

Creating and Employing a Skilled Work Force: Challenges and Opportunities

Session III: Roundtable

Sector Initiatives: How they Meet Skill Needs and More

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Summary

1. Employers have significant & changing skill needs
2. Choose industries & occupations based on criteria
3. Employer involvement & adaptability of skill development providers are keys for meeting skill needs
4. Need for entity to manage both (& other things)
5. Skills are not enough: need to improve job quality and eliminate employment disparities

What is a Sector Initiative?

An Industry-specific, regional partnership

What a Sector Initiative Does

- Addresses employers' human resource needs and workers' needs for good jobs.
- Adapts quickly when needs change.
- Uses data-driven strategies to choose industries and occupations and to connect and align funding, policies, and services
- Employs public resources very effectively
- Produces programmatic results and systems changes

Key Characteristics

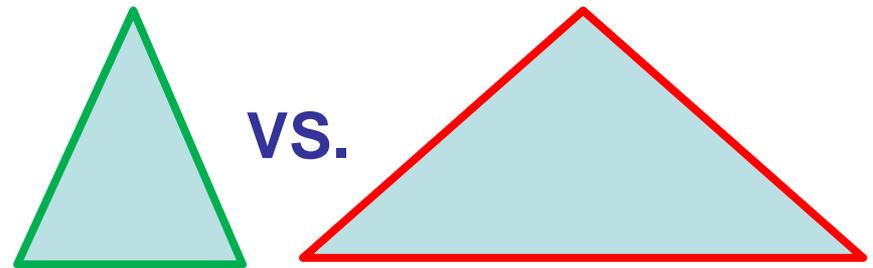
1. Intensive focus on an industry within a regional labor market, and multiple employers in the industry, over a sustained period of time
2. Leadership by a workforce intermediary with credibility in the industry
3. Creation of new pathways for low wage workers into the industry, and up to good jobs and careers
4. Achievement of systemic changes that are “win-win” for employers, workers, and the community.

Choosing which Sectors and Occupations

Key Criteria for Data-Driven Decisions

- Importance of sector to regional economy
- Demand – projected job openings, and percentage of good ones
- Extent of skill development required for workers to get jobs and to move up
- Ratio of job openings at each career path step; reputation for mobility

Ratio of Job Openings at Each Career Path Step



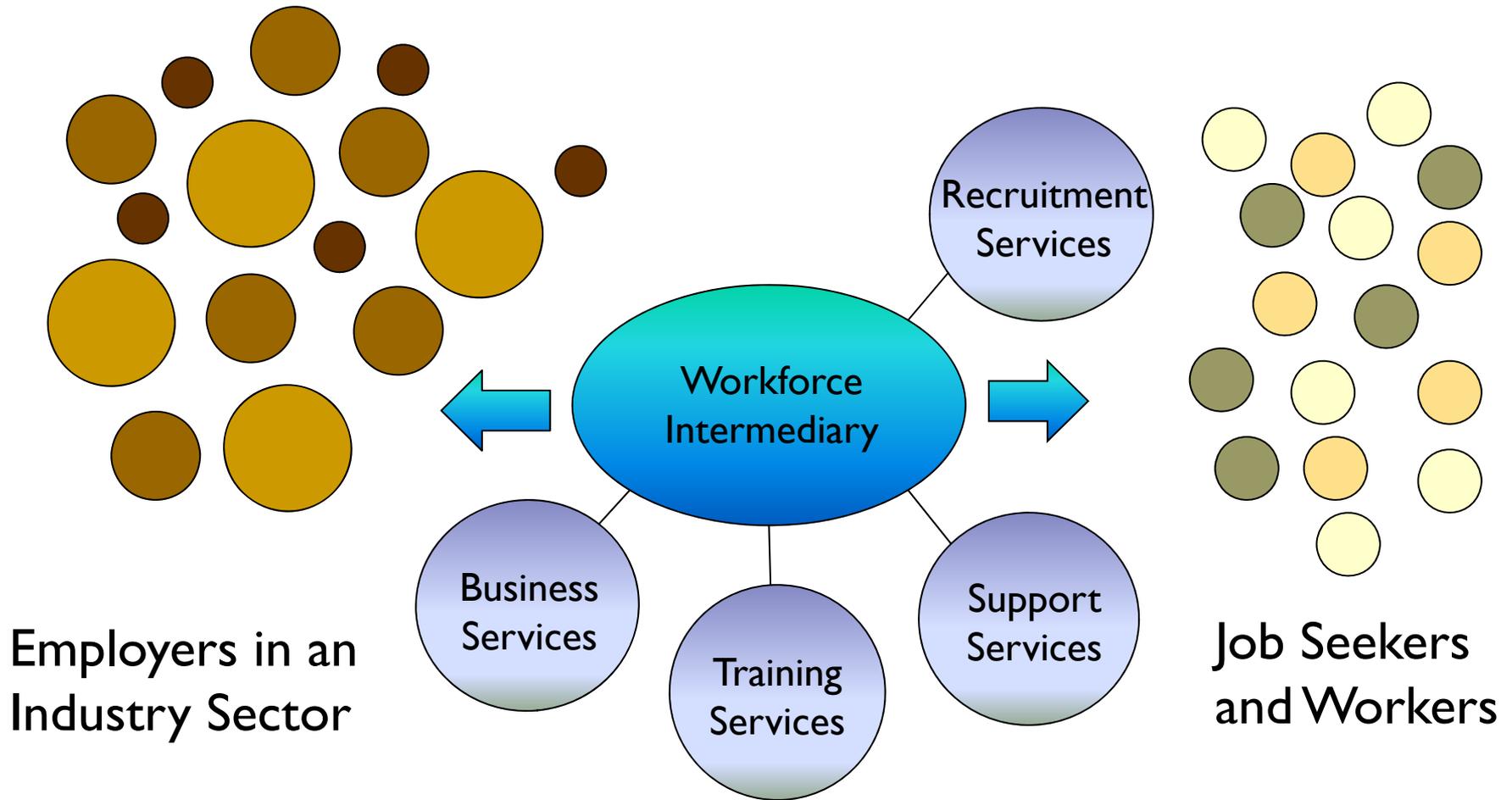
Promotion prospects
more plentiful

Promotion prospects
less plentiful



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Sector Initiative Model



How Are Sector Initiatives Different?

Traditional Job-Matching and Training Services

Program/funding source oriented, and time-limited; “client” viewpoint

Work with employers individually

Transactional: address needs of individual, a particular hire, etc.

Work in a governmental jurisdiction or service delivery area

Produce programmatic outcomes

Sector Initiatives

Problem-oriented: responsive to industry, worker & jobseeker needs over the long term

Work with **employers as a group**

Relational: sustained involvement over the long-term

Work in an **industry’s labor market**

Produce programmatic outcomes and change the way systems work



Systems Change – Results

- **Industry**
 - Improve work as a learning environment
 - Improve job quality
 - Reduce turnover
- **Services and the way they are coordinated**
 - Improve quality, responsiveness, and coordination of services
 - Career pathways, bridge programs, modularized courses, stackable credentials, career/academic counseling, connection of support services
- **Policy**
 - Targeting of services based on “tiers” related to job quality
 - Alignment of agencies’ uses of funding, performance measures, etc.

Results for Employers

Surveys of employers

- Participating in Pennsylvania sector initiatives:
 - Helped significantly increase productivity: 84%
- Participating in Massachusetts sector initiatives:
 - Turnover: 41% reduction
 - Re-work: 19% reduction
 - Customer complaints: 23% reduction
 - Partnerships with other companies were valuable: 100%

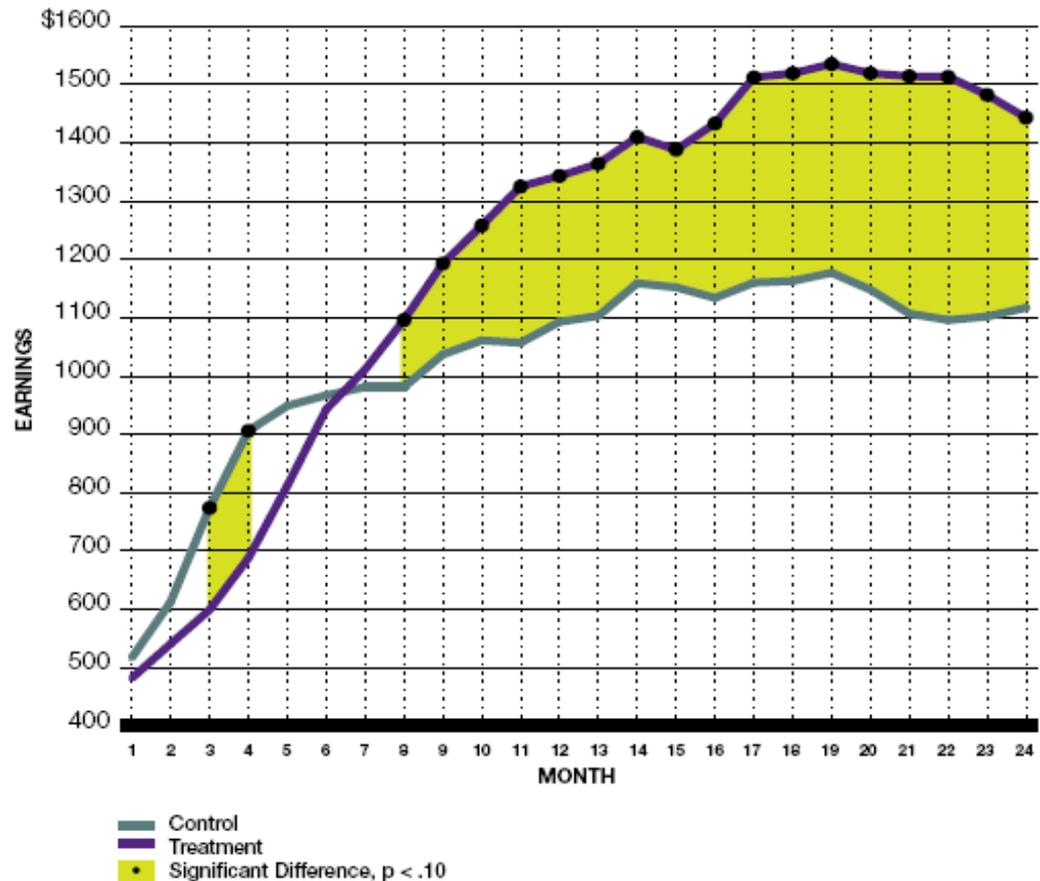
Results for Workers

Random assignment evaluation of 1,014 individuals showed that **sector initiative participants earned almost 30 percent more than control group members in the 2nd year (after the end of training)**.

And showed similar success for African Americans, Latinos, youth and ex-offenders.

Public/Private Ventures: Job Training that Works: Findings from the Sectoral Impact Study, 2009

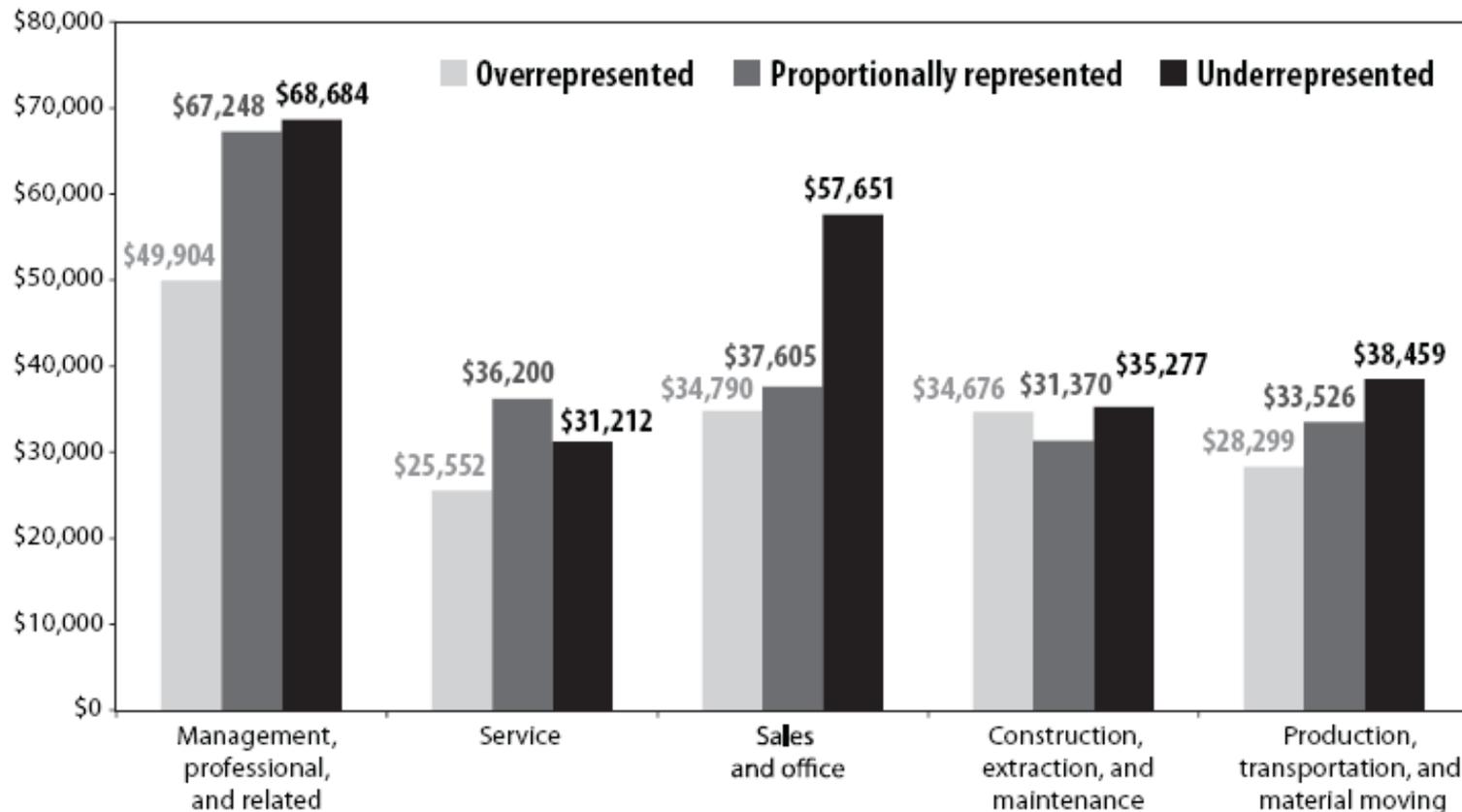
Figure 1: Total Earnings by Month



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Need: Employment Equity, as Well as Skills

Average occupational annual wage by the representation of black men



SOURCE: Authors' analysis of 2005-07 American Community Survey data.

Need: Job Quality, as Well as Skills

Manufacturing Works – Tier System of Business Relationships

Tier One – Services minimized

- Firms that pay at or near the minimum wage, do not offer benefits and lack career opportunities or career pathways/ladders for workers.
- *MW prefers to not work for Tier One firms and will not make any effort to recruit workers on behalf of these firms. If asked, MW will list jobs in the state system.*

Tier Two – Services designed to improve job quality

- Firms that offer good wages OR low wages with good benefits OR relatively low wages with strong career opportunities. These are firms that offer less than family sustaining positions, but jobs can be part of a rational family work strategy.
- *To improve Tier Two firms' job quality MW provides technical assistance with lean, group health insurance, etc). Other services are provided as resources are available.*

Tier Three – Services designed to meet all company HR needs

- Firms that offer family sustaining wages, good benefits and career ladders - the best opportunities for workers and for the community. Typically these firms use high performance manufacturing techniques, have genuine employee participation, have long term management, etc.
- *Tier Three firms are the highest priority at all times. Cost are reduced where possible.*

Resources

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- Training and assistance
- Industry-specific peer learning
- Policy development assistance
- Resources and materials
- Etc.

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