

# Understanding the undertow: innovative responses to labour market disadvantage and VET

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# About the research



## *Understanding the undertow: innovative responses to labour market disadvantage and VET*

Tanya Bretherton, Workplace Research Centre, University of Sydney

An Australian Government priority is to increase productivity by moving people from welfare into employment. Policy on this issue is difficult to develop because of the complexities surrounding both under- and unemployment.

This report considers underutilisation from two different perspectives. Not only does it contemplate the issue from the supply side—getting individuals ready to enter the labour market—it considers the readiness of the labour market itself to absorb labour.

## Key messages

In the author's consideration of the role of intermediaries and vocational education and training (VET) in supporting workforce participation for underutilised groups, the following key findings emerge:

- ✧ Barriers to labour market participation can be categorised in two ways:
  - ◆ a state of information asymmetry, whereby those not in the labour force lack information about employment and options for accessing employment
  - ◆ a compromised state of labour market readiness, whereby those job seekers who are marginalised by the labour market are less ready to undertake employment. This paper argues that labour market readiness also incorporates the labour market itself, which may not be ready to absorb labour from these marginalised groups.
- ✧ Successful intermediaries illustrate that both demand and supply factors must feature in order to provide successful assistance to disadvantaged job seekers. They network, they adapt, and they even reinvent themselves to fill gaps in the support networks for their clients.
- ✧ Intermediaries suggest that VET by itself is not necessarily enough to enable transitions to employment for marginalised groups. For disadvantaged groups, social and economic supports are needed for them to be able to make the most of VET.

This report is the fourth from a three-year program of research investigating the relationship between VET, productivity and workforce participation. Readers are directed to the NCVER website for the earlier reports.

Tom Karmel  
Managing Director, NCVER

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# Executive summary

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Underutilisation has been identified as a major problem to face the Australian labour market in the coming 20 years (Mahmud, Alam & Hartel 2008). Policy initiatives geared towards raising skill levels among those marginally attached to the labour market are argued to yield large economic gains. Training and employment can help prevent high social and economic costs in the long term by reducing the number of people on welfare (Tessaring & Wannan 2004, p.5). In addition, a better skilled labour market is consistent with wider Australian economic goals to cultivate a ‘knowledge economy’. However, success in the realm of labour market and training assistance programs for the disadvantaged appears to remain an elusive goal. This paper contends that innovative approaches are necessary and that these require the unique convergence of multiple factors in order to realise successful outcomes for those at the margins of economic independence. A number of specific questions guide analysis of these issues:

- ✧ What are the key potential pools of underutilised labour? (What do we know about new or underutilised pools of labour?)
- ✧ What role do intermediaries play as conduits in this process of defining and mediating skill need?
- ✧ How, if at all, can vocational education and training (VET) support growing workforce participation, especially among disadvantaged groups? (How might the VET system understand, mediate and anticipate shifts—and divergent shifts—in employer demand?)
- ✧ How might innovative practice be used to unite the quite disparate and distinct realms of policy pertaining to labour supply and labour demand and to enhance labour market outcomes among disaffected and disenfranchised job seekers?

In order to answer these questions, this paper has two central tasks. The first task is to consider the current evidence base and arrive at a means for understanding underutilisation, which will provide a useful analytical framework. The second task is to identify and discuss the innovations used to overcome underutilisation.

## Understanding underutilisation—the creation of undertow

The literature on underutilisation identifies that certain characteristics can predispose individuals to labour market marginalisation, and that the impact of these forces can be devastating and prolonged. The experience of underutilisation is commonly characterised as a cross section of three factors: motivation (desire to work), availability (willingness to undertake work within a specified time frame) and behaviour (exhibiting characteristics consistent with norms of job seeker behaviour, including frequency of job search). All of these are inherently supply-focused. This paper expands the notion of ‘readiness’ to incorporate the labour market itself. The paper asserts that the ‘readiness’ of the labour market to absorb labour is, by comparison, poorly addressed or left unacknowledged in approaches to labour market marginalisation.

This report likens the forces of these impacts to a ‘labour market undertow’. Like ocean undertow, labour market undertow is generated by forces which move at the subsurface level (and therefore are difficult to observe and anticipate) and in directions counter to the larger movements or transitions

of labour in and out of the labour market (for example, those created by more predictable demographic shifts). Being caught in a labour market undertow can shift individuals further and further from labour market entry, unless significant, relevant and timely assistance is rendered.

## The role of the labour market intermediary

Much research has focused on the need to gain greater insights on the depth and breadth of the barriers to employment. While this is useful, it provides no broader conceptual framework through which the experience of underutilisation might be understood, and therefore responded to. This paper argues that the broad diversity of barriers, which can all profoundly impact on the ability to access employment, can be better explained as a two-factor state. In effect, all labour market barriers can be categorised into two categories or preconditions:

- ✧ a state of information asymmetry, whereby those not in the labour force often lack information about how to access employment or the training options argued to lead to labour market entry
- ✧ a compromised state of labour market readiness, whereby those job seekers who are marginalised by the labour market are less ready to undertake employment. This paper argues that labour market readiness also incorporates the labour market itself, which may not be ready to absorb labour from these marginalised groups.

These two preconditions create both the form and force of the 'labour market undertow'.

Intermediaries can be critical in 'rendering assistance' to those caught in labour market undertow. To provide this assistance effectively, labour market intermediaries must address the issues of information asymmetry and poor labour market readiness. In these strategies, VET has historically been considered as a powerful transformative tool because it allows labour to be reshaped and developed in order to meet demand. The intermediaries interviewed for this study were identified as 'high achievers' among employment assistance agencies and brokers.<sup>1</sup>

The intermediaries featuring as case studies for this paper use a combination of three basic strategies to develop and assist local underutilised labour. These three strategies of innovation are: networking; adaptation; and reinvention. Successful agencies exhibit a tendency to network and form ongoing and purposeful links with other agencies within their respective labour markets. This allows for a meaningful and regular exchange of information about clients and client progress and enables agencies to collaborate in order to source and fill gaps in the support network for their clients. These labour market intermediaries adapt, and strategically position themselves to continually adapt, in order to meet the needs of disadvantaged job seekers. This adaptation incorporates changes to both content and/or delivery of training to better meet student, worker and labour market need. A third and more radical innovation undertaken by these intermediaries is reinventing the organisation in order to provide the substantial services that may have been undertaken by other operators in the field. Historically, if a client required additional support prior to seeking transition to the labour market, they were referred by social welfare or employment services to other agencies better resourced to meet this need. Reinvention is important to the agencies in this study because it offers greater scope to provide for, or fill gaps in, the existing suite of essential services available to disadvantaged job seekers and workers. In developing responses to a local labour-utilisation challenge, these innovative agencies have managed to unite, or achieve greater alignment between, the supply and demand requirements of the labour market. Their approaches highlight a number of key findings relevant to the role of VET in labour market transition for disadvantaged groups.

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<sup>1</sup> It should be noted that in some cases, local TAFE institutes perform some of the functions of labour market intermediaries in the form of employability skill training, resume assistance, and making initial contact with prospective employers. This occurs more commonly in rural and remote areas, where a local TAFE may tender for the contract to deliver services in a zoned area.



## Significance for VET

Intermediaries argue that VET is best described as an ‘inert’ ingredient in transitions to employment for marginalised groups, meaning that VET alone is not necessarily enough to enable people marginalised from the labour market to find employment. A key observation made across all of the qualitative interviews conducted for this study is that, in the absence of social and economic supports for disadvantaged groups, VET is not enough.

This paper argues that current approaches to VET flexibility focus on two notions—compression of delivery and segmentation of content. The intermediaries interviewed for this study argue that alternative strategies are required. They argue that flexibility in VET delivery, to meet the needs of target marginalised groups, may also require prolonging and embedding the VET experience. Equally, ‘staples’ of VET delivery such as workplace simulation (for example, ‘doing prac’) also require significant revision in light of the needs of those marginal to the labour market.

The insights provided by these intermediaries suggest that the notion of ‘demand-led’ requires rethinking. Rather than being ‘demand-led’, these case studies consider factors of demand in their approach to solutions for marginal workers. Successful outcomes are achieved because VET plays a role in lifting employment participation by improving the skill sets of those marginal to the labour force, but more importantly because VET is used to changing the local labour market itself, by expanding pockets of labour demand. For these intermediaries, conventional tools for understanding demand (for example, interviewing local employers, or networking with a regional development body) did not prove useful to the development of appropriate, locally relevant employment strategies.

This leads to a number of important questions relating to the role that VET might play in transitions to employment for those marginalised by the labour market. While VET is more than TAFE (technical and further education), it would appear that TAFE may be strategically well placed to play a role in the creation of employment pathways for underutilised groups. TAFE seems positioned to work as a well-networked national provider of ‘equity focused’ VET services. On the other hand, this broader equity charter is not reflected at an operational level in TAFE. This means that, where labour market transition initiatives exist (in the form of outreach programs, for example), they are often highly fragmented and are not unified or coordinated across different TAFE jurisdictions. In the institutions interviewed for the purposes of this study, TAFE coordinators in all cases had only been able to operate their intervention programs through funding they had received outside the TAFE network (through tendering for federal or state government money; for example, through return-to-work or upskill programs). In many cases, their successes could be said to have occurred ‘despite’ being within a TAFE setting, rather than because of it. As a consequence many intermediaries had sought to reinvent their operation to incorporate a training dimension (such as establish a registered training organisation geared specifically to the needs of target underutilised groups), rather than work directly with a local and already existing VET provider.

# Introduction

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This report considers innovative strategies for workforce development implemented specifically to engage and develop people most marginal to the labour market. The perspectives of labour market intermediaries form an important and unique focus for this analysis, as these institutions have the potential to act as important anchorage points for disadvantaged groups in achieving labour market entry. This paper examines institutional responses to skill development amongst the labour market disadvantaged, and in doing so seeks to develop understanding of underutilisation as both a local concern and a wider policy issue. A number of specific questions guide analysis of these issues:

- ✧ What are the key potential pools of underutilised labour? (What do we know about new or underutilised pools of labour?)
- ✧ What role do intermediaries play as conduits in this process of defining and mediating skill need?
- ✧ How, if at all, can VET support growing workforce participation, especially among disadvantaged groups? (How might the VET system understand, mediate and anticipate shifts—and divergent shifts—in employer demand?)
- ✧ How might innovative practice be used to unite the quite disparate and distinct realms of policy pertaining to labour supply and labour demand and to enhance labour market outcomes among disaffected and disenfranchised job seekers?

## Defining the scope of this research

This research has two dimensions. The first task is to consider the current evidence base, and arrive at a means for understanding underutilisation, which will provide a useful analytical framework. The second task is to identify and discuss innovations used to overcome underutilisation.

This paper on labour supply is the fourth in a series of reports on workforce development and the role of VET. A framework for analysis was established at the outset of this research program; this identified four domains of activity relevant to the exploration of workforce development issues. These domains include: the service or product of interest; the context of skill deployment; labour supply; and the provision of training services. In addition, the research program has also maintained a particular interest in the sectors of child care and meat processing.

In undertaking this current phase of work pertaining to labour underutilisation, however, this sectoral focus has required some adjustment. This paper is focused primarily on innovative strategies to engage underutilised labour and to consider the local and sectoral context in which they emerge. In meat processing, our initial scoping found scant evidence of innovative activity of this kind and, therefore, as a sector, fell outside the scope of this paper. There are a number of reasons for this. Firstly, the engagements with labour market intermediaries are not generally extended or innovative. (A portfolio of recruitment firms are used to 'list' vacancies as they arise.) Secondly, large-scale recruitment drives focus largely on the acquisition of labour from overseas, imported explicitly for the period of an employment contract, and then 'exported' when a contract terminates. The deployment and recruitment strategies typically used in meat processing rely heavily on 457 visa labour. The 457 visa program allows employers to sponsor staff from overseas to work

on a temporary basis (from three months to four years). Meat processors typically recruit and train a large pool of labour before this labour even leaves the home country. Thirdly, while intermediaries have in some cases successfully negotiated to create employment in the meat processing sector for key equity groups (for example, Aboriginal workers), this often focuses on relocation of labour and therefore does not involve engagement with the local labour market. In addition, there is little evidence that these programs represent genuine and ongoing employment inroads to the meat processing sector.

However, the child care sector has enabled a sectoral focus to be applied in this report, although the explicit focus on underutilised workers has required a slight shift in emphasis to include family day care operators. A number of particularly unique and innovative schemes were uncovered during the course of field work, and this has provided a rich qualitative terrain for exploration.

## Methodology

This paper relies primarily on a qualitative methodology for its insights, supplemented and corroborated by an existing body of statistical work on underutilised labour, and a literature review drawing from both domestic and international sources. This literature provides important thematic insights and provides the key categories underpinning the analysis. Qualitative data were collected over a period of five months and comprised three phases of interviewing. All interviewing was intensive, and used an open-ended, extended style. Most interviews were between one and one-and-a-half hours in length.

This research acknowledges the high degree of cynicism associated with broker activity in the realm of labour market assistance. Researchers note the complicated and conflicted role held by intermediaries, who may appear to act in the interests of those marginalised from the labour force, but often fail to deliver (Ziguras, Duffy & Considine 2003). This can occur through incompetence or be driven by a need to 'outperform' their competitors by assisting more able clients and ignoring those in greatest need of labour market assistance (Mabbett 2009; Ronsen & Skarohamar 2009; Kissane 2008). However, a closer analysis of these scenarios reveals that much of the contention relating to client participation in labour market assistance programs hinges on compliance. In other words, compulsion to participate, or making the continuation of income support benefits contingent on participation, is likely to seriously undermine any positive impact that might be derived among clients (Riley 2007, p.65). For this reason, any programs featured as case studies in this analysis operate on a purely voluntary participation model alone.<sup>2</sup>

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<sup>2</sup> However, it should be noted that individuals may be required to participate in some form of wider labour market or training program, in order to meet the requirements of the income support for which they may be receiving payment.

# Understanding underutilisation

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Underutilisation is a deeply conflicted concept. Currently there is no universally accepted instrument for measuring the extent of labour underutilisation in Australia. Historically, underutilisation has been measured broadly using the unemployment rate. However, in the last 20 years, the unemployment rate has faced an increasing challenge as a definitive measure to track labour market activity and labour 'wastage' (Baum, Bill & Mitchell 2009). It is argued that unemployment cannot capture the complex contextual issues surrounding underutilisation, or what might be described as 'relativities' of unemployment. In other words, a person may be officially employed, but may be significantly 'underutilised' in terms of both skill and the amount of time worked. For example, to be officially included in counts for employment, a person need only work one hour per week (Kryger 2007).

Alternatively, there are a number of drawbacks associated with reliance on big picture counts of those 'not in the labour force', as these can be significantly misleading if not disaggregated with care. As the Australian Bureau of Statistics (ABS) notes, almost one-third of all 'not in the labour force' are 70 years and over and only one-fifth indicates a desire to undertake work (ABS 2000b; Brotherhood of St Laurence 2008). Counts of those 'not in the labour force', for example, represent a 'snapshot' taken during the reference week of the survey. These counts cannot capture fluctuations in employment, nor give any insight into the nature of ongoing detachment or marginalisation for some groups, nor the frequency of movements between unemployment, underemployment and underemployment for many people.

Calculations of labour underutilisation at the national level are best described as a work in progress. Some researchers question the very validity of national instruments in descriptions of underutilisation. As Gore (2005) notes, local emphasis and understandings are absolutely critical, and national measures cannot and do not provide a constructive measure through which to view the experience of underutilisation. Indeed, some researchers question whether national measures could ever capture the degree of change, as rapid as these changes are (Baum, Bill & Mitchell 2009).

Despite the widespread acknowledgment that counts of underutilisation will require continual refinement, there is some tacit consensus around 'ballpark' estimates of underutilisation in Australia. It is argued that the underutilisation rate is approximately 10%, and this figure is widely accepted amongst researchers, commentators, lobby groups and employer organisations (Brotherhood of St Laurence 2008; Mitchell 2007; Argy 2005). Among the working aged the pool of underutilised labour is estimated to be around 1.1 million, with over half of these not employed at all (Brotherhood of St Laurence 2008). Based on current estimates, it is argued that approximately one in four people are thought to be not in the labour force (Baum, Bill & Mitchell 2009; Brotherhood of St Laurence 2008). As Mitchell (2007) notes, there is a 'general rule of thumb' principle that applies, in which the underutilisation rate can be described as roughly double the rate of unemployment, at any point in time.

# Underpinnings of underutilisation

Multiple frameworks can be used to explore and understand the significance of underutilisation. Exploration of this issue tends to revolve around three main presumptions. Firstly, it is asserted that the root causes of underutilisation are essentially structural and systemic. This school of research argues that structural changes to the labour market elevate the risk of unemployment and underemployment generally and more particularly for groups who are less skilled and have less leverage within the labour market. The second group of literature focuses less on questions of ‘why’ and focuses more on identification of ‘whom’. This literature seeks to identify the ‘points of origin’ that might predispose people to labour market marginalisation and hence prevent the creation of employment opportunity. The third set of literature focuses on the question of motivation and behaviour as an underpinning for underutilisation. This literature emphasises that individuals can exhibit a lower motivation to work, and it is this core barrier that represents the most significant obstacle to employment. These three characteristics are not mutually exclusive and can indeed be deeply and complexly connected.

## Does underutilisation have structural causes?

Changes at the market level are often considered the main force driving the phenomena of underutilisation. The large-scale shifts in business behaviour which commenced in the late 1980s such as decentralisation, downsizing and increased reliance on casual work to meet requirements for flexibility have all been noted to impact on the changing nature of work (Quinlan 2007; Australian Centre for Industrial Relations Research and Training 1999; Burgess & Campbell 1998). This trend has been observed both in Australia, and across the western world. Hillage and Pollard (1999) have described what they call the churning ‘trap’ in the UK, in which the market relies on a large pool of poorly skilled workers to meet the flexibility needs of business. The work experience of these workers is broken and fragmented, as they typically cycle in and out of unemployment, employment, underwork and overwork (Sargeant & Frazer 2009). Worth (2005) notes that government policies designed to counteract the impact of this churning have been largely ineffective, as job seekers are typically directed towards filling immediate low-skill vacancies, and this does little to counteract ‘churning’ on a large scale. This means that working life is no longer characterised by an ongoing and permanent relationship with one employer, but rather, people may developmentally ‘stagnate’ in skill terms while in periods of unemployment.

In Australia, research has also pointed to the labour market consequences arising from policy shifts to stimulate growth of the ‘knowledge economy’. It is argued that the pool of underutilised labour has grown because entry points to the labour market have narrowed, as low-skilled vacancies have shrunk as a proportion of all employment (Brotherhood of St Laurence 2008). The economist Boeri (2008) notes that unemployment in Europe is at its lowest levels ever historically, and this can be attributed in small part to a demographic shift, but more largely to changes to the nature and operation of the labour market itself. In particular, the degradation of employment protection reforms has led to shifts in the type of employment, specifically the decline of the permanent job (Boeri 2008).

## Predisposition to underutilisation—points of origin?

Alternative approaches to the issue of labour underutilisation reject refinement of broad-based statistical measures and instead seek to identify those groups known to face challenges to both labour market entry and sustained labour market involvement. While statistical analysis may form part of the research methodology underpinning this approach (Wren 2011), there is also a well-established body of social welfare practice which has informed the identification of groups described as being on the margins of economic independence in modern society. Baum, Bill and Mitchell (2009), for example, use the notion of ‘opportunity structures’ to provide a conceptual framework for understanding preconditions for underutilisation. Drawing on the work of McQuaid and Lindsey (2005), these researchers contend that labour market participation is levered out of a

cross section of acquired and inherent characteristics—social background (personal or individual circumstances), human capital (skills and education) and spatial or locational factors. Further to this, Dawkins, Gregg and Scutella (2001) and others (KPMG 2009; Freebairn 2005) observe that socio-demographic position serves the foundation for skill acquisition, which means that class, race, religion and gender can all shape the ability to lever positive labour market outcomes.

A review of literature identifies as many as 15 groups that are ‘predisposed’ to labour market marginalisation. This includes: mature age workers (McMahon, Bimrose & Watson 2010; Lattimore 2007; Department of Education, Employment and Workplace Relations 2007; Department for Victorian Communities 2005); young people (Pech, McNevin & Nelms 2009; Mroz & Savage 2003; Muir et al. 2003); people with disabilities (Department of Family and Community Services 2009; Wilkins 2004; Goldstone 2002); Indigenous peoples (Brotherhood of St Laurence 2008; ABS 2006b; Australian Chamber of Commerce and Industry 2005; Long, Frigo & Batten 1998); people with low education levels, particularly those without high school completion (Brotherhood of St Laurence 2008; Australian Council of Social Service 2009); sole parents (Australian Council of Social Service 2009); people with mental health concerns (Australian Institute of Health and Welfare 2009, p.101; ABS 2006c; Dockery 2006); people from non-English speaking backgrounds (Mahmud, Quamrul & Hartel 2008; ABS 2004); those experiencing spatial or geographic disadvantage (Baum, Bill & Mitchell 2009; Brotherhood of St Laurence 2008); women (Smith, Bamba & Joyce 2010; Baum, Bill & Mitchell 2009, p.1100; Monnat & Bunyan 2008); people with drug and alcohol issues (Brotherhood of St Laurence 2008; Storme & Sullivan 2003) and ex-offenders (Workplace Research Centre 2008).

Although there has been broad identification of the key groups experiencing challenges in labour market terms, it could be argued that further dimensions of disadvantage are being identified with each new research effort. Researchers emphasise the need to document labour market dynamics, particularly dynamics unique to the experience of subgroups, in order to better understand barriers to employment. Gray and Hunter (2005) note, for example, the need for more longitudinal surveys of Indigenous workers in order to understand transitions in and out of employment. Current data sources provide no information on the cycling in and out of employment for migrants for whom English is not their first language (Kryger 2003), yet this is widely noted to be an issue of great concern (Brotherhood of St Laurence 2008). People with disabilities are less likely to be employed than Australians without disabilities. However, Mavromaras et al. (2007) note that the labour market experience among people with disabilities is highly varied. In particular, people with disabilities with higher education tend to have markedly better labour market outcomes than people with disabilities without higher education. This demonstrates that even amongst those groups for which there is more qualitative and quantitative information regarding barriers, there remain significant data shortfalls (Department of Business and Employment 2008).

### Undermining motivation to work?

A third research approach looks more closely at the psychological states that typically underpin labour market involvement. Sustaining motivation to seek employment is a critical factor in lifting labour utilisation. An extensive body of research highlights that some groups are more likely to psychologically withdraw and disconnect from the labour market. Gregory (1999) for example, notes that patterns of joblessness have a strong family dimension, and that these patterns can be intergenerational (Vinson 2009). Ranzin et al. (2006) note that mature workers lose motivation to maintain paid employment, particularly when on the cusp of early retirement age. These researchers describe this phenomena as ‘pegging down’, because individuals can become discouraged to the point that they exit to retirement early. Aboriginal and Torres Strait Islanders and people from non-English speaking backgrounds are also argued to be at greater risk of psychological withdrawal from the labour market as they believe they are unlikely to get a job, either because there are so few jobs or because of employer discrimination (Saunders & Taylor 2002).

Researchers and social welfare advocates concur that choice and motivational frameworks are deeply complex. Among ex-offenders, for example, a matrix of factors can contribute to employment barriers, including social isolation, substance abuse, high rates of mental illness, poor health, poor literacy, poor life skills and poor time management skills (Workplace Research Centre 2008). Looking more closely at the issues surrounding lower labour force participation, issues of motivation, choice, and determinism become difficult to differentiate. Another example of the complexity surrounding these issues is identified amongst labour market barriers for mature-age workers and job seekers. Key informants during the course of this study note that chronic ill health is a significant issue amongst older job seekers, and this represents both a core barrier to employment, and a consequence of unemployment, depending on individual circumstance. The Organisation for Economic Co-operation and Development (OECD) notes that current labour force participation among older Australians is low when compared with other nations in the OECD (ABS 2003). In Australia, arthritis, multiple sclerosis, diabetes, cardiovascular disease and macular degeneration were all found to be conditions impeding labour market participation (Schofield et al. 2008). Within the body of work on employment and motivation, the relationship between period of duration of unemployment and psychological attitude to employment is noteworthy. The psychological impacts of long-term unemployment are argued to be profound, resulting in all states of psychological impairment from low self-esteem through to clinical depression. Cole (2006) in particular cites the extensive body of work documenting that longer periods of unemployment are more likely to deplete, or rather decimate, motivation to job search. Given the conceptual complexity surrounding underutilisation, how then can we define and distil barriers to employment for disadvantaged groups?

# Barriers to labour market entry: the creation of undertow

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The literature on underutilisation identifies that certain characteristics can predispose individuals to labour market marginalisation and that the impact of these forces can be devastating and prolonged. The notion of a labour market ‘undertow’ represents a powerful analogy to describe the significance of poor labour force engagement. Like ocean undertow, underutilisation is often difficult to observe and track as a visible phenomenon, as shifts occur at the subsurface level. Large-scale demographic shifts, such as the transition of baby boomers, are more ‘tidal’ in their movement, as they occur in a very visible way. Similarly, like ocean undertow, labour market undertow can be powerful. For those caught in the ‘drag’ of these strong currents, the impact can be devastating. The currents of the undertow move in directions counter to major flows into the labour market, which, unlike the tides and mainstream labour market transitions are more predictable and observable because they occur at the surface level. In other words, while the tides of the labour market may move in strong and uniform directions, being caught in an undertow can shift individuals further and further from labour market entry, unless significant, relevant and timely assistance is rendered, typically by labour market intermediaries.

The conditions creating labour market undertow are diverse, and the experience of undertow can be highly unique to every individual. Acknowledging that barriers to employment can exhibit great diversity is important but ultimately constricting in policy design terms. Much research has focused on the need to uncover greater insights into the depth and breadth of barriers to employment. While this is important, it provides no broader conceptual framework through which the experience of underutilisation might be understood, and therefore responded to. This paper argues that the broad diversity of barriers, which can all profoundly impact on the ability to access employment, can be better explained as a two-factor state. In effect, all labour market barriers can be categorised into two categories or preconditions—a state of information asymmetry and/or a compromised state of labour market readiness. These two preconditions create both the form and force of proverbial ‘labour market undertow’.

## Asymmetry of information

Asymmetry of information is a generic concept which has been embraced by labour market researchers internationally and locally (Baum, Bill & Mitchell 2009; McQuaid 2006; Adams, Grieg & McQuaid 2000; Mannila 1995). The concept is an adaptation of the broader notion used in economics to explain the screening techniques used between economic agents making decisions in an environment without full information. As US economist Stiglitz observed in the 1980s, unemployment itself is driven by the information structures surrounding employment (Shapiro & Stiglitz 1984). Asymmetry of information exists between all employers and job seekers since no individual is supported by full information when making decisions, but asymmetry is said to have most impact on disadvantaged groups (Gore 2005).

Those not in the labour force lack information about employment, the options for accessing employment and the training portals that are argued to lead to labour market entry. This was reinforced repeatedly during discussions with intermediaries and informants during the course of this study.



For many of these kids, the issue is that they don't know how to try anymore. They are directionless. It could be family circumstance that leads to it, it could be drug problems, it could be a problem that started at school, some even come from affluent families ... the common thread is that they are lost. (CEO Youth NFP community organisation)

Many just don't know where to start, because the job they have done for so long is no longer there. (Team leader counselling and support unit, retrenched workers support program)

For some people, their exposure to the labour market has been very limited because they have not really had any one in their family or extended family network who has actually worked. (NFP community organisation)

This asymmetry of information can be said to extend to both job information and training requirements that are perceived to lead to labour market entry. As a European comparative report on training reform notes, 'The more diverse and flexible learning systems are, the greater the individual's need for guidance to enable them to take informed decisions about career and learning opportunities and to manage their own career paths' (Wannan 2004). This was strongly corroborated by the intermediaries interviewed. The following comment was representative of the sentiments echoed throughout the interviews conducted for this study.

I've always taken the view that we shouldn't exist. We only exist because in this environment, it is difficult for people to make choices, to understand what their options are, and to understand what type of training is likely to lead to real employment. (Adviser, state-funded skill information centre)

## Labour market readiness compromised

This paper argues that the notion of readiness has dual meanings, incorporating both 'seeker' readiness, and 'market' readiness. Much of the literature surrounding barriers to labour market entry emphasises that those not in the labour force or marginalised by the labour force are 'less ready' to undertake employment. As noted previously, this can occur because motivation to work has been depleted or is deficient. In addition, the 'point of origin' of a potential worker can also compromise labour market readiness (for example, geographical location or family situation). This paper also argues for an expansion to the notion of 'readiness' to incorporate the labour market itself. Many of the interventions facilitated by labour market intermediaries or brokers focus on the issue of employability and 'readiness' to undertake work. However, the 'readiness' of the labour market to absorb labour is, by comparison, poorly addressed or left unacknowledged in approaches to labour market marginalisation. Among advocates of disadvantaged groups, however, the notion of labour market readiness (not just job seeker readiness) does receive more attention (Mission Australia 2010; Brotherhood of St Laurence 2008).

Labour market readiness can be compromised because of discrimination. Work in the community services and health sectors notes that employers are more resistant to employing some disadvantaged groups (Community Services and Health Industry Skills Council 2005). Racism, ageism, sexism, and cultural discrimination have all been noted as impacting on the willingness of employers to hire (Australian Human Rights Commission 2010). Ageism is said to contribute to more than a third of all those who are discouraged job seekers (*Age* 2010). In qualitative interviews, the experience of discrimination was noted to have a powerful influence on job outcomes, and many agencies had sought to counteract the impacts of perceived discrimination by running advertising, cultural awareness, and public relations campaigns to improve the profile of particular groups of labour and challenge discriminatory notions held by employers.

We've run Aboriginal employment information campaigns, and more recently we've distributed a brochure, which we've distributed to local employers which sings the praises of the local Somali workers. (Employment service intermediary)

Make no mistake, there is a reluctance among employers to employ people from some groups, particularly if people look very different. (Employment service intermediary)

Labour market readiness can also be compromised by local factors and shifts in the pattern of industry activity within a region. Danson (2005) notes that some labour markets are resistant to reabsorbing displaced labour from what are labelled OIAs (old industrial areas). Regions which have historically held a high proportion of such activity (traditional capital good industries such as coal, steel, shipbuilding) are limited in their ability to expand to new forms of economic activity, and this has profound impacts for labour that has been reliant on this activity (Victorian Environmental Assessment Council 2009).

## The role of intermediaries

The concepts of ‘information’ and ‘readiness’ could be said to underpin most Western government approaches to lifting labour market activity among those defined as underutilised (Danson 2005; McQuaid & Lindsay 2005). This approach places intermediaries in a strategically important position in managing labour market transition for those at the margins, because they represent custodians of labour market knowledge and have the capacity to steer individuals towards paths of greater ‘readiness’. Intermediaries assess the skill gaps among job seekers, and supply information about vacancies and their requirements to meet employer needs. As Gore describes it, they bring ‘the supply and demand sides together’ (2007, p.15).

Intermediaries are identified as potential ‘anchorage’ points, to counteract the effects of labour market undertow in a number of ways. Government interventions in Australia and elsewhere (UK, US, NZ, France and Sweden) have identified that intermediaries can assist disadvantaged job seekers, by helping to ‘reposition’ labour by lifting readiness (Salognon 2007; Gore 2005). For example, the growth in the number and diversity of specialised employment service brokers in Australia acknowledges the implicit role of intermediaries in both anchoring and repositioning labour. There are currently a plethora of employment support service brokers able to deliver unique employment support for people with physical and mental disabilities, Koori workers, young people, and mature-age workers. These agencies aim to lift the knowledge, information and profile of a subpopulation within the market, while offering additional support services to employers in managing any additional human resource needs that may be associated with employing some of these workers. These services attempt to redress asymmetry of information by achieving better alignment between seeker and vacancy; however, the approach remains predominantly supply-focused. This is colloquially described in the industry as ‘wraparound’ support, as it reflects a more networked approach to service provision, extending beyond employment and training services alone.

Both training and unemployment policy align strongly to indicate a role for intermediaries in re-shaping skills among the underutilised. Training in line with national standards (for example, the Australian Quality Training Framework and the Australian Qualifications Framework), it is argued, provides a more transparent ‘audit’ of a job seeker’s skills and potential as an employee. This allows employers to make a more informed recruitment choice (Buchanan, Yu & Wheelahan 2010). The Brotherhood of St Laurence (2008) and Australian Council of Social Service (2003) note that marginalised groups face barriers in building workforce-relevant skills because the costs of training are too high. For this reason, almost all government-sponsored programs for labour market assistance comprise some component of subsidised training. Intermediaries also redress information asymmetry by acting as portals for advice on career development and guidance and, in many cases, as custodians of subsidised training support.

Intermediary behaviour is often characterised as being overwhelmingly supply-side-focused. McQuaid and Lindsay (2005) note that interventions to assist the disadvantaged must incorporate both supply and demand-side factors, yet in large part this fails to occur (Gore 2005). Salognon (2007) notes that intermediaries tend to focus primarily on ‘capacity to work’, rather than adaptation to cope with vulnerability in workers. Adaptation is considered an imperative of labour

supply (Salognon 2007; Gazier 2001) but is rarely given consideration within notions of demand. This deficiency in approach is noted to have two dimensions.

Firstly, employer intermediaries have not worked closely enough with employers to understand or clarify employment and skill needs. A shift in the focus of government policies relating to labour market assistance gives some indication that governments recognise the need for intermediaries to more directly identify demand, before shaping response. At the state and federal levels, a number of initiatives have been implemented that are geared towards a better understanding of the employer. The Corporate Partners for Change scheme in New South Wales, for example, seeks to work closely with employers (at the local level) in growth industries to create a better understanding of the skill needs of employers. The federal government has recently established a scheme to fund the establishment of specific 'employer brokers'. The scheme was established to run from 2009 until 2012, with \$6 million committed during the entire program. Agencies are encouraged to tender for the responsibility to manage an employer broker service in their local area (Department of Education, Employment and Workplace Relations 2010). Sectors with identified skill shortages will be given priority funding. This is an implicit recognition that many labour market intermediaries are not liaising as closely with employers as overarching government policy might have originally intended.

A second criticism of intermediaries is that they fail to specifically adapt or redress employer misconceptions of skill need. Government policy is based on implicit and functionalist assumptions of employer demand 'behaviours'. Intermediaries' efforts therefore typically rally around the need for job seekers to upskill and/or commit to behavioural change in the belief this will automatically lift employability. These supply-side responses imply the need for a level of conformity across job seekers, based on shaping, refining and developing employability skills. As Salognon (2007) notes, labour market assistance programs are by and large built around the notion of personal responsibility. As Ziguras, Duffy and Considine note, the greatest emphasis is placed on income support recipients 'being reflective and enterprising' (2003, p.6) and 'emphasis is on individual responsibility for building capacity or employability' (2003, p.7). However, there is a significant body of work which suggests that employer methods used to identify skill gaps, and indeed retrain, may not always be well-informed (Keep 2007; Keep & Mayhew 1999). A number of implicit functionalist assumptions underpin views of employer demand behaviours. For example, employer recruitment and selection behaviour and deployment strategies are often assumed to be inherently functional, as they will always seek to optimise commercial return. There is evidence, however, that employers often miscalculate, misunderstand and miscommunicate skill needs (Buchanan et al 2001). There is also evidence that employers often fail to make a distinction between short- and long-term skill development (Keep, Mayhew & Payne 2006).

## Understanding intermediary role and local context

As the literature review notes, relying on reported underutilisation data alone can present a misleading picture of the status of a labour market. An alternative method is to consider a range of indicators to establish the likely presence of a sustained underutilisation challenge within these regions.

Baum, Bill and Mitchell (2009) note that an 'ideal' methodology to explore underutilisation would simply cross-reference job vacancy data with high unemployment data. However, Baum, Bill and Mitchell also note that the shortcomings associated with data mean that this approach, while ideal, is generally unavailable. The reliability of vacancy rates are questioned by many researchers (Buchanan et al. 2001), as are reported skill shortages (Workplace Research Centre 2008).

As an alternative, it is possible to draw upon a number of indicators to corroborate and elucidate the challenges of underutilisation, as these are experienced within these two labour markets. In this project, key informant interviews initially identified a short list of labour markets that formed 'hot

spot' zones for underutilisation. From this short list, 'Corridor'<sup>3</sup> and 'Provincial' were chosen as appropriate sites for field work. The criteria for selection were as follows:

- ✧ Broader socioeconomic indicators of disadvantage were used to establish the likely presence of labour market disadvantage, and hence underutilisation.

The Brotherhood of St Laurence (2008) and the Australian Council of Social Service (2009) identify that broader indicators of socioeconomic disadvantage correlate with regions typically experiencing a labour underutilisation problem. The Brotherhood of St Laurence notes low income levels (indicative of high levels of attachment to income support) are most likely to exhibit the greatest degree of detachment from the labour force. For the purposes of this research, the SEIFA (socioeconomic indexes for areas) index provides a broad proxy for labour market 'health' (ABS 2006a).<sup>4</sup> A small areas analysis of SEIFA data identifies that Corridor and Provincial each have SEIFA index readings below 1000 (considered a watermark for disadvantage) and amongst the lowest SEIFA rankings in the state. To provide some comparative insight, metropolitan centres typically have SEIFA indices well over 1000.

- ✧ The two labour markets represented two different and core aspects of labour market disadvantage—urban sprawl and regional isolation.

The labour market of Provincial reflects many core aspects of regional labour market disadvantage. The labour market covers over 40 000 square kilometers, and extends from Gateway, a city positioned on the outskirts of the major metropolitan city through to a state border. Using the highway network, which cuts through the centre of the Provincial region, it would take approximately eight hours to drive from one end of the region to the other. Provincial comprises six local government areas and has a total population of just over 220 000. A main highway runs through the centre of Provincial, with towns and cities sparsely dotted along the highway. Approximately one-third of the entire region's population resides in just four rural towns. The economy within the Provincial is best described as agri-diverse. Much of the working-age population residing in or near the main town centres are engaged in agriculture or agriculture-related food-processing work. Household incomes are relatively low, compared with the metropolitan city, and by comparison with other rural regions in the state.

By contrast, Corridor exhibits key features of what have been dubbed as 'urban sprawl' labour markets. Corridor covers an area of just over 900 square kilometers, with a total population of approximately 260 000 (ABS 2006a). The area is situated almost halfway between two major centres—Capital City and Tourist Town (a coastal tourist hub)—both being approximately half an hour away, if travelling by road. The area comprises 11 urban centres (small 'town' centres) and three industrial areas. Given the close proximity to other labour markets, a major challenge for the area has been 'job containment' within the region. Indeed the Corridor Local Council notes that both business and employees tend to relocate to the neighbouring economies. The labour market bears all of the features of urban sprawl. Development along the Corridor has occurred over the last 20 years, driven by the greater affordability in housing that can be found in the region (Housing Industry Association 2010). As one intermediary describes it: 'There is a large amount of state government housing here and the rents are low, this means those that are unemployed or from a multicultural background will tend to move here' (Employment services consultant). The development of a highway between Capital City and Tourist Town means that commuting between neighbouring labour markets is possible, if private transportation is available to workers. In the case

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<sup>3</sup> Pseudonyms are used for the two labour markets investigated in this study to protect the privacy of the agencies interviewed.

<sup>4</sup> The SEIFA index identifies that both labour markets have a higher proportion of residents in the lowest income quartiles (and therefore a high proportion of people reliant on social welfare as their main income source). The index is constructed using a matrix of factors, including low income levels, low educational attainment, high unemployment, higher proportion of jobs with lower-skilled occupational requirements, and further aspects of disadvantage, including housing expenditure and high levels of public housing. This index identifies an 'arbitrary' watermark for disadvantage. Areas with a reading below 1000 are socioeconomically disadvantaged.

of Corridor, the SEIFA index is well below other depressed areas and regions which extend out from the metropolitan capital as well (ABS 2006a). This means it encounters particularly acute challenges, even when compared with other urban sprawl markets.

✧ Both labour markets have sustained unemployment problems.

Corridor has an unemployment rate of 7.1%, higher than both the national and state averages (ABS 2010). Within the Provincial labour market, the unemployment rate stands at 9%, twice the metropolitan level of 5%. All local intermediaries interviewed in these regions corroborate that the unemployment problems in the region have been sustained over more than 20 years.

✧ Both labour markets have a strong saturation of key groups identified as those most marginalised by the labour market.

The labour market of Corridor is multiculturally diverse, with over 170 nationalities represented at the time of the most recent census. There is a high proportion of young people, relative to other local labour markets. Almost one-quarter of the population is aged 12–25 years (ABS 2006a). Indeed, the region has an unofficial nomenclature of a ‘young city’. In Provincial, Gateway is the most culturally diverse municipality in the state, with almost 60% of the population born overseas, and over half of those overseas-born coming from non-English speaking countries. Although Gateway has been a very culturally and linguistically diverse community for more than 30 years, the profile of these groups has shifted over time. Newer migrants, who also now represent the larger share of the culturally and linguistically diverse groups, include Vietnamese, Sudanese, Cambodian, Sri Lankan, Cambodian and Chinese residents. Older residents, who are nearing retirement age, are typically Greek, Italian, German, Dutch or Maltese.

✧ The two labour markets present diverse and contrasting industry profiles.

Manufacturing, retail trade, and construction are the three largest employment groups in the Corridor labour market (Department of Education, Employment and Workplace Relations 2010; ABS 2010). The largest single employer in the region is the local council, which has been recently rezoned to incorporate a much larger geographic area. The local council employs over 1600 staff across a wide range of sectors and skill disciplines. By contrast, Provincial could best be described as an agri-diverse economy. More than one-third of all labour market activity is associated with agriculture but the composition of this activity is diverse, comprising agriculture, forestry, fishing, processing of livestock products, including slaughter, and crops. The economy of the region is heavily commodity-based (dairy products are the highest value agribusiness in the region), and tourism is also important to maintaining the health of the economy. Gas and oil are also significant local employers.

# Innovative practice among labour market intermediaries

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In responding to the core challenges outlined above, intermediaries implemented a wide range of initiatives. Although the delivery mechanism may be different in each case (ranging from one-off programs, to ongoing operational changes within the organisation), the following themes emerged as central to innovative practice. In each case, the organisation believed that, through implementation of these initiatives, they could provide an anchorage point for people experiencing labour market disadvantage or those in the ‘pull of the undertow’.

## Networking

Innovative agencies exhibit a tendency to network and form ongoing and purposeful links with other agencies within their respective labour markets. This allows for a meaningful and regular exchange of information about clients and client progress and allows agencies to collaborate in order to source and fill gaps in the support network for their clients. As CEO from a youth support organisation in Corridor notes:

the strength of networking is being able to understand and source additional financial assistance from multiple places for each individual ... we can offer mentoring, we work closely to get free training through pre-employment through Job Services Australia ... all of these supports form part of employment preparation, and the more employment preparation the better.

Networking, it is argued by these intermediaries helps deliver ‘a big picture’ such that each organisation is able to assess its role in the context of the wider terrain of services available to clients within an area. One employment service intermediary noted that the Department of Education, Employment and Workplace Services formally required ‘networking’, as it formed a mandatory requirement of many employment service contracts. However, the innovative intermediaries noted that proper networking required a considerable commitment. Truly effective networking, it was argued, required more than what was generally expected as part of government funding requirements. ‘You can prove you’ve networked by sending an email. That’s not networking. Real networking is relationship building. Many agencies don’t do the good old fashioned footslogging that this requires.’

Regular networking forums on unemployment were held in both the Corridor and Provincial labour markets. This provided agencies with the ability to meet, share experiences about progress, update on recent outcomes, and share important logistical updates that allowed agencies to timetable their activities in a complementary way. The notion of ‘wraparound’ support, which forms a core principle of much social welfare, provided a useful principle for networks of labour market brokers. In each labour market, the networking forums operated slightly differently. In Corridor, for example, the local council took a strong role in providing leadership on the issue of workforce development and therefore ‘championed’ the issue. In Provincial, the notion of networking was implemented in a way that reflected the dispersion of the communities and townships within the labour market. Community service networks are very active in the Provincial region and there are multiple municipalities. Two not-for-profit organisations have a particularly

high profile, with outreach bases located in a number of towns extending throughout the region. However, more than 20 not-for-profit organisations are active within the region. The breadth of activities undertaken by these agencies is extensive and includes supported accommodation and assistance (funded through the state housing department), family and community support, district health services, family counselling and support groups, drug and alcohol support services and domestic violence sheltered support. In Provincial, network events were held monthly and chaired by a different agency each month. In Corridor, network events occurred bi-monthly.

Networking is also important because it clarifies the role of VET, and provides scope to 'activate' the usefulness of VET to those marginalised by the labour market. Without social supports to provide the foundation for labour market entry and participation, the contribution of VET in the breadth of initiatives designed to enhance the ability of disadvantaged job seekers might best be described as 'dormant'. As Fullarton (2001) notes, VET programs specifically designed for disengaged youth often represent a small portion of the range of activities students undertake. In other words, without other supports to activate it, VET is essentially inert. This is consistent with other findings in the field of research relating to VET and welfare-to-work pathways. Barnett and Spoehr (2008) note that collaboration between VET and income support sectors is essential to ensure that barriers to labour market entry are overcome. This is corroborated by many of the intermediaries interviewed, including insiders to the VET system. A main observation is that VET alone is unlikely to increase employability. As an employment service intermediary consultant in the Corridor labour market observes, 'it's not a magic bullet ... in fact in this field there are no magic bullets'.

#### **The power of VET networking—the experience of a retrenched workers program**

In a retrenched workers' program, implemented and managed through a Provincial TAFE provider, more than 60% of all participants achieved successful employment outcomes (ongoing employment) in a diverse range of industries, including child care. The program has now run for several years, across three cohorts of participants. In more than 80% of cases, the participants have remained 'engaged' through participation in VET training. A major success of the program has been in diverting retrenched workers away from long-term unemployment by early intervention after redundancy. Much of the success of this program is attributed to the strong networking aspect, managed and championed by the TAFE guidance and support coordinator. The TAFE institute operates a pre-employment support program, in addition to counselling (self-esteem sessions) and referrals to other agencies to assist with health support, and job search assistance where required. A number of innovative elements have combined to create the success of this program. Firstly, the program has provided an opportunity for retraining and pre-employment interventions to be timely (that is, to occur soon after retrenchment). The ability of the VET agency to network is evidenced in their negotiations with the employers undertaking the retrenchments. The TAFE institute negotiated the highly sensitive step of conducting group sessions with employees prior to their retrenchment. This meant that workers were still 'on site' and on working time.

Going on site and running those sessions before they even finished up, was a huge benefit. It meant that they had started to think about where they might go next, without even letting the idea that they would be unemployed sink in. I think this was huge deal self esteem wise ... it allowed handover in some form.

Their relationship had been with the employer, then it became with us.

Secondly, networking with other agencies has allowed the TAFE institute to understand the network of financial supports likely to be available to these workers after being made redundant. Most workers received 'payouts' on site closure, which meant they were not entitled to unemployment assistance, and, vitally, more were not entitled to the individualised employment support and retraining funding typically available through the unemployment and employment services network. As the manager of the program explains, 'Because the workers tended to be older, they were reluctant to use their own money. Most didn't believe they would get work, so they didn't want to use their "nest egg" to pay for training for a job they would never get.' The TAFE institute was proactive in networking with other agencies to ensure alternative supports could be put in place. This also allowed the TAFE institute to consider how they might reposition themselves in order to provide some of those additional supports, if none could be found. This was particularly important, given the remote nature of the labour market.

## Adaptation

Innovative labour market intermediaries adapt, and strategically position themselves to continually adapt, in order to meet the needs of disadvantaged job seekers. Although the Australian Quality Training Framework requires adaptation as part of the equity requirements for registered training organisations (Bowman 2009), the behaviour of these innovative organisations went even further in their efforts. This adaptation incorporates changes to both content and/or delivery to better meet the needs of students, workers and the labour market. For innovative training organisations, adaptation is based on an examination of the core reasons underpinning the barriers to training.

The need to acknowledge the past experience of disadvantaged job seekers as 'learners' is certainly noted by both the interviewees, and by wider research on VET delivery. Those marginal to the labour market often cite negative prior learning experiences as a reason for either non-attendance and/or discontinuation of training.

Adaptation also allowed organisations to manage diversity in a more efficient and meaningful way. As one employment service provider noted, it is not about seeing diversity as a challenge, 'it is understanding the nature and form of diversity the agency is dealing with'. In one case, a labour market intermediary was responsible for coordinating job entry for ex-prisoners, through close association with an industry skill centres project. As this intermediary coordinator notes, diversity within this group required significant planning, but that it could be done:

How can economies of scale be reaped in the face of this diversity? Clearly one model will not suite all prisoners. Equally the diversity is not so great as to prevent significant efficiencies being gained in organising different sub-groups of the prisoner population into different classes of 'work-based' learners.



## An adaptation of family day care training delivery and learning practice: mature-age workers with limited education

### Background

The federal government requirement to upskill the child care workforce has substantial impacts for the family day care sector, perhaps even more than for the child care sector overall. Family day care is a critical sector, in the context of enhancing workforce opportunity among low-paid and vulnerable workers. Although the work is low-paid, family day carers have a higher degree of autonomy than other roles at comparable pay levels. For consumers of care, schemes typically operate in lower socioeconomic areas and offer lower and more affordable forms of care (operators have lower overheads than centres). Family day care is also critical to shift and other forms of atypical work, as it generally offers greater flexibility in care delivery. Parents can negotiate directly with a self-employed carer to cover early morning or overnight work shifts.

The Family Day Care organisation (FDC) operates an administrative network, often through the auspice of local councils, to monitor and register individual operators. Individual family day carers are effectively small businesses and subject to all of the taxation and safety legislation associated with running an owner-employed business from home. Family day care is heavily reliant on older women workers as a key source of labour, with the age profile of the sector indicating that the majority of workers are 45 years and older and female. Many of these women have no formal training or qualifications. Although these women are highly experienced and competent carers, when the new early childhood education and care (ECEC) quality regime is implemented in 2012 many will be displaced from the sector unless they meet the new formal qualification standards.

### The innovation

Eastern TAFE runs a unique family day care training and employment program which targets older low-skilled workers who are likely to retire from the care sector because they are reluctant to retrain or are intimidated by the idea of training. As a first step, the program coordinator at Eastern TAFE collaborated closely with the local family day care coordinating unit to create a new training package which would meet the needs of workers as critical contributors to the sector and meet the changing needs of the industry as a whole. Both the content of training modules and the delivery mechanisms were adapted.

What many people don't understand is that there is great diversity within family day care and people during their time as carers do specialise. We wanted the training to reflect the needs of the women themselves.

Some carers have built their entire business around the delivery of care to specialised groups (such as babies, or the after school age group) ... we needed to liaise closely with FDC to ensure that the appropriate care units could be offered ...

There was also the need to give students (carers) the opportunity to broaden their care experience, so this extended to larger groups of children. The family day care 'play group' (a weekly social gathering for carers at the family day care office) was restructured to provide a site for practical assessments. The supervision of larger groups of children forms an important part of the modules for child care training, particularly for the diploma of child care. The restructured playgroup allowed carers to: assess larger groups of children; supervise other staff and team manage; and direct and manage centre-wide programs and activities. Each worker assumed responsibility for coordination of these playgroups on a rotational basis. This allowed each student to undertake and complete the assessment requirements associated with the supervision of larger groups of children. An assessor from the TAFE institute attended in order to observe students at work.

The delivery of training was also altered to ensure that women could build confidence in the training experience. Group sessions were held with other family day care students and in the carers' own homes. This adaptation of delivery has allowed more women to 'come on board' with the training process. The program has been highly successful, with 100% attendance and the adaptation of training delivery has begun to attract younger carers to the scheme as they see the sector as both accessible as a labour market entry point, while also lifting the profile of the work undertaken. For experienced family day carers in the region, it has provided some employment stability. A major success of the program has been the achievement of formal qualifications amongst women who faced unemployment and almost certainly labour market exit entirely within two years. These qualifications ensure the continuing employment of these workers in the family day sector and the wider child care sector if they ever wish to transfer out of family day care.

## Reinvention

A third and more radical innovation undertaken by intermediaries is to reinvent the organisation in order to provide the substantial services that may previously have been undertaken by other

operators in the field. Reinvention represents innovative behaviour in the context of social welfare and employment service providers since, historically, the practice of referral has formed the basis of much intermediary behaviour. In other words, if a client required an additional support prior to seeking transition to the labour market, they were previously referred to other agencies better resourced to meet this need. Reinvention is important because it offers agencies greater scope to provide for, or fill gaps, in the existing suite of essential services available to disadvantaged job seekers and workers. Analysis of the comments made by intermediaries on reinvention strategies identifies a number of common motivations, noted briefly below.

- ✧ Organisations believe they are uniquely placed to deliver services to the disadvantaged group/s they seek to serve.

Labour market intermediaries argue that understanding the character, diversity and challenges facing their clients is absolutely critical to the delivery of innovative and successful approaches to labour market transition. Innovative intermediaries manage to build and establish great trust with the communities they serve. As one intermediary notes, the impact of this profile is important to their very operation, 'We have never once needed to advertise our courses ... since we started, it has opened the floodgates' (Refugee resource and support centre and registered training organisation). The interviews with innovative intermediaries highlight that, if in operation for a long time, a broker can become a custodian of the knowledge associated with particular disadvantaged groups. This means these organisations can be strategically well placed to deliver other services associated with facilitating labour market entry. This is corroborated by wider research on VET delivery to equity groups. As Schofield (1996) notes, local agencies can often better understand and assess the need for 'relevant VET' among key equity groups.

Some organisations assert that the need to continually diversify and reinvent is imperative, as it ensures that the support services delivered meet local needs. This was asserted even in Corridor, which had extensive support services available in neighbouring town centres, including a major capital city. 'When you start an NFP [a not-for profit-organisation], you never know where you're going to end up' (Young person support intermediary). However, it was asserted most strongly amongst innovative intermediaries in remote labour markets, who perceived reinvention in some cases to be a necessity. As a spokesperson for one not-for profit-organisation who had reinvented themselves as a registered training organisation noted in the Provincial labour market:

the provision to undertake training needs to be local ... the facility needs to be here so people don't have to move from their families or communities ... the economic and social costs are too high, and the pressure it puts on families is great.

The decision to reinvent emerged in the context of a responsibility 'to serve', and this was taken very seriously by the innovators interviewed. The process of reinvention was noted to 'take a long time' and formed part of 'strategic planning processes'. Organisations had to shape their own staffing profiles to meet the new 'reinvented' arm of activities. As one employment service intermediary notes, 'it took years from inception of the idea, to actually start up ... the feasibility study for the new operation took twelve months alone' (Employment service intermediary, and child care employer).

## From social support not-for-profit organisation to education provider (the story of Youth Help)

The decision of a local support group (Youth Help) to 'reinvent' itself as a local school and VET provider was fuelled by strong rapport with, and profile within, the local young community. The organisation monitors approximately 100 cases per year, all between the ages of 12 and 18. Youth Help has a well-established profile in the region of Corridor and has operated for more than 20 years. This means that the brand name of 'Youth Help' has a strong profile and reputation in the field of support services for young people in the Corridor region. While the experiences of young disadvantaged job seekers and 'kids at risk' vary greatly, Youth Help argues that a key barrier for every young person is lack of trust, which culminates in disengagement—from family, peers, community, school, and ultimately work. This disengagement can be brought about because young people psychologically 'disconnect', or because it manifests in the form of behaviour problems, which many other institutions and support services are not equipped to manage. 'It is this behaviour that makes schools and TAFE environments generally unsuitable' (CEO Youth Help).

As Youth Help explains:

The mainstream services do a great job – schools and TAFE overall – but they can't stop kids from getting 'lost'. These kids don't know where they fit ... the key issue to re-establish trust, and this can only occur over a sustained period of time, and in offering a commitment that despite bad behaviour, we will not give up on them ... we make a virtue of not giving up on kids. That's the one thing that other agencies have done.

This connection and rapport with the community formed the basis of the motivation to reinvent the organisation to provide schooling and training. As the CEO of Youth Help describes, 'This is not easily transferred to another provider'.

The Youth Help school delivers certificate courses in child care, hospitality, administration and mechanics. Interestingly, the delivery of VET courses has been adapted in a way which stands in stark contrast to conventions of flexibility in VET. Rather than reduce the time spent in training in order to facilitate job entry, Youth Help advocates prolonging the time spent in training. This means that VET skills are acquired in conjunction with other critical supports—building self-esteem, improving language and literacy and developing civic skills such as social responsibility. For example, students can commence a certificate III (in child care) at 16, which means they will take two full years to complete the course before they can enter the workforce at 18.

'We want to build self esteem, and slowly provide the basis for positive relationships with employers, not the risk of sanction.' The school environment itself is also very different, as it provides full catering, provides classes on body image, self-awareness and respect. Classes are also atypical, with later start and finish times, and very small class sizes. Rather than seeking to facilitate quick entry to the labour market, Youth Help has reinvented itself in order to offer a different model of VET training which may not even lead directly to a job outcome in the short term. 'It's the self esteem and exposure to the workforce these kids need as a transition ... when you build up these things it can lead to life-long improvement ... then at some point in the future this might lead to paid employment'.

❖ Reinvention also allowed brokers or intermediaries to access new forms of government support.

In a practical sense, reinvention also occurred for what might be described as financially expedient reasons. A willingness to branch out into new areas of activity allowed organisations to tender for both federal and state government contracts to deliver a wide range of programs locally. As one intermediary noted, 'It was actually someone in state government who suggested we converted to RTO status, as it would expand our options'.

## Innovation: supply and demand in balance

Intermediary approaches to the issue of asymmetry of information, particularly as they have impacted on disadvantaged groups, have received much criticism. As already noted by this paper, intermediary effort is typically focused on shaping 'labour' alone, and is therefore overly 'supply-focused'. Alternatively, intermediaries can seek to rebalance asymmetry, by being better informed on the issue of demand. These approaches tend to revolve around improving the exchange of information with local employers and better mapping of skill need, as defined by key agents of the

market—the employers themselves. It is argued that if intermediaries understand demand, then skill development and wider strategies can be initiated in order to facilitate labour market entry, as labour itself can be adapted more appropriately to meet market need.

The strategies employed by the innovative intermediaries at the heart of this study go a step further in confronting the issue of asymmetry. Rather than seeking to document and understand demand alone, these agencies seek to shape the force and character of demand, in addition to the supply of labour, in order to facilitate labour market entry. Such approaches are out of step with conventional approaches to labour underutilisation and are a challenging undertaking for the agencies responsible for their implementation. However, innovation of this kind is noted to be possible, even if it is out of step with conventional intermediary behaviour. As Keep (2002) notes, ‘within a wider scheme of supply focused programs, there can exist isolated pockets of demand led initiatives’.

In developing responses to a local labour utilisation challenge, these innovators have managed to unite or achieve greater alignment between the supply and demand requirements of the labour market. Interestingly, the following agencies incorporate elements of adaptation, networking and reinvention into their approaches as well.

### From employment service provider to child care provider—the story of ESP

In this case study, a community-based employment service provider identified a distinct labour market barrier associated with the supply of child care in the local region. Approximately eight years ago, ESP began receiving anecdotal evidence that local child care arrangements may form a significant labour market barrier, which particularly impacted on sectors which used rostering arrangements to deploy labour. ‘We were getting feedback from many of our clients that they couldn’t get care when they needed it.’ The region is agri-diverse, but relies heavily on fruit picking and processing employment, particularly for those at the low-paid end of the labour market. The range of fruit and produce grown means that, although there is a seasonal dimension to work availability, many people can find work throughout the year, as different species of fruit become available for harvesting, packing and/or processing. Shift work is a common feature of many jobs in this sector and also in the health sector. ‘We also got feedback from some nurses who said they were having trouble getting care. In this case, the women were single mums, with no local family, so they had no wider support network who might have been able to help out.’ The local child care centres were affordable, provided good-quality care, and were well located (accessible to highly populated areas); however, their operating hours did not meet the needs of many working parents.

After a long consultation process in the local community, ESP decided to open its own long day care centre, with longer and more flexible opening and closing hours. As the provider states: ‘this allowed us to make decisions about what was required, and gave us a lot more control to adapt, to meet the needs of the labour market in this area’. The long day care centre opened after a five-year assessment process, including a feasibility study lasting 12 months to see if the local area could sustain another child care operator. The centre has 13 staff, a part-time cleaner, and provision for approximately 70 children in a five-room centre.

In this case, the act of establishing a centre allowed the local market to respond to more diverse pockets of demand. The demand for atypical hours of care existed, but had not been capitalised upon or developed as an area of market growth. In addition, the centre has been able to directly provide employment opportunities for some of its clients (particularly older women who had experienced difficulties attaining employment).

This initiative also facilitated the labour market entry of new groups of potential workers who had been previously been ‘blocked’ because of lack of access to care. This is particularly significant, because these workers had been underutilised within this labour market and would otherwise have sought social welfare and income support.

## From refugee social support not-for-profit organisation to registered training organisation—the story of the Refugee Training Company

In the following case study, the leadership shown by a refugee resource centre, as it reinvented itself to provide both employment support and training services has not only changed the nature of demand (by elucidating skill needs for a niche pocket of child care demand) but also worked to regulate the supply of labour. The Refugee Training Company forms a key access point for potential job seekers (and those not in the labour force at all) who elicit help and advice about the appropriateness of the sector as an employer, for them.

The Refugee Training Company was formed from the Refugee Resource Centre in Provincial. In this case, a local not-for-profit refugee resource centre expanded its operations to offer VET to local refugee women, predominantly from the Horn of Africa. The initial decision to become a child care registered training organisation was made to create labour market opportunities for women who had traditionally been either unemployed or not in the labour force at all. In the early 1990s, the Refugee Resource Centre began receiving anecdotal evidence of a need for child care among the women the centre sought to serve.

We were getting feedback from our supporting mothers group at the centre, that there was a desire to work, but a reluctance to place children in institutional forms of care ... the communities are very tight and there was a reluctance to hand children to the 'white ghost'.

The Refugee Resource Centre initially provided support for refugee women to receive child care training, in the form of additional literacy support and by seeking subsidies to pay for the cost of fees and books wherever possible. As one Refugee Resource Centre consultant notes, 'this got the ball rolling ... we had really high employment success rates and most of our graduates got work in local child care centres'. The successful labour market transition of these women began to generate new forms of potential demand, which the Refugee Training Company could also begin to foster. 'Once these women starting working in these centres, their families, friends and others within their community were willing to send their kids to these centres as well.'

### ✧ Adaptation of training delivery

The Refugee Training Company now delivers certificate III, certificate IV and diploma level training in child care. The training delivery has adapted to cope with a number of labour market barriers faced by the women. Literacy supports are offered, in addition to cultural awareness training. Access issues are also considered. If training sessions cannot be held on site at the Refugee Resource Centre, sessions are offered at a central location (such as a church or local community centre), which is on a public transport route.

The act of formal learning is a new experience for many of the women attending training, and so adaptation allows this factor to be taken into account. In order to ease anxiety about attending formal learning, the initial round of trainers received cultural awareness training. Subsequent cohorts of trainees, however, have been trained by people from their own cultural group. This is because the Refugee Training Company now trains previous graduates to become trainers for new intakes of students. In order to ease the trainees' passage into real working environments, the Refugee Training Company has adapted the assessment procedures associated with child care training. Practical assessment components (observation) are critical components of child care training and are important in preserving quality in the standards of graduates. The Refugee Training Company uses the occasional care centre, which is used by clients of the resource centre, to conduct assessments. Assessors undertake workplace assessments of the women in a familiar environment and this helps to build confidence among the women that will enable them to take these skills to other workplaces. In addition, the Refugee Training Company uses simulated online 'virtual' child care centres as an additional tool to help prepare graduates for working in actual child care centres.

Over time, the Refugee Training Company has continued to develop solutions to some of the most significant barriers to labour market entry.

We could see the potential scope of offering child care training to refugees from the Horn of Africa and Islamic women specifically ... these two groups of women appreciated more culturally appropriate training, delivered in an environment which was more culturally 'comfortable' for them than mainstream education settings.

The Refugee Training Company gave careful consideration to the pockets of labour activity that would represent best 'cultural fit'.

There are two real skill shortages in this area—child care and aged care. For these women, aged care is not possible because it is just too much of a challenge. Many of the women are Islamic and the notion of shaving grown men, interacting with men, was just not suitable. But child care represents a unique cultural fit for these women, particularly Islamic women who wish to work at home through family day care; this broadens their ability to participate in the labour force immensely.

#### ✧ Adaptation of training content

Altering the type of training to cater for the needs of the women students is, over time, transforming the nature of local demand by giving support to the formation of niche and new pockets of market activity. As more women have become established as family day carers, or found work in child care centres, this has generated demand for different forms of care, and in association with this, different forms of training. 'We now do training in Halal food preparation and this has been immensely successful and popular.' Additional computer training sessions also form an important part of the training, which the Refugee Training Company considers part of essential 'life skills' training.

We see this as something that these women can use in other realms of their life – accessing support services, including income support and access to centrelink, and undertaking job search. These are skills that will help them get jobs in other sectors as well.

The Refugee Training Company uses a model of companion teaching and work-embedded literacy in order to deliver child care training to newly arrived refugees and migrants. This model addresses the issues of both literacy and cultural difference. In each case, the modules of training are redesigned to enhance delivery. An English as a second language teacher attends delivery of the course, with the vocational trainer.

The problem with much literacy education is that it lacks relevance. Many of the women could not see the point of learning in this way, it was too abstract, and not applied. But in this way the ESL teacher can actually reinforce the course content, but is also teaching English at the same time. It is a much more contextual way to learn English.

The need to adapt to the caring and wider family responsibilities of the refugee women students has also been an important consideration. All of the training is delivered in school hours, between 9.30 am and 2.45 pm. This has greatly enhanced the ability of women to attend, as there is a cultural reluctance to place children in after-school care. This also means women do not have to pay for care in order to attend training.

A most recent adaptation, which provides the final link in the chain of employment transition assistance, is the delivery of job entry services. In this way, the Refugee Training Company is seeking to find employment placements for its graduates directly. Previously, graduates were given support to draft resumes and improve interviewing skills, but were encouraged to apply for jobs independently. This new initiative has been possible because the Refugee Training Company has sought additional funding from alternative (state government) sources.

## Why are these approaches so innovative?

In order to understand why these approaches are innovative, it is important to explain the key challenges faced by brokers or agents in the labour market who seek to address labour market disadvantage. In-depth qualitative interviews with labour market intermediaries (including community service organisations, employment service providers and VET operators who provided support functions or programs for those marginalised by the labour force) highlight a number of common labour force challenges. The following section details the outcome of these interviews and could be described as a qualitative account or ethnography of local labour market ‘undertow’.

### Great diversity in needs within, and between, different groups

All of the intermediaries identify that, even within a subpopulation, there is immense diversity in both experience of and conditions underpinning barriers to the labour market. The innovative intermediaries highlighted within this study developed strategies to respond to and address this diversity within their programs and processes. As one TAFE-based ‘return to work’ program coordinator notes: ‘Even within a similar age group, and within the same gender, personal circumstances can vary greatly. We’ve got people with poor health, others with low confidence issues, others that feel they are just too old to try something new.’ In a refugee support centre, which is also a registered training organisation, the diversity within a single cultural group is noted to be a specific challenge:

One group of our students in particular is from the same region in Somali, and they are all women, yet we’ve got one woman who has never been to high school, one who only has kindergarten level education, another that has never set foot in a formal education setting of any kind, and another that is a trained teacher ... Across different age groups there is also incredible diversity. Amongst the older women in particular, their functional literacy, even within their native language is very poor.

This diversity in need creates challenges for the intermediaries seeking to give support. The initial pre-employment assessments conducted, and the customised supports subsequently developed, require a critical level of accuracy. The following observations from interviewees illustrate the depth of the challenge associated with developing customised support geared to employment transition. ‘For every single person, the network of supports will have to be different, unique ... the assessments have to be done with a lot of sensitivity... the issues and the individual circumstances that create barriers are so complex’ (employment service provider in Provincial). A local workforce development consultant to Corridor City Council makes similar observations: ‘If people think there is some magic bullet out there that can solve the unemployment problem they are wrong. For some people, VET unlocks doors, for others it is useless.’ Or as the CEO of an employment service provider describes it, ‘The one size fits all approach would not ever work’.

### The exchange of information between key support organisations and service providers can be a challenge

Numerous agencies can potentially be involved, either directly or indirectly, in transition to employment for disadvantaged job seekers within a single region. This can range from and include income support agencies (primarily Centrelink), job and employment services (job networks which may be private, public, or not-for-profit), vocational education and training institutions, and what might be described as ‘life support’ agencies. These could include: departments responsible for public housing support; temporary accommodation; mental health support; literacy and numeracy support; and a broad range of family, relationship, behavioural and personal support services. For example, with Corridor alone, there is a complex network of organisations providing either direct or peripheral employment-transition supports in some form to predominantly two core marginalised groups of potential labour. There is an active network of more than 40 organisations targeting refugee need (especially newly arrived refugees) and more than 25 organisations targeting

youth. Within the Provincial region, the population is more dispersed and smaller overall; however, the network of employment and social support agencies (both not-for-profit and government) is estimated to include a network of 35–40 organisations actively engaged in seeking to reduce unemployment in the region (Provincial Local council workforce development coordinator).

Within these networks, the need to refer between agencies to source necessary services is critical. As the CEO of a youth support organisation which is also a registered training organisation notes:

We have kids who are referred to us who have disconnected from school, family, their peers, and they will end up employed and most certainly long term unemployed ... but there is no point in discussing employment until basic things like accommodation, even temporary accommodation is worked out.

An employment service provider in Corridor notes: ‘We’ve had ex prisoners, with enduring drug and alcohol problems, and anger management issues which may be the result of an underlying undiagnosed mental health issue ... the agencies responsible for rallying the supports need to stay in contact with each other’. Or as a placement support officer in a Provincial TAFE notes:

if we don’t know the situation with Centrelink, if we don’t have a history of their assessments, if we don’t know their work history, if we don’t know what form of income support they are on, and ultimately what form of training subsidies they might be entitled to, we can’t offer the right supports.

## Funding

All of the intermediaries noted that the ability to service and source supports for those marginal to the labour market is limited by funding constraints. In many cases, agencies were operating employment support programs under the auspices of specific contracts, either for the state or federal government. This meant that agencies were required to achieve key performance outcomes (for example, in the form of placements, numbers of workers transitioned to recognition of prior learning, or numbers placed in training programs) within certain time frames. This added to the challenge because it meant staff felt pressured to deliver outcomes, which may or may not lead to sustainable employment outcomes for clients. As one agency described it:

We have programs that run for twelve months, for eighteen months ... the funding is a huge help and it does give us scope to do more in the region ... but when that program ends, sometimes that’s it.

Mentoring in particular was cited by many agencies to be a very effective support for people making the transition to employment; however, finding the staff who could provide this support directly, or co-opting local experienced volunteers who could act as mentors was time consuming and labour-intensive (so therefore ‘expensive’). As one not-for-profit representative noted:

We don’t have enough in the budget to hire the staff who would help provide those extra supports ... the sad part is that we know from proven experience that mentoring and those sorts of activities which are time consuming and involve a lot of time running around, actually make a difference in making successful transition to employment.

## Anticipating and understanding employer demand is a challenge

Agents and brokers who were seeking to establish pathways into the labour market faced a range of challenges when seeking to understand and anticipate employer needs in the region. These challenges covered a wide range of issues which intermediaries all considered important in anticipating labour demand, even amongst operators who believed they were extremely well informed about the pattern of local industry development and the local economy.

✧ Need for labour is sometimes not defined in ‘skill’ terms.

The experience in Provincial provides a good illustration of this challenge. A ‘skill up’ program, administered and coordinated by a local TAFE institute for over three years, has sought to support



and source training for workers who had been retrenched from defunct industries or large-scale business closures. In one case, a large department store had closed in a local township. The TAFE institute quickly discovered that the local employer had operated for some 20 years, with no notion of matching ‘job role’ to any conventional skill profile.

We found women working in offices with no computer skills, people in retail for 20 years with no customer service skills, and accountants who worked for the department store almost their whole life with no formal qualifications at all.

In other words, local labour market intermediaries are sometimes faced with the culmination of years of poor employer investment in training and skill updating.

Intermediaries also note that employer scrutiny of labour had intensified at selection point. This represented a strange contradiction for many agencies, as sometimes this scrutiny focused more upon the personal characteristics (psychometric profiles of labour) of the workers rather than their skill profiles (qualification frameworks). A previous report in this series examining workforce development in child care found that employers were addressing the issue of turnover through tighter and narrower selection processes for staff, despite the vast majority of these jobs remaining at or being marginally above entry level. This sentiment was echoed in the cases reported by intermediaries during the course of this study. As one intermediary commented: ‘it feels like the recruitment processes are shifting all the time, right under your feet’, or in another case, ‘The hoops that are required in some cases seem ridiculous. We’ve had blokes at cert II level, trades, undergoing screening and some of them have said “this is worse than school”.’

✧ Matching employer and employee needs for flexibility is an additional challenge.

Employers often indicated a need for ‘flexible workers’: however, employer and employee needs for flexibility were frequently mismatched. The provision of part-time work, for example, offered some workers the ability to take employment when their personal circumstances prohibited taking a full-time job; for example, women undertaking caring responsibilities, a worker who needed part-time work to accommodate counselling sessions for depression, and Kooris who required additional cultural, ceremonial and/or bereavement leave days. Intermediaries found that achieving supply and demand ‘synchronicity’ in flexibility was a challenging task and the inability to accommodate this could prevent employment from being taken up or offered.

✧ Intermediaries argue that disadvantaged job seekers face an additional challenge, which could be described as employer ‘resistance’ to hire.

Many intermediaries note that employer impressions of labour, particularly among core disadvantaged groups, may be poor. This arose from the perception that some labour was ‘difficult to manage’ in human resource management terms. As one employment service operator argues ‘we have had to work hard to shift some of these views ... the perception amongst some people here is that you don’t hire Koori labour as it is too hard to manage’. Or as the coordinator of a traineeship scheme for youth at risk notes:

some of the kids have anger management issues, some have problems at home ... employers just don’t know how to handle that and even if they have the best of intentions, they often don’t know how to source the supports that would be needed.

In wider studies on employer-hiring practices, views of underutilised labour are poor. For example, in industries such as hospitality, restaurant and catering, employers have publicly identified a preference to hire through overseas recruitment programs, rather than tap local pools of underutilised labour. ‘Disaffected job seekers may not necessarily have the attitudinal profile for customer service roles, leaving immigration as the most appropriate source of employees’ (McDonald & Withers 2008). This is corroborated by other studies of disadvantaged job seekers in their experience in achieving successful employment outcomes. In a recent two-year study of 150 disengaged Arabic young people in south-west Sydney, the research found that only 13 of the group found full-time employment. The group included a cross section of participants undertaking

a range of different pathways to employment, including apprenticeships, school-supported apprenticeships and career guidance schemes. At the end of the study, only 13 of the group found employment and this was ultimately with Arabic employers (NSW Board of Vocational Education and Training 2008). This ultimately means that the capacity of the labour market within a region to absorb labour at the margins of the employment market can be almost impossible to assess, because so many factors, including possible discrimination, can play some role.

✧ Employers may not want upskilling.

The policies of the VET system and the associated Australian Qualifications Framework are geared towards propelling workers upward. This is widely observed with regard to the VET system in Australia (Buchanan, Yu & Wheelahan 2010) and elsewhere (Tessaring & Wannan 2004; Keep 2002). This is consistent with wider labour market policy, as VET strategically positions itself for the burgeoning 'knowledge economy' (Community Services and Health Industry Skills Council 2008). As the Brotherhood of St Laurence (2008, p.10) notes, the demand for low-skilled labour has declined. Job seekers with poor education, low competencies and minimal work experience rely on low-skilled entry-level job opportunities, and this is precisely where the biggest declines in employment have occurred, with nearly three-quarters of all new jobs in the period 1990–2003 being taken up by university graduates (Brotherhood of St Laurence 2008). Collins (2009) notes that the majority of skill growth (92%) has occurred in high-skill areas of the labour market and that this trend has been particularly strong in the last decade.

In this environment, arguments for further education and training as playing a critical role in transitions to the labour market would appear to be particularly compelling. However, this is not necessarily reflected in decision-making at the local workplace level. The following intermediaries reflect the challenges when confronted with employer ambivalence to skill development. As one intermediary in the Corridor labour market notes 'the shortage here is not jobs, so much as decent jobs'. This is corroborated by challenges encountered by intermediaries elsewhere. As Keep notes, 'the commitment to upskill is not necessarily shared by employers' (Keep 2002). Work by Wedgwood (2008) notes that, while qualifications may be attractive to individual employees, this enthusiasm may not be driven by employers. The challenge faced by individuals, and by intermediaries in developing strategic responses to this challenge is described in powerful detail by a Provincial intermediary:

In rural areas like ours, there are some realities you can't avoid and it might not fit with the 'ideal' of training. For many clients in our area the issue is not unemployment, but underemployment. And the reality is that many people, what [sic] are called the 'working poor' are actually working multiple jobs, because there just isn't any other work. You can't change that. The area is what it is ... the recent changes to skill reform in this state are too rigid. They will only subsidise training that lets you climb certain ladders. This doesn't help a lot of people. There's no point in saying you have to train to go 'up', when there may be no 'up' to go to. The working poor end up sandwiched because the way they structure training supports means they won't let you move to another sector to get more employment.

## Discussion—some impacts for VET

Intermediaries strongly reinforce the notion that, for marginalised groups, VET is best described as an 'inert' ingredient in transitions to employment. A key observation made across all of the interviews is that, without other social and economic supports being put in place for disadvantaged groups, VET remains 'inert'.

### Redefining VET flexibility

The experience of these innovators highlights that conventional approaches to adapting VET delivery, namely 'flexibility', are inadequate when addressing the needs of marginalised groups.

However, in some cases the adaptation strategies described by innovative intermediaries turn current notions of flexibility on their head.

In industries experiencing skill shortage, flexible delivery in VET often breaks into two approaches—compression of delivery and segmentation of content. Compression occurs because the access points for learning are broadened (provided online, at work, or through distance learning). Segmentation occurs because units are broken into consumable self-paced learning modules or components. This means that modules can be completed very quickly, as they are not reliant on class scheduling or timetabling and do not need to fit around work schedules. This all works to accelerate the pace of learning, as training can occur anywhere and is not time-dependent; students can progress immediately from one unit or subject to the next. This technique, in theory, can be used to hasten transition into the labour market. For industries such as child care, which mandates quality standards through qualification level, access to VET is essential because it is the foundation on which employment is predicated. This approach allows vacancies to be filled quickly and gives the market greater volume of labour from which to choose. However, this form of training is often criticised for its poor quality and associated poor assessment processes. Indeed, a major criticism of these adaptations of VET practice is that they may rapidly increase labour supply, but this is not sustained. Workers are ‘pushed through’ to job entry quickly, but their commitment and engagement with the sector have not been cultivated for the long-term.

In the case of Youth Help, employment transition for young clients ‘at risk’ was seen as an important, but long-term goal. For this reason, VET was incorporated into a wider range of experiences and supports designed to guide clients slowly towards independence: higher self-esteem, self-reliance, responsibility, and ultimately work. This model reflects a vastly different approach to VET flexibility. Rather than compressing and segmenting the learning experience, Youth Help insists that prolonging and embedding VET training will lead to better longer-term outcomes. In the opinion of Youth Help, this approach may slow the delivery of VET, but based on their immense knowledge of the key challenges facing local young people, this philosophy offers a better chance of achieving independence and social development among young clients, and therefore engagement with work in the long-term. In this sense, it also introduces a different notion of vocational education and training, one which is grounded in the development of wider societal skills and not necessarily geared towards a specific job profile in the short-term.

## Redefining adaptations of VET delivery

Innovative intermediaries begin with a common adaptation of VET delivery and further adapt in order to meet local need. For example, a ‘staple’ of VET delivery has been to incorporate simulated workplace experience into VET courses. The notion of ‘practicals’ or workshops has been critical to fields such as hairdressing, catering and mechanics. This has been an important feature of VET activity because it allows individuals to train and receive practical experience, even if they have not secured employment in their industry of choice (Smith 2002). For those already employed, practical sessions in VET institutions help to reinforce learning that occurs on the job. In this study, the Refugee Training Company used the notion of ‘simulation’ learning as a starting point and then further adapts to meet the specific needs of their client group. In this case, the clients were women refugees who had limited exposure to Western culture prior to their arrival in Australia. The notion of simulated workplace elements (in this case virtual reality child care centres and cyber centres) provided a first step for these potential workers to learn about institutional child care. By delivering these workshops through information technology, learners could accumulate knowledge about ‘real life’ child care centres gradually and in a safe way for both child and student.

### *Redefining ‘demand-led’*

The insights provided by these intermediaries suggest that the notion of ‘demand-led’ can go well beyond discussions with an employer to define areas of skill shortage. In these cases, VET played a role in lifting employment participation by improving the skill set of job seekers and also expanding current pockets of labour demand. Rather than being ‘demand-led’, these case studies considered

factors of demand as part of their design. For these intermediaries, conventional tools for understanding demand (for example, interviewing local employers or networking with a regional development body) did not equip intermediaries with tools useful to the development of appropriate, locally relevant employment strategies. In the case of ESP, the labour market intermediary undertook a significant feasibility assessment on its own initiative in order to understand the nature of child care demand and the patterns of industry activity within the area. In this most extreme case, ESP stepped directly into the fray of demand and established itself as a child care employer in the local region. Similarly, the actions of ESP demonstrate a commitment to understanding long-term labour demand within the region. In the case of the Refugee Training Company, the agency had incrementally learned (over a period of close to 15 years) about both demand for child care in the local area and niche pockets of activity within the sector that would represent a good cultural fit for their clients. In other words, notions of demand were not mediated or interpreted through the eyes of local employers alone: the intermediary noted that some of these judgments are affected by factors such as discrimination.

This leads to a number of important questions relating to the role that VET might play in transitions to employment for those marginalised by the labour market. While VET comprises much more than the TAFE system, TAFE remains the largest single provider of VET services nationally. In addition, since the 1970s (or the post-Kangan period), TAFE has been identified as having a highly important role in the provision of 'second chance' education (Australian Education Union 2006), particularly for key equity groups such as women, refugees, and Indigenous peoples. TAFE could potentially play a strong role in developing partnerships with other providers to form or create employment pathways, but these efforts in many respects sit uneasily within TAFE's wider charter of operations. On one hand, TAFE seems well placed to work as a well-networked national provider of 'equity focused' VET services. On the other hand, this broader charter is not reflected at an operational level within TAFE. As Noonan (2002) notes in a comparative review of TAFE systems, current policy, planning and accountability frameworks within TAFE do not generally recognise the value of programs targeting the disadvantaged. This means that, where these efforts exist (in the form of outreach programs, for example), they are often highly fragmented and are not unified or coordinated across different TAFE jurisdictions.

Noonan (2002) describes the TAFE network as one of 'multiple institutions with multiple missions'. The criticism of TAFE in delivering in this capacity has been reinforced over a period of ten years. The Kirby (2000) inquiry into post-compulsory phases of education found that the worth of much of TAFE's contribution to transitions out of unemployment is doubtful and reserved particular criticism for its supports for the young. Although individual TAFE institutions may resource dedicated equity functions, these units often comprise only one or two people and are not resourced to confront or manage the wider programs typically associated with the complexity of job entry and re-entry of disadvantaged groups. In the institutions interviewed for the purposes of this study, in all cases TAFE coordinators had only been able to operate their intervention programs through funding they had received outside the TAFE network (through tendering for federal or state government money to deliver return-to-work or upskill programs). In many cases, these successes could be said to have occurred, despite being within a TAFE setting rather than because of it.

Across the innovative intermediaries interviewed, the role of VET in enhancing labour market transition for underutilised groups remains ambiguous, at best. Without wider social supports and significant strategic repositioning (networking, re-adaptation, and reinvention) by the agencies responsible for managing and administering these programs, the contribution of VET remains 'inert'. The most innovative and successful models in labour market and VET assistance feature both demand and supply factors in their delivery. This goes beyond conventional 'demand-led' principles. Across the innovators interviewed during the course of this analysis, intermediaries sought to shape the nature of demand by developing skills in what would ultimately form new pockets of niche demand. In this context, family day care presents a unique case study. In this scenario, employment brokers or intermediaries actively encouraged a convergence between supply

and demand. Approaches to upskilling labour incorporated the unique aspirations of the underutilised workers themselves. These aspirations facilitated the creation of new niche pockets of sector activity (such as culturally appropriate child care in the case of the Refugee Training Company's case study and specialised family day care delivery in the Eastern TAFE example). In this context, the role for VET was very well defined because implementation of the federal government's quality agenda in early childhood education and care has created a training 'imperative' for the industry. In other words, if the sector is not 'upskilled' on a broad scale, it is likely to face mass withdrawal by those who do not currently meet the qualification standards. This has motivated key stakeholders (local family day care networks and the umbrella body of Family Day Care Australia) to act quickly to consider how new forms of labour might be not only drawn into the sector, but encouraged to connect with the sector for the long-term.

# Conclusions

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The notion of labour market undertow is a powerful metaphor through which the concept and experience of underutilisation might be understood. In the research relating to underutilisation, there are multiple frameworks used to consider the core factors contributing to labour market marginalisation. On closer examination, rather than representing contrary perspectives on underutilisation, the conceptual frameworks are complementary in many senses. Structural factors, point of origin and motivation can all combine to create powerful and devastating barriers to employment for individuals. These factors can be claimed to resemble a labour market ‘undertow’—they work at the subsurface level, are less visible than broader and more predictable transitions of labour in and out of the labour force (such as demographic shifts) and the impacts for those affected can be intense, as individuals are ‘dragged’ seemingly further and further away from sustainable employment paths.

In these conceptions of underutilisation, researchers often pay great attention to the mapping and identification of barriers to employment. These could include a wide breadth of issues, including anything from physical barriers (transport, level of disability), emotional barriers (safety fears, low self-esteem), through to institutional barriers (lack of access to child care). Acknowledging that barriers to employment can exhibit great diversity is important, but ultimately constricting in policy design terms. However, this paper argues that the broad diversity of barriers, which can all profoundly impact on the ability to access employment, can be better explained as a two-factor state. In effect, all labour market barriers can be categorised into two categories or preconditions: a state of information asymmetry and/or a compromised state of labour market readiness. These two preconditions create both the form and force of proverbial ‘labour market undertow’.

Potentially, labour market intermediaries can play an important role in formulating strategies to deal with the impact of undertow and thus reconnect labour with the market. In these strategies, VET has historically been considered a powerful transformative tool because it allows labour to be reshaped and developed in order to meet demand. A strong criticism of intermediary behaviour has historically been the over-emphasis on supply-side factors, with interventions shaped largely in the absence of knowledge about the nature of demand, particularly in local areas. All of the innovative intermediaries interviewed for this study were identified as ‘high achievers’ among employment-assistance agencies and brokers. Their approaches identify a number of key findings relevant to the role of VET in labour market transition for disadvantaged groups.

The approaches of these intermediaries are characterised as strategic innovations, because in all cases the organisations had made a strategic decision to reposition themselves in the context of other services on offer within the region. In this sense, organisations believed that through these strategies they could provide an anchorage point for people experiencing labour market disadvantage or those in the ‘pull of the undertow’. These three strategies of innovation are: networking; adaptation; and reinvention. Innovative agencies exhibited a tendency to network and form ongoing and purposeful links with other agencies within their respective labour markets. This enabled a meaningful and regular exchange of information about clients and client progress and allowed agencies to collaborate in order to source and fill gaps in the support network for their clients. Innovative labour market intermediaries adapt, and strategically position themselves to continually adapt, in order to meet the needs of disadvantaged job seekers. This adaptation

incorporates changes to both content and/or delivery of training to better meet student, worker and labour market need.

A third and more radical innovation undertaken by intermediaries is to reinvent the organisation in order to provide the substantial services that may have been undertaken by other operators in the field. Reinvention represents innovative behaviour in the context of social welfare and employment service providers since, historically, the practice of referral has formed the basis of much intermediary behaviour. In other words, if a client required an additional support prior to seeking transition to the labour market, they were previously referred to other agencies better resourced to meet this need. Reinvention is important because it offers agencies greater scope to provide for, or fill gaps, in the existing suite of essential services available to disadvantaged job seekers and workers. In developing responses to a local labour-utilisation challenge, these innovators have managed to unite or achieve greater alignment between the supply and demand requirements of the labour market. However, the experience of these agencies demonstrates that this is a longer-term and intensive commitment, which at the local level comprises a serious undertaking by the labour market intermediaries involved.

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# Appendix

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## Additional notes regarding field work

The insights for this paper are drawn from field work that was conducted in three waves. The first wave of interviews was conducted with key informants who provided what might be described as ‘panoramic’ insights into successful transitions of underutilised labour to the paid labour market. Twelve interviews were conducted with national and peak bodies in the not-for-profit sector, federal and state government representatives, and academics and commentators who have been actively involved in investigating definitional issues associated with underutilisation. A second wave of extended interviews was conducted with ten high-profile agencies with a direct hand in the design and provision of services in the sector. These interviews delivered insights into the effectiveness of current approaches targeted towards those not in the labour force. These interviews also explored the issues surrounding innovative practice in the sector. The third wave of field work shifted location to the local labour market level. Two regions were selected as the foci for analysis, based on satisfaction of three criteria. Firstly, the labour markets had an identified and sustained underutilisation problem. Secondly, the labour markets contained significant industry activity in the field of meat processing and child care. This would allow scope to explore innovative labour market assistance programs with positive labour market outcomes in these sectors, if they could be found. Thirdly, based on the insights and intelligence provided by key informants, there was a presence of positive labour market transition programs (specifically targeting pools of underutilised labour) in the regions.<sup>5</sup> This final phase of field work also included the review of a small number of case histories of individuals<sup>6</sup> who had participated in the programs falling within the purview of this analysis. These case histories were analysed for two reasons. Firstly, it allowed some corroboration of the intermediary claims that the programs had culminated in successful labour market outcomes. Secondly, this process allowed a deeper understanding of the barriers to labour market entry, as experienced by the clients themselves, to emerge during the analysis.

This project confronted a number of sensitivities in undertaking field work. From an institutional point of view, agencies reliant on government funding to satisfy employment service and related contracts have important and legitimate privacy concerns. In the majority of cases, organisational participation required and was conditional upon complete anonymity. This need for anonymity did not impede the level of access or depth of insights provided by these agencies. Indeed, the freedom to speak anonymously permitted agencies and their representatives to talk more openly and frankly about the highly sensitive and controversial issues facing both their own organisation and the social welfare sector more widely. Anonymity was also a highly important consideration for the individuals (clients) for whom the agencies interviewed sought to serve. The need to preserve and protect the privacy of the participants associated with this project has remained a high priority throughout this study. For this reason, we have taken the unusual step of using pseudonyms for not just the agencies and individual participants, but also for the overarching labour markets in which the final phase of field work was conducted.

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<sup>5</sup> Given the commercially sensitive nature of employment broker and recruitment agency performance data, which are not collected, compiled or released to the public domain, a more statistical comparison of outcomes derived from specific programs delivered by specific labour market intermediaries was not possible.

<sup>6</sup> All identifiers of these individuals were removed, prior to analysis.



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