



EVIDENCE BRIEF: EMPLOYER ENGAGEMENT

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To help teams engaging with employers on workforce development and career progression projects, we reviewed literature, evaluations and practice-based evidence.

Here's what we found on how to get employers on board with:

- Equity targets or goals in employment
- Involvement in planning, design and delivery of equity-driven pre-employment training
- Pathways for disadvantaged job seekers into well-paid jobs with holistic post-employment support
- Employee development and long-term career progression support



SET-UP



INVEST IN LABOUR MARKET INTERMEDIARIES THAT PROVIDE TAILORED SUPPORT TO EMPLOYERS & EMPLOYEES

In terms of incentivising employers to employ disadvantaged groups, the evidence supports **targeting funding towards third party intermediaries to lead initiatives and collaborations to support employer human resource management and equity implementation** (Kis, 2016, Szkudlarek, 2019). This is because employers do not have the capability, capacity or experience to do this on their own, even with financial incentives. Social enterprises that have the flexibility to provide tailored and contextual support to individual employers and employees, but are big or well-resourced enough to provide wraparound integrated support for employees, have a better track record than short-term mass targeted job programmes run out of government social welfare departments (Qian et.al, 2019).



BALANCE JOB SEEKER & EMPLOYER NEEDS

There needs to be a **balance between benefiting employers and the employees in 'demand-led' approaches** (Spoonley, 2008). Catering only to employers risks putting employers' immediate requirements above overall multi-pronged strategy to uplift communities across the board, and increases the risk of reproducing inequities in the labour market (Aksnes, 2019; Ingold & Stuart, 2015).



BUILD THE BUSINESS CASE & BREAK DOWN PREJUDICE

In general, employers often believe that disadvantaged job seekers will be 'risky hires' due to skills mismatch and work culture perceptions (Spaulding & Blount, 2018; Auckland Co-design Lab, 2018). Employers are used to viewing skills mismatch as primarily due to failures of jobseekers, rather than neoliberal policies, historical structural inequities and managerial shortcomings (Spaulding & Martin-Caughy, 2015; Spoonley, 2008; Taylor, 2005). As such, the **benefits** of employing different types of people, plus **'de-risking'** of such hiring, needs to be at the forefront of outreach efforts to employers. Drivers of employer engagement are: Corporate social responsibility goals regarding social value; good PR; increasing the labour pool for recruitment during skills shortages, improving diversity due to internal policy-driven goals; assisting in building social and business networks across communities; and reducing transaction costs in doing all of the above (Haynes, et al., 2011; Raddon & Sung, 2006; Sissons & Green, 2017; Wren, 2011). The benefits to the organisation should be tailored and marketed to suit the drivers that dominate particular industries (Sissions & Green, 2017). Material 'de-risking' of these employees is key to the pitch, and is discussed further below.



ENGAGE EMPLOYERS WITH GOOD INTENTIONS & SOME CAPABILITY

It is crucial to avoid employers that will use supported employment programmes as a quick, cheap fix to labour supply, often those offering casual, short-term or seasonal jobs (Gore, 2005). Identify jobs where there is opportunity to transition into better paid, higher-skilled employment (Spoonley, 2008). Choose employers willing to be involved in training that improves overall employability, rather than meeting short-term labour needs (Gore, 2005; Spoonley, 2008). It is difficult to shift mindsets of low-wage, transactional employers. **Focus on employers that are already willing and able** – e.g. **large employers, public sector** employers, members of an employer association, employers with **skill shortages and training networks** are more willing to work around educational qualifications (Wilson, 2019). They are more likely to have good intentions and systems to support people long-term. **Social procurement** can be leveraged with public sector employers (Mupanemunda, 2020) (see separate evidence brief on social procurement for employment equity).

DELIVERY



BUILD LONG-TERM RELATIONSHIPS WITH EMPLOYERS

Strong, personal, long-term relationships with employers is essential. Intermediaries and funders need to **understand employers'** expectations for employees, the employment strategies employers use, and the costs and benefits associated with each strategy; **in order to support change** in employment systems. Relationships need to have **benefits for all parties** (Aksnes, 2019; Romenti, et al., 2012; Spaulding & Blount, 2018; Spoonley, 2008; Szkudlarek, 2019; White, 2012). These relationships enable sharing of ideas around business case, success stories, best practices, and how to overcome skills 'mismatch' that arises over asymmetric information or lack of understanding about labour demand trends between employers, intermediaries and jobseekers (Dunneback, 2018; Szkudlarek, 2019). If relationships receive good publicity, this can persuade other high-profile firms to sign up (Gore, 2005).



BUILD EMPLOYER CAPABILITY IN HR EQUITY PRACTICES AND EMPLOYEE SUPPORT

Employers tend to reproduce social inequities through gatekeeping in recruitment and employee-employer expectations, i.e. 'The Attitude Gap', exacerbating the 'skills mismatch' problem in the labour market (Keep & Mayhew, 1995; Adams et al., 2000, 2002; Skinner, 2001; Spaulding & Martin-Caughy, 2015; Spoonley et al., 2002; Auckland Co-design Lab, 2018). There are substantial gaps in employer HR capability for delivering equity targets, even among sympathetic employers (TSI – Practice-based Learning). Planning how employers will sustainably fill these gaps and retool their HR systems to be more genuinely diverse and supportive is a crucial task beyond setting up specific training and employment interventions. This will include building employee capability to connect employees into the social support service ecosystem, from which they are generally disconnected (TSI – PBL, DeCoursey & Skyles, 2007).



DE-RISK HIRING WITH HIGH QUALITY SOFT SKILLS TRAINING

Key to 'de-risking' the hiring process for groups seen as furthest from the labour market (e.g. youth, longer-term unemployed) is high-quality soft-skills/work-readiness training provided before any paid job placement, not managed by the employers, who do not see this as part of their role (DeCoursey & Skyles, 2007). Other general de-risking approaches are discussed further below, and include providing technical skills training together with employer, and ongoing support to both employers and employees. Also effective are probationary periods (although these need to be balanced against employee interests), promoting professional service, and emphasising the professionalism and assets of the jobseekers (Gore, 2005; Ingold & Stuart, 2015; Taylor & Rubin, 2005; DeCoursey & Skyles, 2007.).



DESIGN & DELIVER HIGH QUALITY DEMAND-LED / FUTURE-PROOFED SKILLS TRAINING WITH EMPLOYERS

Engage communities and employers to create customised, collaborative programmes that are culturally competent. A demand-led approach involves understanding the nature of local labour demand and adapting labour market initiatives to suit. This is achieved through aligning appropriate skills to areas of demand and tailoring education and training to where the gaps are in the market (Caves, & Renold, 2016; Spaulding & Blount, 2018; Spoonley, 2008). Employers should be involved in designing the programmes (Wren, 2011), this could be through their oversight, programme design, program delivery, recruitment and hiring, financial or in-kind resources (Spaulding & Martin-Caughy, 2015). Employer engagement leads to a better match, higher productivity, retention and progression (Gore, 2005; Wren, 2011). Employers will also have a vested interest in the success of any programmes and are more likely to be engaged (Mazenod, 2013). There is a need to design programmes tailored to different organisations (Hodgson, et al., 2019). There will be different targets and timelines for different organisations. These need to be designed in a way that provides effective outcomes, rather than focusing on quick-to-complete schemes (Mazenod, 2013).



DON'T GIVE EMPLOYERS MONEY TO DO NOTHING NEW

Direct subsidising of employers, to incentivise employment of particular types of people can be problematic in implementation. Depending on how well targeted subsidies are, employers may hire who they were going to hire anyway, rather than build equity into their recruitment and HR systems. Large employers may be better equipped to access subsidies, while small employers will have less capability in accessing subsidies but could be more nimble in the change required within their systems. Employers are also unlikely to continue programmes if the subsidies are withdrawn, suggesting little long-term impact on employer practices (Mazenod, 2013).

LONG-TERM STRATEGIC QUESTIONS



WHO SHOULD PAY THE LABOUR MARKET INTERMEDIARIES?

- **WHY EMPLOYERS SHOULD PAY**

This makes them value the capability support needed to change their HR culture, policies and practices, and puts value on these practices in the market. This can make the work more financially sustainable for intermediaries, and stimulate demand for supported change among large employers (Carré et al., 2014).

- **WHY GOVERNMENT SHOULD PAY**

Only state-led investment can guarantee systematic and coordinated large-scale support for labour market intermediaries that lifts all boats in key underserved populations. Guaranteed funding is needed for equity through wide access and sustained service integration. There have already been calls from employers for a single agency or body to take control of coordinating workforce and career development pathways (Rose & Jarvie, 2021).

- **MAYBE THEY SHOULD BOTH PAY**

As per typical models in the UK/EU and the US which have charitable/publicly-funded NGO social service core, with social enterprise labour market intermediary paid services that employers buy (Carré et al., 2014; Cooney, 2016).

- **WHAT IS THE FUNDING MODEL WE ARE SEEKING FOR SYSTEM-WIDE CHANGE?**

What is the provider landscape we want to see? Central commissioning agency and little nimble social enterprises? Different commissioning agencies set up to serve specific populations? How do we set up a funding system that fosters genuine collaboration instead of harmful competition between providers?

BIGGER LEVERS & CONTEXT BEYOND WHAT INDIVIDUAL 'INTERVENTIONS' CAN DO



MACROECONOMIC / LABOUR MARKET FACTORS

Where there is low unemployment, labour has more bargaining power. When there is high unemployment, there is a need to focus on more resilient skills (Dunneback, 2018). In 2020, COVID caused the government to prepare for high unemployment and invest in programmes. There was less unemployment than expected, borders are closed, and programmes now exist in a low unemployment environment. Companies are now more motivated by HR development and productivity business cases.



LAWS, REGULATIONS & POLITICAL PRESSURE

Legally requiring employers to do things differently is actually the thing that can make the most change. In some sectors, the progression opportunities are highly constrained and cannot be separated from the wider legal and structural characteristics of low-paid employment (Sissons & Green, 2017). Ringfenced or stable government funding for equity-based career support services, and flexibility in moving money around, enables more effective employer engagement, but it can be hard to get this in place through grassroots influence alone (Mazenod, 2013; Spaulding & Martin-Caughy, 2015).

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