200 members of ethnic minority groups. The firm did not promise permanent jobs to the trainees. Nevertheless, some 100 stayed on at the firm.

Samen Werken spread from its starting point in Amsterdam and eventually comprised eight regional committees. For the most part, staff members for the regional efforts were

seconded from companies, thus bringing to their roles a familiarity with their specific employer and the business world in general. The initiative operated at the local level, under local steering groups. Temporary agencies and local labour offices, in conjunction with Samen Werken staff, determined where work experience applicants would be placed. Ethnic minorities received mentoring once placed in traineeships. Especially during the programme's early years (1993-1997), in-company mentors received training in multicultural management.

The project initially targeted ethnic minorities who were university educated but unemployed, often due to a lack of work experience. Many of these people worked in office settings that provided good foundational experiences from which to join the regular labour market. Over time, the project came to focus more on the long-term unemployed.

A policy change at the national level — the devolution of granting authority for labour market policies and programmes to municipalities — ended the national Government's direct subsidies to Samen Werken. Thereafter, only the most committed companies maintained involvement, especially given that they found themselves in competition with temporary work agencies. Samen Werken continues to operate in a few places where a combination of contacts and strong staff has combined with companies still able to subsidise the traineeships. For instance, in the Drenthe region, the NAM oil industry association helps underwrite an ongoing effort. In Rotterdam, the needs of employers in a “hands-on economy” and good cooperation from local government has sustained Samen Werken. However, the scale of operations decreased significantly. Within companies such as ABN-Amro, the number of traineeships dropped by 50 per cent. Even these projects will end soon, as the remaining subsidy funds run out and as municipal governments come under a requirement for contracting to local providers.

It is quite impressive that the 50 largest business firms in The Netherlands agreed to take concrete action to improve minority employment: e.g. to create traineeships for minorities. These traineeships were intended to promote two goals: provide otherwise qualified minorities with work experience and to provide Dutch workers with the experience of working next to someone from an ethnic minority. Dutch decision makers were convinced that in order for this campaign to succeed it was not sufficient merely to persuade Chief Executives and HR Managers, it was also necessary to change the experience of people on the “shop floor”.

A national target of 20,000 traineeships was set for 1995 to 1997, and the operators point with pride to the 7,000 regular jobs into which trainees moved.

Covenants with Large Firms

Between June 2000 and early 2002, 110 companies in The Netherlands with over 500 employees signed covenants with the Dutch Ministries of Social Affairs and Employment,

and Large Cities and Integration Policy. Many of these firms had also participated in Samen Werken. The signatory businesses, which employ 6.5 per cent of the total Dutch workforce, have on average a workforce that is 12 per cent ethnic minority, ranging from almost zero in construction to 65 per cent in hospitality. Many signatories are familiar Dutch, Anglo-Dutch and multinational companies such as Coca Cola, C&A, Heineken, Hewlett Packard, Ikea, KLM, Nestle, Shell, Unilever and Xerox. Other large employers also signed covenants including Schiphol Airport, TPG Post, the staffing firms KLIQ and Randstad, Drenthe College and the Centre for Work and Income.

The project to develop these covenants was created under the aegis of the VNO-NCW (the National Business Association for Large Companies). Called Ruim Baanvoor Minderheden (“Make Way for Minorities”), it was located in the Ministry of Social Affairs. The approach was congenial for employers despite its bureaucratic home. Employer needs should be the primary determinant of firms’ objectives in matters of minority employment. In fact, employers have told their VNO-NCW that they appreciate the bespoke approach (maatwerk in Dutch) through which targets, and the ways of pursuing those targets, are customised for each company. For the most part, goals did not include number of jobs, rather the number of cultural training sessions that the firm sponsored. Staff of Ruim Baan helped companies identify the most appropriate targets given current needs, then provided technical assistance, referrals and strong connections with local Centres for Work and Income to help achieve goals. Companies have leveraged the customised approaches for good public relations and government relations on their own terms.

The fact that staff inside the Ministry of Social Affairs were dedicated to working with large firms had an important but unanticipated benefit. It reduced the distance between the Government and large companies as the staff and companies maintained frequent contact and got to know one another better. The staff has remained small and focused in keeping with general cutbacks in government and with the “steering, not rowing” facilitating role desired for Government.

Each covenant describes the specific steps the firm plans to take to implement a multicultural personnel policy and to promote entrance of members of ethnic minority groups into jobs. Specific elements of the agreements provide a means for tracking accomplishments and for cross-company comparisons. Many of the covenants were extended; most will reach their end in June 2004.

MKB Nederland Covenant

The Royal Association MKB-Nederland is the largest employer organisation in The Netherlands. It serves as an umbrella for some 125 to 130 branch or sector organisations of small and medium-sized businesses — firms that employ up to 100 people. In total, MKB represents the interests of 125,000 employers, providing employment for 60 per cent of the labour force. In its April 2000 Covenant with the Dutch Government, the

association pledged to fill at least 30,000 upcoming vacancies in member firms with minorities; this was known as the Recruitment of Ethnic Minorities project.

The project grew out of conditions in 1998, when unemployment data showed a stark contrast between the labour market positions of ethnic minorities and those of native Dutch people. Minority unemployment stood at 16 per cent while overall unemployment was 4 per cent. The Cabinet set a goal of reducing the difference in unemployment levels between ethnic minorities and the native population by half — down 6 per cent to no more than 10 per cent — by 2002. At the same time, small- and medium-enterprises predicted that 150,000 vacancies would become available in their sector over the same time period. An early 2001 taskforce report concluded that 20,000 members of ethnic minority groups were ready to work.

Under the terms of the covenant, MKB, on behalf of its member organisations and businesses, initially pledged to report 30,000 job vacancies within one year and to fill two-thirds of those with members of ethnic minority groups. The parties signed two amendments to the covenant, carrying the project period through 2002. Ultimately, some 16 of MKB's trade association members participated most actively in identifying and filling vacancies. MKB's chairman also served as a key promoter of the project nationwide.

The Dutch Government, through the Ministry of Social Affairs, funded the project for €75 million (£52 million) over 30 months, or €30 million (£16.6 million) per year. The Ministry allotted funds to the Centre for Work and Income (CWI), the national employment service, to set up and operate a separate project for its duration. This consisted ultimately of 250 advisers from the public employment agency, a three-person central staff, around fifteen project leaders and public relations. This “organisation within an organisation” included staff members who became increasingly familiar with specific sectors.

The Ministry also made funds available for MKB to produce materials such as a “Diversify Your Business”. These included regionally targeted brochures listing qualifications of minority job candidates, and sector-focused newsletters. The Dutch government and MKB also conducted public relations events marking every 5,000th or 10,000th vacancy and advertised on ethnic radio and television channels.

MKB provided introductions for project staff to the heads of regional and sector business organisations. This leadership from the umbrella national business association, as well as from more than one dozen sectoral organisations, brought priceless credibility to the project. In particular, it made identified “best practices” seem more relevant to employers. In addition, employers often served as ambassadors for the project with other employers. Employers appreciated the one-to-one approach and they came to see

their role in hiring members of ethnic minority groups as the norm. They responded better to CWI's service orientation and MKB's quantitative targets than to previous requests to "fulfil their public duty."

As the project moved forward, CWI increasingly developed and put into practice a "one-to-one approach" that emphasised the need to establish a meeting ground between one candidate and one employer. In fulfilment of this approach, CWI project team members sometimes introduced candidates by telephone to prospective employers and sometimes they even went along to initial interviews. A training subsidy (see below) further buttressed the demand-led orientation of the one-to-one approach.

Ultimately CWI developed a set of operating standards and practices:

- A national vacancy telephone line which produced 20 per cent of vacancies (CWI project teams recorded the other 80 per cent);
- A participant-to-caseworker ratio of 60 to 1;
- A maximum 72-hour response to refer a candidate to a SME that had reported a vacancy;
- "Short lines of communication", including mobile telephone contact between the overall project director at CWI and the MKB chairman;
- A training fund for short-term learning modules of two to three days at €400 (£280) per person as required;
- "After sales" follow up phone calls one or two weeks after placement; and
- Weekly monitoring of results nationally and regionally.

Over the 32 months of the project (April 2000 through December 2002), more than 36,000 of the 78,000 vacancies reported in some 31,000 businesses were filled by members of ethnic minority groups.

With regard to job quality, the project recorded that 70 per cent or 49,000 positions were for positions of longer than six months. The balance were for less than six months. On another scale, more than half (55 per cent) of the reported vacancies required a diploma, 28 per cent a vocational certification and 15 per cent a basic certification.¹¹

¹¹ Data regarding particular job titles/categories are not available.

.KOM—Sovov BV

Launched around 2000, .KOM was a major effort sponsored by the Dutch Government and key employer associations to increase hiring and retention of several hundred ethnic minority jobseekers in hospitality, transport and logistics, cleaning, security and construction. A national steering committee of employer organisations and trade unions helped oversee the project and local branches of these parties signed covenants pledging specific supports to the project. The Ministry of Social Affairs and Employment and cooperating sectoral organisations selected Sovov BV to serve as the principal national project manager for the *Krachtig Ondernemen met Minderheden* (“Powerful business with minorities”) or .KOM Project. Sovov BV is a strategic consulting group based near Utrecht that works in the areas of change management, policy development, implementation and evaluation in the human resources and intercultural fields. Its clients include public authorities, employers and employer institutions throughout The Netherlands.

The role of the participating business organisations was to pledge to persuade member firms to be more open to hiring minorities; the role of the labour unions was to promise to be more receptive to the prospect of minority hiring in their workplaces. Sovov’s role was to make presentations to firms about the project, develop specific plans with firms that expressed interest and work with those firms to implement the plan.

Sovov utilised five key steps to develop a more culturally diverse workplace by creating exercises, workshops and best practices that underpin each step:

- Step 1: Formulate starting points and policy for intercultural personnel management — including a “quick scan” of the business and a checklist for use on the work floor.
- Step 2: Recruit and select ethnic minority jobseekers.
- Step 3: Create commitment at the organisational level (the “social basis”).
- Step 4: Organise training and coaching for existing and new minority staff of participating firms.
- Step 5: Formulate conditions for retention and promotion (career planning).

Most of the funding for .KOM went to pay for the education and training of participants. Second tier budget items included intercultural training, marketing materials and publications. A staff of three full-time equivalents at Sovov provided central coordination for the projects; each of five half-time staff people managed two to three project sites.¹²

The initiatives in The Netherlands provide interesting examples of activity to get ethnic minorities into work, but should be approached with great caution. They would need to be significantly adapted to be consistent with UK race relations legislation.

¹² Outcome data were not available for the .KOM project.

Summary of Key .KOM Sectors, Sites and Partners.

The following table represents the sectors and sites in which MKB operated and the sector and training organisations that participated.

Sector	Sites	Sector and Training Organisation
Hospitality/Catering (Horeca)	Amsterdam – pilot 2000 The Hague Utrecht	Royal Hospitality Nederland NCB
Transport/Logistics (Transport & Logistiek)	Amsterdam – pilot 2000 Brabant – pilot 2000	Transport/Logistics Nederland
Security (Beveiliging)	Rijnmond – pilot 2000 (Rotterdam)	Security Management Association
Construction (Bouw)	Amsterdam Rijnmond	Construction Management Association SSP industry training arm + NCB
Cleaning (Schoonmaak)	Terneuzen – Stoffels Utrecht – ISS	Cleaning Business Association

Canada

Selected Workforce Development Initiatives with Positive Outcomes for Minorities

Canada is a vast country — 9 million square kilometres — with a relatively small population — 30 million people, concentrated in urban centres along its southern border. Of the total population, about one million are “Aboriginals”, the indigenous inhabitants of Canada.¹⁶ Another 4 million are “visible minorities”, in the language of the Government. With the exception of the black population (662,000), much of which has been established in Canada for over a century, the visible minorities are immigrants. People of Chinese background compose the largest ethnic group among the visible minorities (1.3 millions), followed by South Asians (900,000).

Canadian immigration policy has significantly influenced the profile of the immigrant population. Implemented through the Department of Immigration, it has targeted, and generally succeeded in limiting, immigration to people with high levels of skill. For the most part, Canada’s immigrants are concentrated in Toronto and Vancouver.

Approach to Workforce Development

Training and skill development are the responsibility of the national Government, which has assumed a vigorous role. Policy is set and funding flows through the Department of Human Resources Development Canada (HRDC). HRDC not only funds, but directly initiates and leads workforce development programmes across the country. As a representative of the Toronto Board of Trade (Chamber of Commerce) put it: “The Canadian workforce development system operates through an upside-down pyramid”, with most of the initiative taken by the national Government.

Employers play only a minor role in this top-down system. At least one Board of Trade representative stated, when asked about its own role in workforce development, “Oh, that’s the Government’s responsibility”. This may be changing. Several other Boards of Trade indicated that they were planning to, or wanted to, increase their involvement in workforce development.

One exception to this rule, with an emphasis on young people, is the system of Business Education Councils run by the Ministry of Education. The Councils are dedicated to helping young people transition from school to work through industrial education programmes operated by community colleges.

National Policy Context Regarding Minorities

Canada has taken a strong position regarding the integration of minorities into the workforce. The 1996 Employment Equity Act specifies assistance for four groups: aboriginals, visible minorities, women and people with disabilities. The Act targeted public sector employment, the regulated sectors (primarily banking, broadcasting and utilities), and publicly funded construction. The Act created incentives for voluntary compliance. National Merit Awards reward compliance and have positioned the Canadian Public Service and the regulated sectors as “employers of choice”. Typical programmes are in-house and have explicit minority hiring targets, with HRDC providing skill development.

One noticeable variation to the pattern is workforce development support provided to recent immigrants, especially in Toronto. Even though immigrants arrive with relatively high levels of skill, support is needed because the new arrivals face considerable barriers, especially with regard to the transferability of credentials and work experience. The Department of Immigration, sometimes in collaboration with HRDC, has been a lead player in developing a network of services to address these issues. Recently the Toronto Board of Trade, Canada’s largest chamber of commerce, initiated a programme to help higher skilled immigrants integrate into the labour force. Motivated in part by a labour shortage, the initiative develops internships.

Programmes for Minorities with Lower Skill Levels

As a rule, workforce development programmes for ethnic minorities with lower levels of skill are provided through HRDC. A few exceptions have been identified; however, these tend to be quite small, based in local associations of particular immigrant groups.

Given the dominant role of the national Government in workforce development and equitable employment, the paucity of employer-led programmes in the country is not surprising. Still, several exceptions have been identified.

One is the Prior Learning Assessment and Recognition (PLAR) initiative for immigrants launched under the auspices of the Canadian Steel Trade and Employment Congress. CSTECC is a national labour-management partnership, one of 25 National Sector Councils established by HRDC in 1992 under the National Sector Partnership Initiative.

The need for credentialing and related services has been strong in recent years as a result of national policy that opened up immigration in targeted sectors experiencing shortages of skilled labour. PLAR operates through a system of local committees. Through it, participants get assistance in developing a personal inventory of previously acquired skills, training and experience. They learn how to establish career goals and pursue related training, how to compare their portfolio of skills to their chosen career and how to transfer and demonstrate previously acquired skills and experience. PLAR also connects

interested learners to higher-education training modules offered at community colleges and in some plant sites.

Another exception is the Destination Job Links Program launched recently in British Columbia by the Council of Tourism Associations. It has roots in a public-private partnership initiated by the provincial Ministry of Human Resources in 2000 to deliver job-ready clients to employers in tourism and information technology. More recently, the Council of Tourism Associations launched its own initiative to place unemployed people, including welfare recipients, into tourism jobs. Destination Jobs Links functions as an intermediary that helps workers with jobsearch and provides them with support funds for training and job retention. For employers the programme provides job-matching services.¹³

Several other programmes were identified that come under the umbrella of the Employment Equity Act, targeted lower-skill minorities and exhibited a significant degree of employer involvement; summaries of these programmes are provided below.

Canadian Programmes

ScotiaBank

Scotiabank Group, one of Canada's major financial institutions, has instituted a variety of programmes to assist minority groups in overcoming barriers to employment and advancement. The Aboriginal Mentoring Program is one of ScotiaBank's most innovative. To assist entry-level native employees with career development, it matches them with senior-level bankers. This programme supports employee retention and contributes to identifying high-potential Aboriginal candidates for professional development. In addition, the bank has made a three year funding commitment to provide scholarships and the prospect of working at ScotiaBank to 72 Aboriginal post-secondary students in business or commerce programmes.

More generally, the bank works with community-based non-profit organisations to provide minorities with work experience in banking. This programme was launched in 1997 through a non-profit agency called Career Edge. In 2001, ScotiaBank launched an initiative that allowed qualified candidates from minority communities to apply directly for senior management positions, opening up senior appointments to all qualified candidates, including visible minorities.

Manitoba Hydro

Manitoba Hydro, a major energy utility headquartered in Winnipeg, Manitoba, is a leader in employment equity in Canada and the recipient of a national award for success at employing designated minority groups. A "provincial Crown corporation" (a firm in the

¹³ The program is quite recent and has no outcomes as yet.

publicly regulated utilities industry), Manitoba Hydro's corporate targets for Aboriginal employment currently exceed labour force demographics. In 2003, Aboriginal representation at Manitoba Hydro was 8.9 per cent corporation-wide, and 33 per cent in the North.

Manitoba Hydro's efforts to incorporate Aboriginal peoples into its labour force derives from two factors. The first is demographics. Manitoba Hydro recognised that Aboriginals represented a rapidly growing portion of the labour force. Second is market influences. Manitoba Hydro needed to build relationships with indigenous communities in the territories (markets) in which it operated, in the Canadian North.

As a result, two of the corporation's strategic goals link directly to equity objectives: to take a leadership role in strengthening partnerships with Aboriginal peoples and to have a diverse workforce that reflects provincial demographics. To meet these strategic objectives, Manitoba Hydro has participated in numerous activities.

The corporation has undertaken a number of efforts to increase outreach to Aboriginal communities. For example, it took the lead in a targeted effort to encourage Aboriginal youth to consider a diverse range of careers. A special committee was created to provide minority job applicants with numerous in-depth, pre-employment mock interviews, advice regarding application processes, resumé preparation assistance and referrals to community resources. In addition, Manitoba Hydro's Aboriginal Training Program gives recruits a four-week orientation, then cycles them through three electrical trades programmes in Northern generating stations. Employment follows successful completion of the training. In 2001, Manitoba Hydro established a new Aboriginal Education Funding Program, providing scholarships of \$30,000 to two Aboriginal students entering electrical engineering studies at the University of Manitoba. Each of these scholarships has a guarantee of employment after successful completion.

Vancouver Island Highway Project

Initiated in 1994, the Vancouver Island Highway Project (VIHP) set out with the explicit objectives of pioneering equity employment in highway construction — an industry from which minorities were almost entirely excluded. This meant hiring local labour and integrating two highly underrepresented groups into the construction workforce while implementing the project on budget and schedule. VIHP met all its goals. During peak building years, "equity hires" constituted more than 20 per cent of the workforce having previously hovered at under 4 per cent.

VIHP took several steps to achieve these goals. The first goal was to purposefully involve multiple stakeholders — private contractors, unions and community organisations — which was unusual for government-led equity programmes in Canada. Second, it sought

to develop a new approach to public contract management in construction. Third, it developed a range of recruitment, hiring and training practices.

Contract Management and Hiring: Traditionally, the Government played no direct role in construction hiring. Private contractors and unions brought in their own labour, often transporting workers from urban areas at extra cost. For the VHHP, the British Columbia Transportation Financing Authority (the quasi-public corporation in charge of all capital spending) established a subsidiary, Highway Constructors Limited, as the sole employer for the project. All workers were hired, trained, dispatched and paid by HCL which functioned as a source of employees for private contractors. HCL's task was eased by the insertion of a local hiring clause into the project contract at the outset. Potential union resistance was pre-empted by a requirement that all recruits be union members after three months of employment.

Recruitment: In order to address both equity hiring and local hiring provisions, VHHP managers began recruiting actively on Aboriginal reservations and at other minority organisations. Special interview protocols were developed that would not preclude non-traditional candidates because of a lack of experience. As a result of this outreach, equity applications composed up to a third of all applications during the major intake period.

Training: The formalisation of training for new hires was a critical programme feature. Previously, highway contractors had "poached" experienced workers, transported urban workers and provided informal on-the-job training to new hires. It was a closed system that excluded non-traditional groups lacking access to informal networks. VHHP put *all* local equity hires through a series of short introductory training programmes. A small proportion (2 per cent) of those with enough experience went directly to work sites, but most went on to further training conducted in cooperation with local community colleges and union training plans.

Demonstration of skills: Perhaps the most innovative feature of the new training approach — one that is perceived to have contributed most substantially to the programme's success — was a mandate that trainees build a section of the highway from scratch before being dispatched to regular work sites. A portion of the highway was set aside for that purpose. This visible demonstration of the ability of non-traditional trainees to perform at the requisite level was a key step in winning stakeholders' approval, as was the associated opportunity for trainees to learn skills in a work-based setting.

Success Nova Scotia

Success Nova Scotia 2000 (SNS 2000) was launched in 1994 by HRDC and the Nova Scotia Department of Education and Culture. This five-year provincial initiative explored ways for Aboriginal and African Nova Scotian communities to move from welfare to work.

SNS 2000 was designed to meet two broad goals: to facilitate labour market entry for post-secondary students from minority communities and to help employers better understand the direct relationship of business success to investments in human resources and lifelong learning.

SNS 2000 developed special programme elements to meet the needs of employers and minority participants and it made extensive use of internships and wage subsidies to improve labour market access for minorities while reducing employers' fears and risks of hiring from non traditional groups. For example, the Nova Scotia Links Program (SNS Links) facilitated labour market entry for post-secondary students through internships. Employers received a wage subsidy of 75 per cent of the hourly wage during the first year which declined to zero over the life of the project. In its first year, SNS Links served 310 students and 220 employers.

Regional Working Groups, consisting of representatives from local business and industry, relevant Government departments, community and student organisations and educational institutions were established across the province to develop and administer SNS Links within each region. A Provincial Steering Committee provided advice and guidance to local groups regarding the development and implementation of the programme.

To ensure representation from minority groups, SNS Links launched a pilot programme in one targeted community. The pilot was driven by the needs of the Mi'kmaq community, and it was administered by Mi'kmaq educators. This agreement set a valuable precedent in terms of administrative flexibility as well as the inclusion of historically excluded people.

SNS 2000 actively recruited employers. It marketed the programme primarily to small employers who were encouraged to hire post-secondary students. SNS 2000 also developed flexible eligibility criteria for employers who participated in the programme. This permitted the programme to target employers strategically, such as those in emerging industry sectors.



National Employment Panel

