

Funding better youth employment outcomes

Research report to inform Macquarie Group Foundation's
Grant Making Strategy

November 2021

Report purpose and approach

Purpose of this report

This report provides targeted research to inform the development of Macquarie Group Foundation's grant making strategy to support youth employment in Australia.

While this report provides general background and context on youth employment in Australia, it has been developed specifically to support Macquarie Group Foundation (MGF) in the development of its strategy for youth employment.

The key audience for this report is MGF, but it may also be useful to MGF partners and others in the sector, as an overview of key issues, drivers and responses which relate to youth employment in Australia.

The research for this report was guided by two key principles:

- 1. Focus on impact:** Providing the information needed to enable MGF to make evidence-based decisions on strategic options which will have the highest likelihood of maximising impact for young people
- 2. Focus on additionality:** There is a wide range of existing research on youth employment, including research commissioned by MGF. Rather than duplicate existing research, this report aims to build on this existing knowledge base and present synthesised, up-to-date findings through a funder lens.

Social Ventures Australia (SVA) has a strong and long-standing relationship with MGF, including as the recipient of funding for youth employment initiatives led by SVA's Programs team. To ensure objectivity, SVA Consulting has provided independent analysis and explicitly cited any references to existing SVA content.

Our approach

The report is based on desktop research, with preference given to the most recent literature, particularly publications which take into account the impacts of COVID-19.

The report draws on a wide range of sources. Sources were primarily identified through initial conversations with MGF and SVA's employment team, a scan of publications by key sector organisations, research institutes, think tanks and relevant government entities (including NYCA, CSI, Per Capita, ABS, AIHW and Productivity Commission. See p.39 for a full list of sources).

Interviews were also undertaken with University of Melbourne Professor Geoff Borland and SVA's Lisa Fowkes and Simon Crabb, to fill gaps in the available literature. A further interview was undertaken with Keith Waters of the National Youth Commission Australia to explore opportunities to incorporate youth voice in the strategy.

Where useful, select examples have been drawn from local and international case studies.

Given the targeted intent of the research, there are limitations:

- The report does not contain a detailed analysis of the macro-economic trends affecting youth employment (although it provides targeted commentary drawing on findings of others).
- Case studies are based on desktop research only. No independent analysis has been done to validate their reported results.
- The report provides a point-in-time view of the situation in Australia. It is important to note that the full extent of the impact of COVID-19 is not yet known, as both the pandemic and the government response are still very much evolving.

Executive summary (1 of 2)

Working life has become more complicated for young people.

Nearly a third of young people are underutilised. Around 10% are not engaged in education, employment or training and a further 20% are underemployed (employed, but would like to work more hours).

There simply aren't enough entry-level jobs available. Furthermore, the jobs that are available are often low quality – low wages, insufficient or insecure hours and no career growth opportunities.

Working styles have changed. Work opportunities are more casual and short-term. Alongside this, employers have become less likely to invest in the types of traineeships and early career employment programs that nurture and upskill young people and lead to long-term career opportunities.

Expectations are high. To be prepared for the future of work, young workers need a range of skills including digital literacy, problem solving and critical thinking.

Market conditions are rough. Young people are more likely to have lost out on work because of the pandemic, and many now find themselves competing for work in a challenging post-pandemic job market.

Current policies have failed. A variety of players are working to patch the holes in the system.

Overall, government policy has failed to shift the issue around availability of quality entry-level jobs. The most recent 'Jobmaker' program is no exception (having created just 1% of the expected number of jobs).

There are a wide variety of programs which aim to support young people into employment, spanning all levels of government, as well as education providers, employment services and community organisations.

The 'solution' will need to involve employers.

To date, the majority of interventions have focussed on increasing the 'supply' of quality candidates, i.e., improving the skills and employability of young people to make them more attractive to employers. While there are pockets of success, there are major gaps in understanding 'what works' when it comes to supply-side interventions.

There is now an increased focus on the 'demand-side' – working to identify or create more job opportunities for young people. Within this space, there is a need for greater emphasis on *quality* jobs, which provide decent incomes, sufficient and secure hours and career growth opportunities.

To create quality job opportunities, more employers need to be willing to address the perceived risks of hiring young people without experience; and invest in training and support needed to match skills demand. Many employers are not currently set up to do this and will need encouragement and support to make the shift.

Some approaches are more successful than others.

Sectoral approaches, that train job seekers in a specific industry or occupational cluster, have shown strong results, particularly where they focus on an industry which has strong labour demand and career advancement prospects. Collaborative or place-based approaches have also been successful in drawing on deep relationships and networks to bridge the gaps between employers and job seekers.

Alternative career pathways, for example, those provided by social enterprises, intermediate labour organisations and transition programs, can also fill an important role in getting young people into the workforce.

Executive summary (2 of 2)

Funders can help to unlock innovation and collaboration.

In terms of key areas for funders to focus, there is a need for increased support for demand-side interventions which create real, quality job opportunities for young people.

Funders can play a role in unlocking solutions, by providing the resourcing needed to get collaborative approaches off the ground, and to make sure they address the regions, communities and issue areas most needed.

Funders also typically have strong networks and connections to employers. There is a role for funders to build networks of supportive employers, to shift attitudes and practices which create barriers for young people and to drive engagement in youth employment initiatives.

Work-integration social enterprises and intermediaries provide much needed alternative pathways to employment for many young people. Funders can help to expand the reach and impact of social enterprises through direct support as well as support to intermediaries who invest in or build capacity of social enterprises.

Corporate foundations can drive the adoption of social procurement within their businesses, while also providing funding and resources to build the capacity of social suppliers to be able to deliver services at scale.

Funders also have a role in creating systems change, by supporting pilot projects, building capacity, sharing evidence, convening networks and advocating for change.

In determining their role, it is important for funders to consider their own unique contribution to the wider ecosystem. They have a role in elevating programs which are more likely to succeed and create learning for the sector (see common features of effective youth employment programs on p. 32). Finally, to be effective, funders need to incorporate the voices of young people in a real and meaningful way throughout the process.

This report covers key issues, evidence and roles for funders.

As noted earlier in the report, the purpose of this research is to support Macquarie Group Foundation (MGF) in developing its youth employment strategy.

The report is divided into the following three sections:

- **Section 1** describes the issues and drivers which affect youth employment. This includes issues at the policy, systems and individual level.
- **Section 2** examines ‘what works’ to promote better outcomes for young people. This includes a review of evidence for initiatives on both the supply (jobseeker) and demand (employer) side. As well as initiatives that better connect jobseekers and employers (alternative pathways and collaborative approaches).

Overview of key terms used in this report

Supply-side interventions: Initiatives that focus on growing the supply of 'quality candidates' by building a young person's job readiness and employability; and supporting them into jobs through further education and training.

Demand-side interventions: Initiatives that focus on growing the number of quality jobs available to young people, by supporting changes to employer practice, attitudes and behaviours (including government policy or incentives which encourage these changes).

Quality jobs: Jobs which provide fair working agreements and conditions, decent wages, sufficient and secure hours and career growth opportunities. Similar concepts include 'decent work' and 'good fit' employment. For any individual, what is considered a 'quality job' will also depend on their personal interests and life circumstances (e.g. need for flexibility to accommodate family or caring needs). See [FYA's pillars of good work](#) for more information.

Systems change: The use of multiple approaches or levers to shift the conditions that hold complex problems in place. Levers include innovation (new ideas about what's possible), evidence building (building the case for change), capacity building (the tools needed to take action), advocacy (changing old rules and norms), convening (coordinating change-makers) and scaling (spreading the change). For more information, see [How Change Happens](#), Duncan Green.

Sectoral approaches: Employment initiatives which target a specific industry or occupational cluster believed to have strong local labour demand and opportunities for long-term career advancement. They involve strong engagement with employers and industry representatives to design appropriate mechanisms to enable people from disadvantaged or underrepresented backgrounds to gain access to jobs in the field. These programs differ from demand-led employment initiatives in length, intensity and emphasis - including a stronger focus on employer-support and job quality.

Social procurement: Organisations using their buying power to generate social value. For the purposes of this report, social procurement refers to the purchase of goods or services from organisations that have an explicit focus on employing young people.

Alternative pathways to employment: Employment through a targeted or supportive program, which may act as a stepping-stone to mainstream employment. Social enterprises are a key example in Australia, but in other countries could also include public works programs run by government.

Work-integration social enterprises (WISEs): Social enterprises are cause-driven business that seek to tackle a social or environmental problem while also generating a financial return (which is often reinvested in the cause). This report refers to *work-integration social enterprises* (also termed employment-focused social enterprises) which have an explicit aim to create jobs for young people, but social enterprises can and do serve many other causes.

Collaborative approaches to youth employment: Long-term initiatives which bring together multiple stakeholders to tackle an issue. They feature strong partnership, shared design, shared stewardship and, ideally, shared accountability. For example, in the youth employment space, a collaborative approach might include a network of teachers, principals, TAFE and other training providers, youth workers, community leaders, employers, and industry representatives who explore opportunities to increase the number of young people who have access to quality jobs in local industries. They might lead to multiple actions over a span of time.

Place-based approaches: A collaborative approach which centres around a particular geographic community.

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- 2 Identifying 'what works' to promote better outcomes**

Section 1: Key issues and drivers of youth employment

Over the last twenty years, working life has become more complicated for young people. There are fewer quality, entry-level jobs. Many jobs that are available don't offer decent wages, sufficient hours or career opportunities. Working styles have changed – things are more casual and short-term, with fewer long-term skills-building opportunities for those just entering the workforce. At the same time, young workers need to find a way to develop a broad range of skills – digital literacy, problem solving, critical thinking – and be able to prove themselves in a challenging post-pandemic job market.

The current state of play

While youth unemployment has remained relatively stable over time, underemployment is increasing, real income is declining and young people are taking longer to move into full-time work.

Nearly one-third of young people in Australia are underutilised. One in ten young people are not engaged in education, employment or training (NEET) and a further 20% of young people are underemployed (employed, but would like to work more hours). While the rate of unemployment has generally improved in recent years, the rate of underemployment is on the rise (see Figure 1) (AIHW 2021a).

Young people, particularly women, were hit hardest by job losses following the first wave of the COVID-19 pandemic. Youth employment fell from 60% to 50% following the first series of lockdowns in 2020. Young women lost almost twice as many jobs as young men - these impacts were felt hardest by young women without post-school qualifications. While rates appear to have recovered, the full impact is not yet known. (AIHW 2021a, Equity Economics 2021).

Real income has continued to decline. Young people have experienced a 1.6% drop in disposable income from 2008-2018, despite rises of 1.4% for people aged 35-64 and 3.2% for people over 65. (AIHW 2021b).

It takes an increasingly long time for young people to get into work. Studies suggest it may take up to 4.7 years for the average young person to move into full time work, with around half of 25-year-olds unable to secure full time work (FYA 2014, FYA 2018).

Those with low educational attainment are most hard hit (although those with qualifications are not immune). This is in part associated with the increase in **jobs requiring higher level skills** (e.g. 45% growth in jobs requiring a degree in the past 30 years, primarily in the service-based economy) and **decrease in lower skill entry-level jobs** (e.g. manufacturing used to account for 15% of employment in the 1980s, now just 8%) (Cross 2020).

Underemployment among young people is on the rise

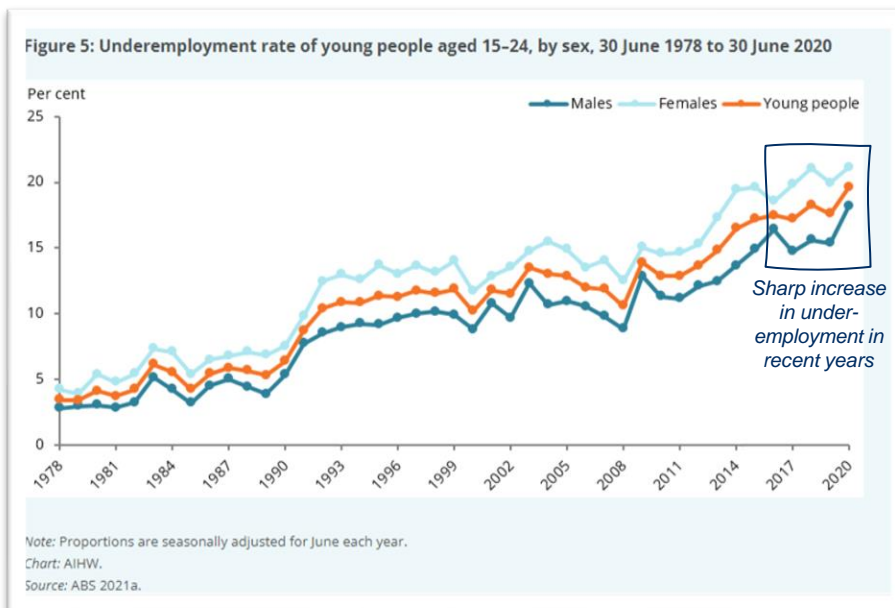
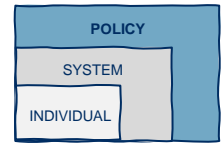


Figure 1: Extract from AIHW “Australia’s Youth: Engagement in education or employment” showing that the rate of youth underemployment has increased substantially over the past 30 years, with women consistently worse off than men.

Current issues and barriers at the policy level



The response to youth employment is complex and often poorly coordinated. Many actors are involved, targeting either the individual, the system or policy level (or a combination of these).

Youth employment is influenced by many actors. Both Federal and State Government agencies are responsible for elements of the response, as well as education providers, employment services, not-for-profits, policy and advocacy groups, and employers, as well as families and community. There is significant variability in the availability, quality, and effectiveness of responses across jurisdictions and geographies.

Employment responses can be conceptualised at three levels – those that focus on the individual, those that focus on the systems that impact employment, and those that affect economic policy.

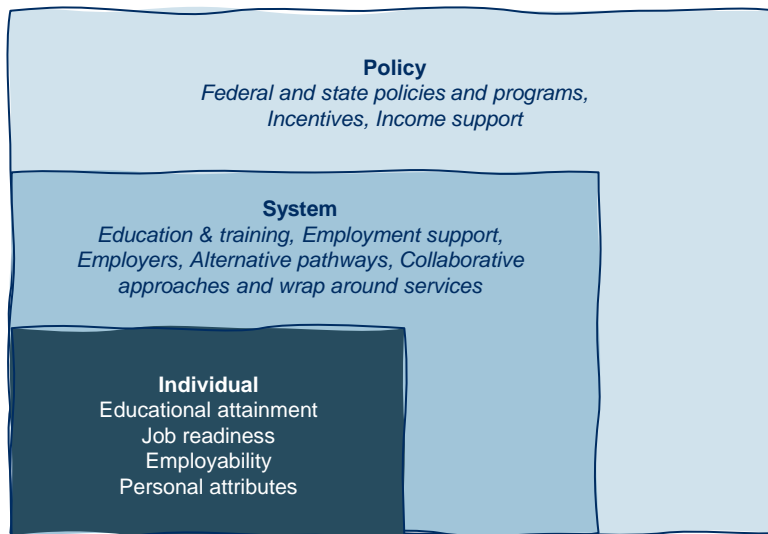


Figure 2: Responses to youth unemployment

Current government policies have failed to shift the issue around a lack of quality jobs.

Employment outcomes are influenced by multiple levels of government. While the federal government is responsible for jobs and employment, state governments are responsible for education.

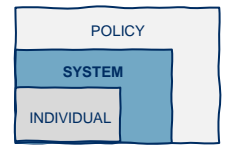
Overall, government policy has failed to address the shortage of quality jobs for young people. Hiring incentives have been largely ineffective. For example, recent reporting on the federal government’s ‘JobMaker’ program shows that it has created only a small fraction of the planned number of jobs for young people (ABC 2021).

The federal government’s primary employment program, jobactive, has tended to focus on just getting ‘a job’ versus quality jobs, however, evidence suggests does not lead to long-term, sustainable employment, nor does it provide the types of opportunities young people desire (SVA 2019, NYC 2020).

The new National Employment Services Model (NESM) will be an improvement over jobactive, but still does not focus on job quality. There is likely to continue to be a focus on job placement over quality and concerns remain around supports for disengaged young people and those experiencing complex barriers to employment.

The recently announced expansion of the Transition to Work program is a positive step. Transition to Work provides intensive, tailored support, with a work experience component and support for employers. These differences have allowed it to achieve outcomes that other lighter touch programs have not. While its reach has been limited to date, additional funding was allocated in the latest federal budget (Treasury, 2021).

Current issues and barriers at the systems level



Employers are doing less to support young people than in years past. As a whole, employers could do much more to create *quality* entry-level jobs and upskill young workers.

There simply aren't enough entry-level jobs to match the number of people looking for work. According to the latest employment snapshot, there were almost eight times as many people searching for entry-level jobs as there were jobs advertised. Even if a job is considered 'entry-level', young people may still be competing with experienced applicants who have been retrenched or are looking for more hours (Anglicare 2020).

Too many employers see young people as a 'risky hire'. With a weakened labour market, employers are taking the opportunity to reduce their perceived hiring risks by screening out applicants lacking work experience. This traps young people in a cycle where they can't get a job without experience, but can't get experience without a job. Government research has shown that only 25% of employers are willing to consider applicants without work experience (DJSB 2019).

Government entities and large corporates have reduced their intake of young apprentices, clerks and trainees. This is especially true for positions that do not require a university degree. The loss of these government pathways creates additional hurdles for those experiencing disadvantage. Instead, they must navigate training and recruitment channels which tend to favour those who are already advantaged (SVA 2019).

Employers have also "gotten lazy" when faced with skills shortages – instead of upskilling young workers, they look for "easier" options such as importing labour. This is in part associated with industries experiencing rapid change and uncertainty, which incentivises short-term planning and flexibility over long-term training investments. (PWC 2021, SVA 2019).

Education and training are often seen as the go-to solution, however they are no silver bullet on their own.

Young people are generally more educated than previous generations, but this has not stopped growth of underemployment.

The types of training and qualifications young people are obtaining do not necessarily match demand (e.g. some VET qualifications). Creation of new apprenticeship and traineeship opportunities is falling behind overall employment growth.

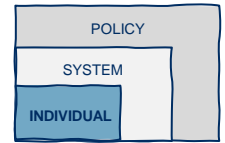
Many vocational education and training (VET) courses do not offer critical work-based learning opportunities. The sector is not well set up to provide these opportunities at scale – this is a particular challenge for sectors without strong apprenticeship cultures. While some employers are offering unpaid internships - this has equity implications & lacks the structured training support that sits around work-based learning.

'Employability' is difficult to teach in the abstract. There is little evidence that programs aimed at teaching young people how to be 'employable' make a difference on their own - the opportunity to integrate this learning with actual work is more effective (Buchanan, 2018).

Connecting young people to jobs remains a challenge. Most jobs are filled through networks, not job advertisements, making it harder for young people from marginalised groups to find work. With increasingly fewer employers using jobactive, it is even more difficult for young people to find suitable opportunities.

Some groups are further marginalised due to a lack of fit for purpose supports, particularly those with increased barriers to employment.

Current issues and barriers at the individual level



Individuals face an array of complex drivers and barriers – while many of these have not changed, today’s young people also face changing labour market dynamics with uncertain career pathways.

Rapid labour market changes are leading to more ‘short-termism’, leading to more frequent job movement and less certain career pathways. While in some cases flexibility can be a positive, it can also limit job security or opportunities to progress (PWC 2021, FYA 2020).

Modern employees require broader skillsets. The labour market is shifting towards higher-skills jobs (e.g. services sector), meaning that those with lower education levels are increasingly more likely to be un- or under-employed and to miss out on opportunities to ‘move up the ladder’. Automation is also affecting nearly every job across Australia, meaning digital literacy is increasingly critical for employment (Cross 2020, FYA 2020).

Social networks are still very important for finding and sustaining work, with many jobs not advertised. Those with language or cultural barriers often miss out.

Some individuals face **additional obstacles to employment** – e.g. caring responsibilities, transport, stigma - which may prevent them from seeking, securing or sustaining employment. **Challenges with transport is a recurring theme for many cohorts.**

While all young job seekers can experience challenges, the impact is felt the greatest by those young people considered at risk of, or already, experiencing disadvantage.

At risk cohorts include: Young people with low educational attainment, young people with disability or mental ill-health, First Nations young people, young refugees and migrants, young mothers, those without family support or experiencing homelessness (AIHWa 2020).

Young people in rural and regional areas are more likely to experience poorer employment outcomes, although there is considerable variability. For example, almost one in five young people in Newcastle are unemployed, but only 6% in the Riverina. Regional areas are significantly affected by local industry and opportunities they offer (VFFF 2019).

Young people often report experiencing discrimination in recruitment or once entering the workplace, especially those from new or emerging ethnic minorities in Australia (NYCA 2020).

Impacts of youth unemployment and underemployment

Long-term un- and under-employment is a key driver of disadvantage, has far-reaching social and economic consequences, and affects individuals, communities and the economy.

Unemployment affects a young person's financial and psychological well-being, with the **length of time spent unemployed having a scarring effect for their future career prospects** and lifetime earnings. Long-term unemployment is also associated with higher likelihood of **ill health, homelessness, stigma, social isolation and atrophied work skills** (BSL 2014).

Being underemployed, or holding a job that does not make use of one's skills, makes young people more likely to become unemployed and reduces their future wage growth rate (PWC 2021).

At a societal level, long-term unemployment results in **lost taxation, additional direct welfare payments and higher spending on public housing, healthcare and other social services**. It decreases workforce productivity and can increase wage pressures because of labour shortages. In 2014, the cost was estimated at \$3.3bn a year, according to the Fairfax Lateral Economics Wellbeing Index.

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2 Identifying 'what works' to promote better outcomes

Section 2: What works to promote better outcomes

Youth employment is a complex issue. Despite a wide range of initiatives and pockets of success, there are significant gaps in understanding ‘what works’ (for whom and in which context). It is clear that better employment outcomes are unlikely to be achieved if we focus only on the ‘supply’ of quality candidates. There is a pressing need to address ‘demand’ from employers and focus on increasing the number of quality jobs available. Efforts to bridge the gaps between job-seekers and employers can be helpful, especially place-based and collaborative approaches. Social enterprises can also be a useful pathway for young people with high barriers to employment into jobs.

Approaches to youth employment support

This section describes the various approaches to supporting better youth employment outcomes and the level of evidence and critical success factors that underpin these approaches, including:

- **Supply-side initiatives (focus on young person)** that focus on growing the supply of 'quality candidates' by building a young person's job readiness and employability; and supporting them into jobs through further education and training.
- **Demand-side initiatives (focus on employer)** that focus on increasing the number of quality jobs available. This in turn supports young people 'onto and up' the career ladder by supporting changes to employer practice, attitudes and behaviours.
- **Alternative pathways and collaborative initiatives** that connect young people to meaningful work. This can be through work-integration social enterprises and collaborative / place-based initiatives.
- **Wrap-around support services** that encompass a range of social services and welfare supports for specific cohorts or young people with complex barriers to participating in the labour market.

In practice, many of these approaches overlap and are mutually re-enforcing. However, **for the purpose of this report, these depictions have been used as a 'lens' through which funders can identify where to focus** and how best to support better outcomes for young people (Figure 3).

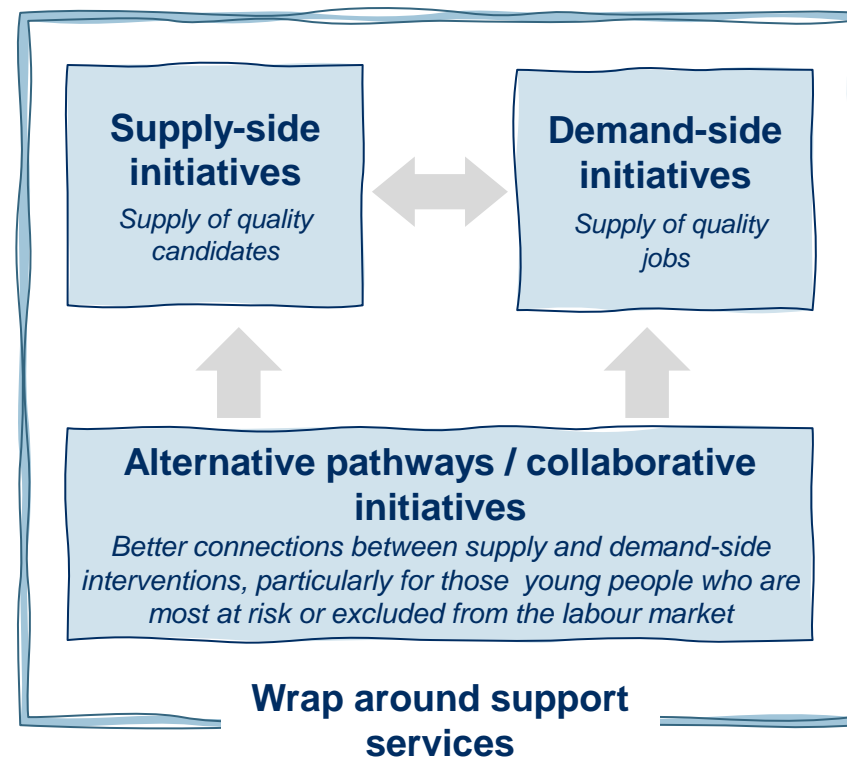
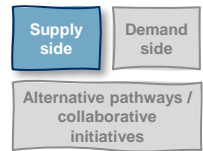


Figure 3: Youth employment support landscape

Evidence on initiatives to improve the ‘supply’ of quality candidates (1 of 3)



Overview

While there are pockets of success, there is mixed evidence about the effectiveness of supply-side interventions that address youth unemployment.

Supply-side interventions typically focus on increasing the ‘supply of quality candidates’ through the provision of pre-employment support, institution-based vocational training and apprenticeships, and formal employment services (see Table 1) (Cross 2020).

Supply-side interventions	Types of programs and initiatives
Skills, education, training and work experience	<ul style="list-style-type: none"> • Pre-employment (e.g. careers education, job readiness and employability skills) • Vocational education (eg TAFE) • Transition support • Work experience - internships, traineeships, apprenticeships • Work integrated learning / work-based learning • Counselling, mentoring
Employment support	<ul style="list-style-type: none"> • Employment services • Demand-led employment
Targeted, wrap-around support for specific cohorts	<ul style="list-style-type: none"> • Intensive, wrap-around support for young people with complex barriers (outreach, referrals, case management) • Support for specific cohorts (eg people with disability)

Table 1: Supply-side interventions (Adapted from Cross, 2020)

Evidence: Skills, education and training

Programs which incorporate industry-specific, work-based learning opportunities tend to be more effective – these require active engagement from employers.

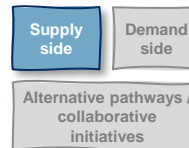
Real-world experience with employers and employment is critical to help young people build the skills they need for the world of work. This is likely to require increased and more consistent investment to support employer engagement (SVA 2019).

Future-oriented vocational education and training (VET) courses that provide work-based training and apprenticeship opportunities demonstrate strong employment outcomes. (DESE 2020). Notwithstanding the regulatory and policy challenges facing the VET sector, providers will need to offer integrated work-based learning opportunities across all programs to improve employment outcomes (Joyce Report 2020). While there is broad agreement across the VET sector that this would be good, the system is not well set up to achieve this in practice – employers need incentives and support to offer more work-based training opportunities.

There is also a push to re-orient the VET system to deliver education and training around ‘vocational streams’ that foster greater adaptability across multiple settings, so young people are not locked into narrow roles / industries in decline (FYA 2016).

For these initiatives to succeed, employers need to do more to support the VET sector, while also investing in the skills of their own workforces, particularly those who start with lower skills (SVA 2019).

Evidence on initiatives to promote the ‘supply’ of quality candidates (2 of 3)



Evidence: Employment support services

While there is no one-size-fits-all approach, employment services that tend to be more successful are aligned to market demand and ensure a good match with the interests of the jobseeker.

It is hard to determine whether youth employment support services are doing a good job. No single type of approach is the answer for young people who are struggling. Most programs are not sufficient in duration or depth to remove entrenched barriers to employment (BSL 2020).

Done well, demand-led employment services can contribute to better outcomes for jobseekers and employers alike. However, initiatives that are designed to ‘fast-track’ young people into jobs are often light touch and only target fairly low-skilled jobs. If young people and employers don’t receive ongoing support, the employment outcomes can tend to fade out (SVA, 2019).

To be successful, programs need to ensure there is a match between the interests and skills of individual participants and those of the target job/sector – without this, employment outcomes tend not to be sustained (Australian Jobs Report 2019).

Furthermore, **employers need to adopt more flexible practices that give vulnerable job seekers the chance to make and learn from mistakes**, as well as **to invest in development of the young person (through the provision of training)** (SVA 2019).

The best programs are typically developed through a co-design process that engages young people and employers participating in the program. Giving voice to young people’s aspirations, tailoring strategies to local employers needs, and allowing time for programs to evaluate and adapt their practices over time are all factors that improve the chances of success (BSL 2020). See p.30 for a list of the common elements of effective youth employment programs.

Case study: Career Trackers Indigenous Internship Program

About: CareerTrackers is a national non-profit organisation that creates pathways and support systems for First Nations young adults to graduate from university with high marks and find high-quality employment experience.

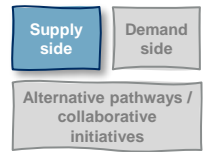


The model: Deploying a paid internship model, CareerTrackers facilitates real work opportunities for young people during breaks between university semesters. Young people are referred to the program via universities and other partners. They complete at least 20 hours of pre-employment training, including workshops to develop interview and other work skills. Depending on the readiness of the participant, pre-employment support can be longer. Each participant has an advisor who supports them throughout the program. The internships include a development and work plan for each intern with real projects and deliverables.

The impact: Operating for over a decade, the program’s close links to corporate partners have enabled 5,397 internships that align with the academic and future work aspirations of CareerTrackers participants. Results show that CareerTrackers students complete their university courses at higher rates than their non-Indigenous peers and that 95% are in full-time employment in their field of expertise within three months of graduation.

Evidence on initiatives to promote the ‘supply’ of quality candidates

(3 of 3)



Evidence: Tailored support for specific cohorts

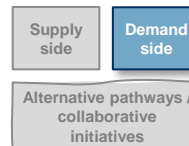
Some jobseekers face unique challenges and benefit from more intensive, tailored supports. There is limited evidence of ‘what works’ and individualised support is often needed.

There is limited evidence for what works to support young people with complex barriers. Some programs show potential and others have been ineffective. Given the highly contextualised nature of such programs and the myriad of issues that can affect outcomes, there are extreme difficulties in developing a comprehensive evidence base (SVA 2019).

For young people with high barriers to employment, access to specialised, flexible and individualised case management will assist in overcoming their individual barriers. The support must be customised to meet the individual’s needs. The intensity, timing and nature of the support will vary depending on the young person’s exact circumstances. Where possible, they should seek to address demand-side issues that affect employment outcomes, for example racism, and employers attitudes (The Smith Family 2014, Beadle 2014, SVA 2016).

Successful employment outcomes are often dependent on the support continuing once a young person finds a job, as they often need additional help to deal with any challenges or set-backs they might face once in the workplace (Beadle 2014).

Evidence on initiatives to increase ‘demand’ for young workers (1 of 2)



Overview

There is much to be done on the demand-side to ensure that employers are creating opportunities for young people and developing skills for our economic future.

Australia’s youth employment response has historically focused on supply-side interventions. This contrasts with approaches in North America and Europe that have comparatively higher rates of youth employment (BSL, 2020). These countries tend to have much stronger focus on employer engagement in the design and delivery of programs – tailoring interventions to the emerging needs of employers and their role in workforce development. Programs tend to be less top-down and more driven by local community ownership or customization (BSL 2020, SVA 2019).

Employers have a critical role to play in developing the skills of young people both through direct employment and, in some cases, in fostering skills development through their supplier and contractor networks (SVA 2019).

Sectoral employment programs are emerging as a promising approach to supporting young people (typically those without university education) into quality entry-level jobs with decent pay (Schaberg 2020, Katz 2020). These tend to involve deep engagement with employers often including post employment support. However there are several potential barriers to employers engaging with these models in the Australian context (PWC 2021).

Governments and businesses can also affect the creation of opportunities through social procurement policies, direct employment and through their supplier networks (SVA 2019).

Evidence: Sectoral approaches

Sectoral approaches that explicitly focus on changing employer practices are showing positive results in the US – it is worthwhile considering their potential in Australia.

Sectoral approaches explicitly focus on changing the way that employers structure their hiring and employment practices, in addition to connecting young people with quality jobs with established career tracks. While similar to demand-led employment-initiatives (described on p.17), these programs offer higher-touch support to young people – they typically take young people on a longer journey (6-12 months) and include literacy/numeracy skills alongside specific work skills, and paid training on the job (Schaberg 2020, Katz, 2020).

Sectoral programs have demonstrated positive results in terms of income gains. A recent review of US programs demonstrated these sectoral approaches generate substantial and persistent earnings gains for disadvantaged young people, by moving participants into jobs with higher hourly wages rather than just increasing employment rates (Schaberg 2020, Katz, 2020). The WorkAdvance case study on the following page shows one such example (See Case Study on p.19).

Australian employers may need support to be able to take part. Research shows that there is goodwill amongst some Australian employers and a desire to employ more young people. However, changing policy settings, limited capability, capacity and knowledge about how best to achieve this is leading to inaction. There is also a tension between aspiration versus pragmatism for employers (PWC 2021).

For these models to succeed in Australia at scale, further work needs to be done to understand and overcome barriers to wider adoption of these initiatives (PWC 2021).

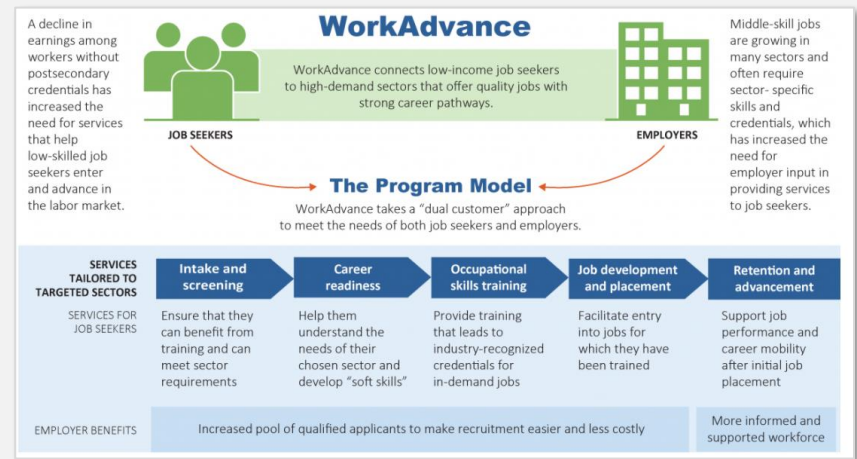
Evidence on initiatives to increase ‘demand’ for young workers (2 of 2)

Case study: US Sectoral Development Program

About: The WorkAdvance Model is a US sectoral employment model that seeks to prepare, train, place, and sustain unemployed and low-wage workers in quality, secure jobs with benefits and established career tracks.

The model: The program is designed to meet the individual needs of workers by providing the following core service components:

- **Sector-focused pre-employment services.** Each participant receives an orientation customised to the target sector, meets with a career coach to assess their interest in the sector and to create an individual career plan, and receives job-readiness preparation (e.g. soft skills) tailored to the sector.
- **Occupational skills training.** Short-term, sector-specific skills training is offered free of charge, accompanied by an industry-recognised training credential or certification.
- **Job development and placement in targeted occupations.** Program leads capitalise on new and existing relationships with employers in the targeted industry to place participants in appropriate occupations, match them with jobs that suit their skills, and help them identify future advancement opportunities in the industry.
- **Post-employment services.** Coaching is provided to participants for up to two years to promote job retention and career advancement, assist with re-employment, and address issues that may arise with employers.



The impact: The WorkAdvance model was part of a 5-year randomised controlled trial (RCT) research study with four national sites – results of the trial demonstrate that the model helps young people to earn more money, complete training, find employment and secure quality jobs with career advancement opportunities compared with the control group.

Evidence on alternative pathways and collaborative initiatives (1 of 3)

Evidence: Collaborative approaches

Given the complexity of youth employment, collaborative and place-based initiatives are increasingly being encouraged to improve young people's access to quality local jobs.

The move towards localised solutions recognises that different regions experience different social, economic challenges and therefore require different solutions. To be successful, a number of conditions must be in place (BSL 2015):

- Effective delivery capacity of organisations and institutions
- Strong and effective partnerships
- Buy-in (and investment) from the community and a willingness from employers to engage
- A focus on meeting the needs and aspirations of both young people and local employers
- Access to quality jobs and support to stay in jobs and progress in jobs
- Integrated approaches which address barriers to employment including transport, housing and child care.

There are a number of place-based initiatives underway in Australia - including SVA's Pathways to Employment program and Brotherhood of St Laurence's National Youth Employment Body (NYEB) (see case study).

Emerging learnings suggest these initiatives need to do more to support employers. While many of these initiatives are in their infancy, emerging learnings suggest some initiatives need to work more closely with employers to ensure the effective integration of employment experience into the program (SVA interview 2021).

Case study – National Youth Employment Body, Brotherhood of St Laurence

About: The National Youth Employment Body (NYEB), enabled by the Brotherhood of St Laurence,



brings together representatives from key sectors - industry, education and training, employment, community and all levels of government - to drive change nationally and to own and develop local solutions to youth unemployment.

The model: NYEB facilitates collaborative efforts between employers, communities and policymakers that enable young people to secure decent work while addressing the needs of industry for a diverse and adaptable workforce. These collaborative approaches are currently being piloted in Logan-Beaudesert QLD, Shoalhaven NSW and Adelaide North SA. They focus on building community-led solutions beyond what could be achieved by programs and organisations working alone. The NYEB then translates learnings from these locally driven solutions to drive policy reform and systems change at the national. An important feature of the model is *Advantaged Thinking* practice which recognises and invests in the skills, capabilities and assets of young people and harnesses the necessary resources, opportunities and networks of the community to enable young people to engage in work they have reason to value

The impact: NYEB will build the evidence base on local to national youth employment solutions by evaluating and sharing key learnings that advance the development of a coherent national approach to youth employment in-place.

Evidence on alternative pathways and collaborative initiatives

(2 of 3)

Evidence: Social Procurement

There is strong potential for social procurement as a means of increasing demand for young and marginalised workers, however it has been underutilised in Australia so far.

There is room for both government and employers to do more to use their purchasing power to address youth unemployment – both through their social supplier networks and mandating employment targets in subcontracting arrangements to prioritise employment of young people (SVA 2019, Mupanemunda 2020).

As one of the largest procurers of goods and services, government can make a significant impact on youth employment outcomes. The annual government procurement spend in Australia stands at \$140 billion. If it shifts just a fraction of this amount towards youth-oriented suppliers, it could create huge opportunities for young people (Social Traders, 2021).

For businesses, there is a strong business case for embedding a social procurement strategy into the business. However, many organisations lack the knowledge and capability to leverage the benefits social procurement can offer (Mupanemunda 2020).

International evidence, as well as examples from Victoria, show that social procurement can be successful when certain conditions are met. There is a need to build awareness of the benefits, as well as the capacity of organisations to engage effectively in social procurement. At the same time, an enabling policy environment and further investment is required to support the growth of new social benefit suppliers (i.e. work-integration social enterprises) (Mupanemunda 2020).

Case study – Sparkways and McConnell Dowell

About: Sparkways provide a range of commercial services including cleaning, ground maintenance, and skilled labour hire.



The partnership: McConnell Dowell, a Sydney-based construction company, has had a longstanding partnership with Sparkways to provide commercial cleaning and labour services to a number of McConnell Dowell's building sites across the Melbourne Metropolitan area.

The pandemic has driven a demand for quality cleaning services which has enabled McConnell Dowell to grow the size of its contract with Sparkways, creating 12 new jobs and an additional 3,765 hours of work for long-term unemployed young people facing barriers to the workforce.

The impact: Between 2017 and 2020 McConnell Dowell provided over 17,000 hours of training and paid employment to Sparkways employees and the company is now forecasting an additional 55,000 hours of employment over the next two years.

Evidence on alternative pathways and collaborative initiatives

(3 of 3)

Supply side

Demand side

Alternative pathways / collaborative initiatives

Evidence: Alternative pathways

For young people at greater risk, alternative pathways can be a useful bridge back to the open labour market.

Work-integration social enterprises (WISEs) can deliver meaningful work and wellbeing outcomes for young people. They can provide an alternative for individuals experiencing high barriers to employment, helping them into secure work. These models address a number of the gaps in the current employment and employment service systems, by providing people-centred work settings, tailored solutions and sustainable service delivery models (CSI 2019).

Well-run, work-integrated social enterprises can produce higher and better employment outcomes than mainstream employment services for overlooked and underserved jobseekers. Evidence supports the cost to benefit ratio of such programs (CSI 2019).

However, many of these models struggle to scale – to reach their full potential, a continued focus on building the ecosystem through financing, evidence building, awareness raising and collaboration is needed (CSI 2019). Intermediary organisations may help lead the growth of social enterprises and enable success at-scale. One example is shown in the White Box case study.

Case study – White Box Enterprises

About: White Box Enterprises is an intermediary focused on building large-scale, social enterprises with the potential to transform Australia's youth employment landscape – and a bold mission to create 5,000 jobs by 2030.



The target cohort of the project is young jobseekers who are: ex-offenders; experiencing homelessness; First Nations young people; people with disability; people with mental illness; and/or refugees and people seeking asylum.

The model: There are three integrated components in the model:

- **Demonstration:** Building a jobs-focused social enterprise ecosystem by supporting scale and replication
- **Advocacy:** Creating access to funding to support sustainable sector growth and enable systems change
- **Leadership:** Raising a new generation of leaders ready to shape the future of the sector.

The impact: In the first year of operation, White Box enterprises helped to establish three new jobs-focused social enterprises and create almost 100 quality jobs for young people experiencing disadvantage in Queensland. White Box also facilitated over \$3 million in financial contributions to support the growth of five existing social enterprises and enabled a range of multi-sector partnerships to contribute to social enterprises in the program (CSI 2020).

Measuring outcomes

Measure what matters

Youth employment outcomes measurement has traditionally focused on skills and workforce participation – there is a growing push to reflect the role of employers and system responses.

Measurement of youth employment outcomes has typically been limited to tracking changes in the young person from a supply-side perspective – a shift in personal qualities (confidence, motivation), participation, job readiness, employability and ultimately getting a job.

This ignores the complex landscape that young people are facing with shifts in the labour market and rapidly changing macro-economic trends. It excludes the demand-side of the equation as well as the system level responses required.

Given the increasing focus on quality jobs and the important role that employers can play in creating these opportunities, there is a need to broaden the way youth employment outcomes are defined. This should include aspects such as job quality (secure work and decent pay) and hiring practices and level of support delivered in entry-level jobs.

With this broader definition, the focus needs to shift to measuring changes on the demand-side and at the system level. Table 2 shows a high-level overview of the priority outcomes for young people and the system.

Outcome domain	High-level outcomes
Young person	<ul style="list-style-type: none"> Short-medium term: Young people are in training and education that provides real world experience that sets them up for decent, sustainable and meaningful work Longer-term: Young people are participating in decent, sustainable and meaningful work
Employers and industry	<ul style="list-style-type: none"> Short-medium term: Employer attitudes, practices, policies and behaviours are more inclusive of young people Young people have access to work-based learning opportunities and quality entry-level jobs Longer-term: Employers share responsibility for nurturing young people's employment pathways into secure decent work
Community	<ul style="list-style-type: none"> Short-medium term: Communities identify local employment needs and opportunities Skills building is prioritised to support young people into industries with demand/transition out of declining industries Longer-term: Collaboration multiplies positive employment outcomes for young people and communities
System / Sector	<ul style="list-style-type: none"> Short-medium term: Systems are in place that keep young people in contact with the labour market and long-term exclusion Longer-term: Planning looks beyond low skilled and casualised employment and enables emerging pathways for young people into skilled occupational trajectories Systems facilitate career transitions and occupational mobility during structural shifts during economic crisis

Table 2: Youth employment outcome domains and outcomes (Adapted from BSL, 2020 and SVA, 2019). *List is not exhaustive

A youth-centred vision for the future

What the sector is saying:

Sector advocates have articulated a vision for a youth-centred system that provides young people with a safe and secure platform with which to “get on the career ladder” and progress their careers.

In response to the persistent challenges around youth employment and in the wake of the pandemic, sector advocates have come together to propose a Youth Guarantee. This would ensure that everyone under the age of 25 has a place in employment, education or training no later than three months after being registered as unemployed (NYCA 2020, Per Capita 2020).

Brotherhood of St Laurence’s National Youth Employment Body is building an evidence-based national response to youth unemployment. By piloting place-based approaches, NYEB seeks to build the evidence base for what works at the local level and translate these learnings into the national policy agenda. This includes a Transition to Work National Youth Alliance which provides a platform for the voices of young people impacted by unemployment. It will advise on future resources and learnings (BSL, 2020).

A National Cadetship Program has also been proposed as a future policy intervention. This would support young people to receive a blend of employment, education and training to help insulate them from the scarring impacts of long-term unemployment (in what is expected to be an increasingly challenging period). For young people without degree qualifications, the proposed approach would expand on the existing apprenticeship/ traineeship system for a broader range of occupations to and industries (Dawkins et al, 2020).

What young people are saying:

In parallel, young people have articulated their desire for a system that reflects their needs and voice.

Young people feel that the current system does not provide them with the security, nor the appropriate incentives to support their transition to employment (NYCA 2020).

The employment system reflects an outdated concept of unemployment as a short-term, temporary state – in reality, many young people rely on income support for several years or more while working intermittently, often while studying (NYCA 2020).

Young people feel that the income support system is complex and hard to navigate – and crucially, the **benefits are insufficient to cover the cost of daily living and support young people to live a decent life** (NYCA 2020).

Young people are calling for a response that meets their needs and reflects the economic and social challenges they are facing in a post COVID-19 Australia. Fair and equitable income support arrangements, with strong incentives for education and employment, would be the mainstay of the system, complemented by effective supports and services for those who need them (NYCA 2020).

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