

Building Strong Partnerships with the Private Sector for Better Jobs and Inclusion

Editorial by
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Division

In this time of severe economic difficulties, we need to move quickly. But at the same time we need to keep a share of our attention fixed on the longer-term. The jobs that will help us emerge from the downturn will be high-quality and designed to last.

Today, for understandable reasons, the world is focussed on the stimulus packages needed to stave off depression and keep the economy working. Given the circumstances, this is right and proper. In the US, jobs are being lost at a frightening rate and the OECD's own forecasts have been overtaken by events. There and in Europe governments are pumping billions into the system.

But what countries must avoid is perpetuation of the kind of job creation that has characterised the last 10 or 15 years to an excessive degree. There is an enormous amount of talent in the workforce and the technology available is prodigious: these are all signs of a "knowledge economy". But businesses did not always know how to adapt to the new conditions; perhaps not feeling the urgency of becoming more productive when credit is abundant.

When we come to rebuild the labour market after the crisis, it is essential we do not repeat this mistake. And this is where the OECD's LEED programme can make a difference.

If the aim is to improve training and skills utilisation; if businesses are to be encouraged to invest in the right tools; if they are to introduce new forms of work organisations – then we must recognise that these are all complex issues that need to be dealt with locally. National policies are essential, but their reach can be limited. Some of the work has to be done bottom-up.

To give an example, training organisations, employment services and other economic agencies can analyse how globalisation will affect a particular sector of the economy in a given locality. They can advise on

The crisis: creating good quality jobs now!

threats and opportunities. They can facilitate technology transfer accordingly, or support a specific type of management training. They can share information on how to adapt to the requirements of the 'green' economy – because that is going to be a powerful economic motor over the coming years.

A vast amount of analysis and collaboration is needed. Help is required to encourage local players to put the right instruments in place, and to encourage governments to make available the right

environment: choose incentives, inject flexibility, build capacities, compile data and indicators.

"Building Strong Partnerships with the Private Sector for Better Jobs and Inclusion" was the theme of the 5th Annual Meeting of the OECD LEED Forum on Partnerships and Local Governance, held in Vienna earlier this year, and on which this issue of CFE Insight is based. The event provided useful inputs to a theme that has long been – and will remain – central to the work of the LEED programme. ■

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>>> The EU push on new skills for new jobs is now even more relevant

Interview with Robert Strauss, Head of Employment Strategy, CSR and Local Development, DG Employment, Social Affairs and Equal Opportunities, EC, Chair of the OECD LEED Forum on Partnerships and Local Governance

What is the background to the European Commission's involvement with the LEED programme?

The Commission has long been interested in the local aspects of employment and economic development. More recently we have moved away from an explicit focus on local employment development to mainstream this as part of the overall European Employment Strategy. We find our partnership with the LEED Programme to be very complementary as the programme explores aspects of local development in detail and brings a much broader focus. We can identify ideas to feed into European policies and strategies. I think both of us find it to be a rich and mutually beneficial relationship.

How far does the notion of local partnerships – in all their different forms – play into your employment strategy?

We've always thought that partnerships are key to doing good employment policy. Within the European Commission, it's a continental European or Nordic model, with heavy emphasis on the 'social partners' – partnerships of unions and management and so on. But there are other models too of course. In Britain and the US, there's much heavier emphasis on private-public partnerships. And then there is the "third sector" – NGOs and non-profit organisations – which play an enormously important role too.

Is there not a tension between these ideologically very different types of partnership?

There are great differences – but that's the richness that the OECD can bring. And at the Commission we also believe in the business-public sector partnership. It is something that touches on the whole issue of corporate social responsibility, of which the Commission has been a leading proponent: the notion that the private sector has certain obligations. In the US they are also keen on corporate social responsibility, but there it is linked with philanthropy. For most of continental Europe, and even the UK, that's not what partnership is about. For us, it's about how together the public sector and business have an interest in pushing a certain set of actions. It's not out of altruism that we seek business involvement – it is because we believe it is in their interests. They can get better bottom line. It's a message we've been pushing very hard.

You have said that partnerships are going to have to evolve as a result of the current economic crisis. Can you see clearly yet in what way?

I guess that there'll be a more overt need for the business world to look at the social ramifications of decisions they take. If we get to substantial unemployment, businesses will be taking decisions which affect not just their shorter but also their longer term profitability. Their decisions will now be affecting the social – and thus the

economic – fabric of their countries. So both the public and private sectors will need to recognise that decisions taken in a serious economic downturn have longer-term implications.

On the other hand it is clear that businesses may find that they are simply too stretched financially, economically and in also in terms of managerial time. Because don't forget it's not just about money. Managers have to be able to think – and if all they have time for is wondering how they can stave off the next bank demand, they're just not going to cope. So partnerships will have to evolve to fit into this period of crisis management. It's not only a question of finding answers to a crisis, it's also about operating in a crisis.

Here's one interesting thought for example: if companies are forced to have short-time working, what do they do with the rest of the time when the workforce is not working? One obvious thing to do is training. It's beneficial for the company, it's beneficial for the employees. And governments can probably find all sorts of financial ways to incentivise this. It could be very expensive. Replacing foregone wages for longer than a very short period is a non-starter. But making some sort of tax concessions, to workers as well as employers, could perhaps be one way. That is something that would not normally be thought of in times of economic boom – but the crisis requires a different set of ways of meeting the needs.

Speaking of needs, is there not inevitably going to be a clash between short-term and long-term needs? Palliatives are not necessarily long-term investments.

Yes, to some extent that is true. If there are a lot of jobs available right now in Wal-Mart – and apparently it is one of the few places that are booming – governments will be in the short term desperate to get the unemployed into Wal-Mart jobs. That is fine in the short term, but frankly the jobs required for work in Wal-Mart are not those that will lead to a high-productivity economy in the future. On the other hand some skills are better than no skills. So there is a dichotomy.

Until recently there was something of an inevitability about the way societies were moving towards the Anglo-Saxon model, with more and more private-public partnerships in universities for example. Has that changed now because of the crisis?

That's a very interesting question. The view that the markets are omniscient has certainly been changed. But that does not mean that people now think governments are necessarily the answer. I don't think people have suddenly decided that the state should or can finance everything. Indeed in one way what has happened may make things worse, because states are going to be landed with such monstrous

debts as a result of bailing out the banking sector, they will have even less possibility to provide finance. If we look at universities, the private sector may well remain one option. But there could be different ways: for example the idea that students themselves – who are after all the main beneficiaries of education – should provide their own finance through state-provided loans. What I would say is that the omniscience of the business model has been shattered, but as for the questions about how things should be funded – they are very much still out there. ■

Why sustainable inclusion <<< requires better skills for all

Interview with Monsignor David Cappelletti, Vice-Chair, Social Inclusion Board, Australia

Why is South Australia's experience in fighting social exclusion so special?

The South Australia experience of inclusion is unique to the world. In fact we have a history throughout the 19th and 20th centuries of significant social innovation, which is then taken up by the other states of Australia. That is mainly because we are small enough so that we can change things quickly, but big enough so that we've still got the resources to make things happen. Remember that the state has a population of just 1.5 million, with 1.1 in the capital Adelaide. The geography is huge: 80 percent is desert but it's more than twice the size of Germany.

When the premier Mike Rann came to power in 2002, he decided that things were not happening fast enough in the field of social inclusion. So in

order to make them happen faster, he wanted to create new systems. These systems would be outside of government but championed by the community, and they would have the authority to intervene in government bureaucracy and policy. The idea was that they would change things in order to arrive at a more effective social policy happening in a much shorter time frame. And they have. For instance we've been able to produce a drop in homelessness in the state, while the average increase nationally was 19 percent between 2001 and 2006.

What has been the guiding philosophy?

What we've done is ask: what is social inclusion really about? And the answer we've come up with is: building capabilities and the functioning of people and groups of people so they can bet-

ter participate in the economic life of the community. So to make that happen, we decided we had to steer policy from outside of government, and influence the whole range of government departments in the plans that they put to cabinet for approval. We might bring together 10 to 15 government agencies into the one plan, whether it's dealing with homelessness or school retention or drug issues or, increasingly now, unemployment. It's a kind of lever outside of government, which is operated to bring about joined-up structures in a social inclusion model of working together.

Of course it produced enormous tensions within the system, because bureaucracies by their very nature wanted to stay the same and keep control. So by changing the system, we were taking a risk. We could create too much tension and everything

would go into paralysis. But if you create enough tension, there is suddenly a new perspective which drives change. Once policy is agreed to, we actually not only monitor the implementation, we evaluate implementation from outside. We are *embedded* in government, but *outside of* government. The method is unique to the Westminster system. But a lot of other jurisdictions are looking at it. It is designed to act quickly. And in the global economic crisis that we are in, models like this are all the more relevant because we are going to need not just good long-term plans but also fast-acting implementation.

In this model you speak of a lever outside of government. But who selects the lever, because that is itself a very sensitive, political decision?

It has 's always got to be the head of government. A lot of this is based on the head of government's ability and willingness to take a risk. This is risky stuff. If you get the wrong people involved they could either do it badly, or go too far, or create all sorts of strife in the system. It relies on trust, too: in our case a trusting relationship between the head of government and me, as the head of Social Inclusion. I need to know where the policy boundaries are and how to move through policy without creating havoc. Creating tension is one thing, but not havoc. Again it always comes down to relationships. With the wrong people it would not work. In fact it would be counter-productive.

What are the pitfalls you have avoided by adopting this model?

You prevent things getting bogged down in systems. You prevent the usual way of doing things just going on and on. You prevent new issues being just dressed up in old ideas, ones

that have been sitting on the shelves for years and that people have a cultural investment in. It's a way of breaking free with new ideas and policies and directions. It's also a question of balance. For the first couple of years I experienced massive passive resistance from departmental people who saw us as a threat and wanted to neutralise us. Since that time – and now we've completed seven years of our operation – there's a much more mature understanding that if government departments work with us, they benefit too. Because they can achieve more of their results more quickly. So there has been a significant maturing of the bureaucracy to understand that even though we do not fit the normal systems, we can be an ally rather than an obstacle.

To focus on a concrete example, tell us about your ICAN projects.

The ICANs stand for Innovative Community Action Networks. They are the invention of the Social Inclusion Board in South Australia. There are some jurisdictions in Canada that are interested in them, as well as other states in Australia. They are winning awards internationally as an amazing vehicle to bring about quick change in the lives of young people who've been disengaged from their education.

The ICANs again are about partnership – real partnerships between government, community groups, business leaders, health departments, police and all sorts of other jurisdictions. And each of the four ICANs that we have in four different regions of South Australia have different memberships, different priorities and different ways of operating because it is all about local issues and local needs. We say to each ICAN, we are empowering you with resources. We are going to give you an annual budget, and it's up to you how

you spend it. You spend it on whatever innovations and priorities you come up with, that you think are necessary to re-engage young people in your local region with their schools or other forms of education.

For instance one ICAN said, we've got a large number of young girls around 16 years of age who get pregnant, have babies and then totally disengage from education. The ICAN decided this was a group they needed to work with. So they paid for a couple of buses and a driver, and every day he goes round to the homes of these girls, picks them up with their babies, and brings them to school. They then found child-care in the schools – all as a way of re-engaging them in education that is meaningful, that will lead to work.

That simple mechanism works. It's had the dramatic effect of re-engaging a group of young girls who would never have had a chance.

How much does the success of your projects rely on scale. As you say, South Australia is the perfect size – not too big and not too small. But would your model work say in the massive megalopolises of the advanced economies?

Scale is important. You can probably increase the number of ICANs if you have increased government funding. But the ICANs need to be small enough so that people around the table can identify with local issues and needs. It's no good having four or five cities represented in the one ICAN. You would have to have different ones for different cities; or you could have one representing several rural towns. The important thing is that there are people on the ICANs who know the issues. That is their strength: local people for local issues. ■

What the Obama administration <<< is trying to do to foster good quality jobs

Interview with Randall W. Eberts, President, W.E. Upjohn Institute for Employment Research, United States

Is there going to be a 180 degree turn-about in employment policies under President Obama?

No, not at all. Employment policy is going to be dictated primarily by the stimulus package, because that's the critical and urgent issue that he has to deal with right now. It is going to be a combination of first, trying to get people back into work; and second, trying to invest in the future – so that when we do come into the recovery, the stimulus package will have provided a more productive economy. That way we will have the means to pay for all the stimulus that we're applying right now.

The aim of the employment programme is obviously to help the increasing numbers of individuals who are out of work. And we are basically using the same programmes that were already in place. For people who've lost their job, we're using the unemployment insurance system – but with two added elements which are going to be part of the stimulus package. The first of these is triggered by the fact that many of the states are beginning to run out of money. The insurance programme is a state-federal programme. So the federal government will have to step in to help these states by giving them interest-free loans so that they can replenish their reserves and pay the benefits.

The second new element is the extension of benefits. At the moment in the US claimants have coverage typically

for just 26 weeks. So the federal government is going to extend that period probably by 13 weeks if not by more. It depends on how prolonged and severe the recession is. And it will be funded out of federal dollars.

On top of that there is an increase in the amount of money available for the employment service itself. One of the big issues is trying to find the right match between an individual and a job. Of course today, people might be happy with finding just any job. But it's still important to make the right connections, and that's the job of the employment service. So more money will go there too.

And what about training?

We have a Workforce Investment Act which goes back to 1998, though in fact it had evolved over time from previous systems. It has three programmes: one for low-wage adult workers, one for dislocated workers, and a third for youth. For both the adult and the dislocated workers there are training dollars available. So that's another element that will be enhanced with the stimulus package, so that workers can re-train and up-skill.

It sounds like the main emphasis is putting more money into existing programmes rather than creating new ones.

Exactly. There is no fundamental change. Maybe there will be some innovative approaches to modernise

the systems. For example, there was money in the House version of the package to modernise the unemployment insurance management information system, so that there can be a better link between provision of benefits on the one hand and activation – getting people into jobs – on the other. Along with that there'll be more emphasis, I think, on targeting resources. Instead of giving everyone the same services, they'll try to customise the services to individuals, so we can be more efficient with the dollars that are being spent. Again the immediate issue is to get dollars into the economy, and then to position the economy down the road with these productivity-enhancing activities. And don't forget that the stimulus package also includes investment in infrastructure, and in science and technology, which will create jobs now and bear fruit in productivity later on.

Had the system of aid to the unemployed been run down under the previous administration?

There was certainly demand for it, but in real dollar terms many programmes either stayed at the same level, or even declined. Take the employment service for instance. The Bush administration wanted to "block-grant" the employment service. In other words instead of having it as a dedicated programme, they wanted to have it subsumed into other programmes. So they were trying to ratchet down its appropriations each year. They even tried to zero it out as a particular programme

in one year, though that was not successful. I would say there was less of an emphasis on the traditional programmes for training, and a move to more of a voucher system – a personal training account system.

And that approach is not one the Obama team has gone for?

Well, it's hard to say what they might do in the medium or longer term. There is an understanding though that one of the issues about finding a job is having the information, and having the resources and support. If you are just given dollars to go and find training, even if you are given a list of acceptable trainers, you still don't know what to train into. That's definitely the limitation of the voucher

system. There needs to be more of a partnership. What you want is the personal incentive for a person to go out and be aggressive and stand on their own. But at the same time, they still need the information and the support. In many cases, they need an advocate in the workplace – especially among the low-skilled – because they do not have the wherewithal to survive and be productive.

How can local partnerships play a part in implementing Obama's employment policies?

In the US we have now the 39 regional partnerships known as WIRED. It's a federal programme, called the Workforce Innovation for Regional Economic Development. And these

regions – as well as other partnerships that have been formed – provide a very effective mechanism for funneling these stimulus package dollars into the places that could use them most. They can direct them into workers' hands, and into businesses. The other point to remember is that many of these partnerships were formed with the aim of helping lagging regions bring themselves up to a higher growth trajectory. So they are already focussed on what it would take to transform these regions into something that is more viable. So with the help of the public stimulus dollars coming through, partnerships can help these lagging regions, as well as lifting the country up as a whole. ■

>>> Building strong partnerships with the private sector for better jobs and inclusion

Interview with Marita Aho, Senior Adviser, Confederation of Finnish Industries

As someone who promotes private-public partnerships, what thoughts go through your head as we enter this unstable economic period?

One thing above all: that partnerships and cooperation, common visions, shared strategies and shared actions – these are more important than ever.

Why?

This is exactly the moment when we need to look beyond the current situation and find ways to identify new skills, new jobs and new businesses. But I am afraid that the current mood – what I see in the media and so on – is too pessimistic. And I fear for that it does to young people and their attitudes.

We already have a totally new generation coming up, and we know from research that they have different attitudes to work and to life. They have been through uncertain times already. In Finland we went through a recession in the early 1990s. Everyone in Finland has a relative who suffered from it. So we have uncertainty already built into our society. And now we have this new, really severe crisis. Bad things are happening again. People are losing their jobs; others have reduced working hours; people are being forced to take a week unpaid every month.

So I am afraid that we are entering into a kind of coma. And that is just the opposite of what we need. We are

dependent on innovative, enthusiastic minds among young people and old. Opportunities still exist. They have not disappeared. Governments are doing their best to resolve the biggest problem, which is capital; we have worked out solutions to make sure that economic activity does not stagnate; the mechanisms are there. But what is just as important are the mindsets of people.

Are you saying the world of partnerships can help redynamise that mentality?

Yes, absolutely. The fact is that behind the bad news, opportunities exist. Companies still employ people, they still recruit people. And young people

need to know this. Students and pupils need to be exposed to these opportunities, and to the ways that exist to fight against stagnation and the coma.

One of your programmes is called Backstage.

That is a programme we started in 2004. What we do is talk about the opportunities to stop that mental depression I was talking about, this feeling of gloom about everything. The aim is to change the message we receive from everyday news, which is so bad. I am not saying the message is inaccurate but it is not the whole truth. Under this Backstage project we take students, teachers and counselors to the “backstage” – behind the scenes of a company. We try to inject enthusiasm.

It's a good example of your kind of partnership?

Of course. And in the Backstage project we're relying heavily on the public sector because most of the Finnish school system is public. It is working very well, certainly in meeting the project's pre-crisis goals. The problem we identified when we started was that young people were tempted to areas of study which did not guarantee good employment prospects. Often there is not enough information about which field offers the most jobs. Well, during the first four years of the project the number of people entering studies for mechanical engineering rose sharply. Before, there were more study places than applicants. Now there is competition to get into professional, vocational education. I am sure Backstage contributed to that.

Do you think that in all economic disasters there are possibilities for the new?

Exactly. What is happening might indeed be an opportunity for new

entrepreneurship. In Finland that is the message we try to give our member companies – that they should listen to those kinds of entrepreneurs who see this situation as an opportunity to do things in a better way. These people do exist. We have a campaign in Finland organised by a group of SME entrepreneurs which is called “Do Not Fire Anyone”. One of these entrepreneurs put it well on television. He said that in a company there is always *something* to be done by people with the right skills. Now is the time to renovate processes and services and products, in order to better serve the needs of the customer. Especially the needs of smaller customers, because in the current climate the big ones might have cut their orders. This is an opportunity for companies to spread their offer and build new solutions with the smaller customer, when the big customer with his very demanding needs is not taking all the company's energy and capacity. We need that kind of message in society.

In what way can partnerships, with universities or other parts of society, be of help?

We have many examples of different projects in the US and Europe, where universities and public authorities and private companies do exactly what this entrepreneur said – combine their expertise and knowledge to renew existing processes. For example by focusing on ICT, or the application of skills, or taking clients into the development process. These tools exist. They have done for years, especially here in Europe with the European Structural Fund. I have been involved in the development of tools like this for more than 10 years, and I have always had the feeling that there is more money available for them than there are ideas for actual projects. This is something people say aloud in government ministries – that there is plenty of funding money out there but not enough innovative

ideas. Well maybe this is the moment to come up with these innovative ideas. One example: today we are talking more and more about diversity in the the labour market, about increased internationalisation and immigration. One way for a company to increase its international competences is by hiring an international student for an internship. In the past there was too much ignorance, or maybe it was fear. There was funding for these internships, but not much was used. But now it is beginning to take off. It is an example of how even in this difficult economic situation, it is not really a question of financial resources. It is a question of motivation and attitudes.

You said that partnerships need a more personalised approach.

Yes. I think it was interesting that what was discussed at the forum were mostly regional and local partnerships. Of course we need partnerships at all levels – at global level, at national, regional, local and neighbourhood. But the most important unit of all is the individual. Look at our experiences in adult learning. Adult learning which does not take into account personal motivation and the expertise that an individual already possesses has proved disastrous. It is no use putting professional people into a classroom and teaching them trivial stuff. That kills the motivation. What we need are programmes that take individual competence gaps into account, that acknowledge and identify what the person already knows. I believe that the whole of our educational systems will have to be changed in the longer term, so that they are more modular and there is more freedom of choice for individuals. We should talk less about degrees and books, and more about learning objectives and making it more flexible for the individual. ■

>>> **Creating more and better jobs through strong partnerships with employers**

Comment by Francesca Froy, OECD Policy Analyst and coordinator of LEED activities on employment, skills and local governance

Our LEED research has highlighted that the participation of business in local partnerships varies considerably in OECD countries. Generally businesses are more likely to take a proactive role in local development in North American countries, such as the United States and Canada, as opposed to in Europe. This is a missed opportunity given that there are strong drivers for business to cooperate with the public sector for public-private collaboration in local development in promoting local development if this such cooperation is managed effectively.

Why might businesses wish to cooperate? When businesses make location decisions they appear to take into account three different factors in particular – closeness to markets, closeness to resources and increasingly closeness to sources of innovation and ideas (universities, other businesses in similar clusters). These same factors also motivate business to get involved in local development. Having chosen a location it is in a company's interest to ensure that this location maintains its comparative advantages - in America they call this the 'don't screw it up' principle. The private sector benefits from local markets remaining strong, and resources remaining accessible. This may mean investment in infrastructure, but increasingly *human resources* are also important, highlighting the need to attract and retain skills and human capital within the context of the knowledge economy. Business will also benefit from local development activities that increase

the sharing of innovation, new technologies and ideas locally.

When asking business to participate in local partnership activities it is therefore worth considering which of these factors may motivate business to participate in your project. The ability to attract new markets (through for example raising a company's profile)? The need to improve the local resource base, and attract more skilled staff? Or perhaps the need to share innovation and ideas?. Unless one of these motivations is being addressed it may prove difficult to attract and maintain business interest.

New drivers for public-private cooperation

This is important given that partnership between the public and private sector is becoming increasingly necessary today. The economic crisis means that public policies need to have a more direct economic impact than before – private companies will be invaluable in guiding public agencies to make the right kind of investments. At the same time certain issues, such as tackling climate change and skills upgrading, require a more integrated economic approach.

Green jobs and green technologies, for example, will require quite radical changes in working practices in both the public and private sectors – cooperation and sharing of best practice is therefore essential. Raising skills levels locally also requires a strong coop-

eration between business and the public sector. Traditionally the public and private sectors have been seen to have quite distinct roles in this domain. While the public sector has had responsibility for providing delivering good quality education systems, ensuring that they these are accessible to disadvantaged people, and attracting new talent,, at the same time, the private sector was felt to be solely responsible for training their its own staff, and improving the utilisation of skills within their companies. However in fact each of these areas requires partnership working on both sides.

For example, Deian Hopkins talks about the role of that business now has in ensuring that education and training systems are is more appropriate to economic needs in a time of recession (see page 12). Equally Sally Sinclair talks about how in Australia business is taking a front line approach to improving training and employment opportunities for disadvantaged groups such as Aboriginal populations through the Australian Employment Covenant (see page 10). At the same time from our own research we are aware of the role of local chambers of commerce in countries such as Italy to attract the right talent from abroad for local industry sectors.

On the other side of the coin, the public sector is getting more involved in helping companies train their own staff. This follows the recognition that certain groups (the low skilled, older workers, workers in SMEs) are unlikely

to receive as much training as other workers. Ensuring that local colleges are able to offer modular and customised training can significantly increase the possibilities for companies to upskill their staff and therefore upgrade the skills of the local workforce.

More controversially, public agencies are increasingly getting involved in helping companies to improve their

utilisation of skills to raise productivity. While some might say this is not an area for public sector intervention, in a recent LEED survey of American Chamber of Commerce Executives it was found that 68% thought this was an area in which the public sector should get more involved. And indeed in the US a federal level Manufacturing Extension Partnership has been set up, delivering 350,000 different projects since its inception to advise compa-

nies on increasing efficiency and improving the utilisation of skilled personnel and new technologies.

So more public-private sector working is a necessary thing. But there are many challenges to making this work, particularly in countries without a tradition of public-private cooperation. Deian Hopkins talks about the complexity of public sector services and the sheer number of public programmes which exist in many countries, which can prove off putting to business. At the same time, public sector bodies are not always felt to have the right goals to work in partnership with private organisations – the public employment service for example is often suspected to be only interested in helping disadvantaged groups rather than providing a human resource service for all companies.

Business representatives also criticise the public sector for generating a 'one size fits all' service and not sufficiently customising their work to the needs of individual business – more flexibility in public policy is required locally (the subject of a new OECD book entitled, 'Flexible Policy for More and Better Jobs'. Finally, public and private sector cooperation requires good ongoing management. Once businesses are on board in partnerships they can sometimes influence them towards meeting more short term objectives and prevent them from thinking strategically. Chambers and employer representative organisations can be particularly effective partners in this case because they are able to take a broader view for the future of the locality or region ■

**The OECD LEED Forum on Partnerships and Local Governance
– a world-wide network of practitioners
by Ekaterina Travkina, Forum Team Leader**

The articles and interviews you are reading in this issue of *CFE Insight* are selected highlights of the presentations and discussions at the 5th Annual Meeting of the OECD LEED Forum on Partnerships and Local Governance held in Vienna on 9-10 February 2009.

The Forum, created in 2004 in co-operation with the Austrian Federal Ministry of Economy and Labour and supported by the European Commission, is a worldwide network of local development practitioners (1,900 members in 53 countries). The Forum originated from an informal network built when the LEED Programme was examining local partnership experimentation in 14 OECD countries (OECD Study on Local Partnerships) as well as from the networking experience of our partner – the Vienna-based Centre for Social Innovation.

Through the Forum, partnerships and government officials share their experience and learn from their peers in other countries; participate in dedicated capacity building activities organised by the OECD Trento Centre for Local Development, and study visits; and have access to the Forum's pedagogical materials, handbooks, as well as to the Forum's on-line library which today contains some 700 studies, reports, policy and strategy documents. The Forum is unique. Its strength lies, on the one hand, in the diversity of the experiences and know-how of its members, from North America to Europe and the Asia Pacific region, and on the other, on the accumulated knowledge and expertise of the OECD. Please contact us if you want to join the Forum:

www.oecd.org/cfe/leed/forum/partnerships

>>> **Employment services and the global financial crisis: more flexibility and strategic power to achieve better results**

Interview with Sally Sinclair, CEO, National Employment Services Association, Australia

Act, Compete and Collaborate

You represent the world's only fully-privatised provider of employment services. How do partnerships help in your work?

Partnerships are essential to the successful model of privatised employment services used in Australia. There are essentially two layers to the partnership. The first layer is the partnership between the public authority and the members of our association: the contracted providers of employment services. The second layer is the interaction of these providers of employment services with employers and all the other organisations and services that are relevant to helping people into employment.

The organisation I lead, The National Employment Services Association (NESAs) represents all of the contracted providers of employment services in Australia – this includes private companies, not-for-profit organisations, small community organisations and even some public agencies that have been corporatised and work under business principles. The employment services industry employs well over 40,000 staff from a wide range of locations right across the continent. So there is a wide-ranging and direct partnership between the Government as purchaser of employment services and NESAs as the peak body for providers, and our members- the employment service providers.

You provide what exactly?

Our members provide employment and related services to working age Australians to assist them in their efforts to find work.

Essentially, our members do whatever it takes to help someone to become work ready and to then help them find and keep a job. In the Australian system, there is a public agency called Centrelink which provides income support and benefit administration. However, within two days of becoming unemployed, an individual is referred to one of our members. Everything to do with labour exchange and employment assistance – matching employer demand with the supply of labour – is provided by our members. This means that members are working with people at all levels of the labour market, ranging from those who have been very recently unemployed to those that are hardest hit by unemployment, such as those who've been unemployed for many years and those that may have complex barriers to achieving their full participation in the workforce.

And your members provide the gamut of services, from advice to training?

Yes, they provide everything that an unemployed person needs to find and keep a job. Our members are essentially focussed on the needs of the individual jobseeker. Members assess the individual's needs and then provide the most appropriate support services to meet the needs of that person. They may provide job search-related services such as help with résumés but they also provide or refer the individual to relevant vocational support and training. They may also connect the jobseeker to any required non-vocational interventions like drug and alcohol support or to mental health services. And importantly, at the same time they are assisting the jobseeker they are

also constantly interacting with employers at a local, regional and national level to place work-ready clients into employment.

The way the Australian system is set up means that members are essentially paid on results. They have to keep someone in work for at least 26 weeks to retrieve the bulk of their contracted fee (which is paid by the Ggovernment). In the Australian system, the jobseeker is connected to one organisation for the duration of his/her unemployment. So, it is a complete process, one that follows and supports the person from when they first become unemployed to when they are placed into work. And the service is not time-limited. Irrespective of how long it takes the jobseeker to get a job, they may access our members' service at varying levels of intensity throughout their period of unemployment.

And your message is that this is a system that works?

Yes, definitely. Last year more than one million people were placed in employment by our members. Out of a population of around 20 million, that is five percent. So we think that's a pretty good rate. And that rate is about three times the number of placements that were made ten years ago, that is, before the change-over to the current, privatised system. And pleasingly for the Ggovernment, these results are achieved at about one third of the cost (of the original public system). So the Australian model has been a great success story, and it relies on a well-functioning partnership with the government, its public servants and the providers in the employment services industry.

How did that good partnership develop? Do many of you come from work in the public sector?

There is a mix of backgrounds. I personally did not come from the public sector. I was initially in HR and recruitment, and then I was a service provider in the early genesis of this privatisation. But many of our members have come from within the public services, as well as from a variety of backgrounds in the private sector.

However, the reasons the partnership is strong are twofold. On one level given that the government has fully privatised the services they have a real incentive to make it work. And there is clearly a strong incentive for our industry to work collaboratively and in effective partnership with government. So we are all focussed on making the models work and making sure we continue to work together to get the best possible approaches to dealing with unemployment and increasing participation rates.

Prior to the privatisation of the employment service in Australia, approximately 10 years ago, the providers started to become well organised because they thought- "if we do not stand united and demonstrate strength, then there is a risk with a single purchaser – i.e. the government – that it might do whatever it wants to do" and this may not necessarily always be for the long term benefit of the clients we seek to serve. For example, the providers were concerned that the government might well think of some initiative to be good public policy, but as we are the practitioners, the ones at the coalface, we know how that idea translates on the ground and what effect it has on job-seekers and employers. So we need to make absolutely sure that our perspective is well advocated and that our interests (and those of the clients we serve) are well represented. It is for this reason that the sector originally got organised as an association, and through that process we've worked actively to ensure we have a mutually beneficial and very fruitful partnership with all of the governments that we've worked with over the years, and the bureaucracy. Like all partnerships, it has its moments, but generally we would say the good has outweighed the bad. And we've been kept very busy. In the last year alone, we've contributed to around 15 different reviews of service arrangements in

Australia, and this work is undertaken by a fairly small sized organisation that also has to focus on developing and supporting the industry – as an association. And I must say we've been pleased that generally we've been actively listened to by government, extensively consulted, and to a very large extent we've had our recommendations embedded in the outcomes. That is what I call a fruitful partnership.

At the start you mentioned two layers of partnership. Can you explain more about the second layer?

The second layer concerns how all of the employment service providers interact with the private sector to get people into work. There are many and varied ways in which this happens. For a start, there is a very strong local link between the employment service provider and the local business community. Some of that relationship will be quite transactional like placing someone in a job. Some will be strategic, where they'll work together on local labour market development or looking at what the client might need in terms of training and other support to help them become work ready. They might also work together on innovative solutions funded through the state governments. For example, there is one initiative called Neighbourhood Renewal, which is a place-based solution providing funding integration for housing, health and employment assistance for people living in public housing. And of course at a national level, employment initiatives get driven by the Federal Government, but then it is our providers who connect with employers to get people into work. One example of an exciting national initiative which we are currently implementing is the Australian Employment Covenant which is a covenant between the business community and the government to get 50,000 Indigenous job-seekers into work.

So the partnerships fall into two categories – upwards with the government and downwards with local players?

Yes, we are focussed on the creation of partnerships on a vertical scale but it's also a horizontal relationship as we facilitate the development of relationships across our sector, between diverse providers of services.

Here at LEED, the emphasis is about sharing experiences – so what pieces of advice would you have to offer to others interested in your model?

Well perhaps the first thing that springs to mind is – act now! Obviously you need due consultation and so on, but there comes a point when more talking becomes pointless and unless you act quickly the momentum is lost. In Australia we moved from a fully public system of employment service provision to a fully privatised system literally overnight. It was incredibly disorienting for some people, but it has generally worked. And since then we have been through four separate frameworks in ten years as part of continuous improvement, under different governments. Each time we have had to put the new models into effect straight away, and then we adapt as we go along. Maybe it's the Australian mentality that fits this kind of approach, but I genuinely believe it's better to act and then respond, rather than prevaricate and do nothing. Fortunately our good relationship with the government, coupled with the fact that our industry is very well organised, have facilitated this approach and continuous improvement happens swiftly.

Another thing we've discovered is the value of competition. Of course, in a field like ours, competition has to be balanced by collaboration. But in our sector, service providers are competing with each other – and that helps new ideas and solutions to emerge. Without that spirit of competition balanced with cooperation and commitment to effective partnerships, and a mutuality of shared goals (to address unemployment) I do not think we would have had anything like the achievements that we boast of today.

And finally, but most importantly, collaboration is crucial. Because all of our members belong to a broad industry organisation, we can set up regular conventions and other gatherings where they explain and share best practice. There is a really active form of peer review going on all the time, and a networking exchange which means that the ideas that work are immediately known to everyone. So my advice is to do three things: Act now, compete, and collaborate!

Links: www.nesa.com.au ■

>>> The skills agenda in the 21st century and LEED: A higher education perspective.¹

Professor Deian Hopkin

Vice Chancellor and Chief Executive, London South Bank University
Chair, UniversitiesUK Skills Task Group

In January 2009, against a background of rapid economic deterioration, the UK Prime Minister called an urgent meeting of university leaders to discuss ways by which the higher education sector could be mobilised in the interest of the economy. This, in itself, is a measure of the sea-change which has taken place over the past year or so in the relationship between government and autonomous agencies such as universities. In the past there had been an arms-length engagement with no explicit expectation that universities or research institutes generated economically-beneficial outputs. The review of skills in the UK conducted by Lord Leitch, on behalf of the Treasury, concluded that the UK faced a significant shortfall in the generation of higher level skills in order to meet increasing global competition; but this was conducted in 2004-5 and while the general proposition remains valid, new and more pressing demands have arisen. Now, for the first time, questions are being asked both about the value-added component of university research output and about the relevance of higher education, as presently constituted, to the economy.

There is no doubt that the engagement between universities, business and the community in the UK has improved in recent years and much of this can be attributed to funding initiatives directly or indirectly from government, such as the Higher Education Innovation Fund. Support for small businesses have increased through schemes such as the Knowledge Transfer Partnerships, again partly government funded, while a new Economic Challenge Investment Fund has been launched this year to enable universities to use resources

and expertise to assist businesses in economic difficulty. As a result of all this activity, over 90 per cent of HEIs provide an enquiry point for SMEs with a similar number offering bespoke education and training courses, on and off campus. Around 75 per cent of HEIs have a central system to support academics in the specialist administrative processes that are needed in work with SMEs unfamiliar with working with HEIs. Above all, universities generate economic impact through normal activities such as employment, procurement, construction, research and the enrolment of overseas students; one estimate of the total economic impact of UK universities is £45 billion, larger than the pharmaceutical industry.

Universities are not, however, geared to the kind of short-term, flexible response which it appears much of the economy requires. Degree programmes tend to be either intensive over two to three years, or require participation over a number of years in order to deliver qualification. Indeed, it is sometimes argued that the real dichotomy is between the skills needs of the economy and the aspiration to qualification by individuals; the two do not necessarily align. Research, too, is rarely initiated or measured in terms of economic impact; indeed, much research is conducted for its own sake or in search of future paradigms. The cycle of academic activity is generally slower and more cautious than one might encounter elsewhere. Finally, many universities regard their province as global rather than local. On the other hand, universities come in different shapes and sizes; some have evolved over centuries, usually from religious institutions, while others

are much more recent in genesis and created, in many cases, to provide education and training for employment, evolving out of the British polytechnic system.

In the current climate, more is now expected of universities than ever before, and this is particularly relevant with regard to local partnerships, an issue which surfaced strongly at the 5th Annual Meeting of the OECD-LEED Forum on Partnerships and Local Governance in Vienna, with interesting examples from afar afield as Michigan in the USA and Finland. There are obvious ways by which universities can contribute to a local economy quite apart from direct employment. Procurement can be often directed towards local suppliers which, in turn, generates local employment. The provision of incubation centres or commercial units in support of local business is another way, while the development of the physical infrastructure can contribute to local economic regeneration. Above all, local partnerships require a more direct and focussed approach, with clear definitions of roles and responsibilities and a careful management of the interface between the public and private sectors. There are many good examples of partnership at work, but in order to deliver the scaleable activities which the present economic conditions require, more needs to be done including workforce development within universities, curriculum reform, the revision of research priorities and the transformation of the modes of educational delivery. This represents a major challenge to the existing institutional cultures but offers the prospect of a beneficial step-change in the relationship between universities and the rest of society. ■

¹ A fuller version of this note can be found at www.oecd.org/cfe/leed.



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