

NEW AVENUES INTO JOBS:

Early Lessons from Nonprofit Temp Agencies and Employment Brokers

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In collaboration with Jobs for the Future*

By **Dorie Seavey, Ph.D.**

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Foreword

Economic success poses its own dilemmas. For example, while the U.S. economy is creating new skilled and semi-skilled jobs at an unprecedented rate, those new jobs are not equally accessible to all Americans, both in terms of where one lives and of the skills and income one needs to claim those jobs. In short, people in rural areas and areas in which manufacturing firms (and jobs) have fled do not have equal access to the new employment; neither do those persons with less skills, less education, lower income. A related dilemma is that, although some communities have arrived at remarkably innovative and successful means, frequently with support from the U.S. Department of Housing and Urban Development, to address the first dilemma, those initiatives have not been systematically described and widely disseminated. As the result, even highly successful initiatives have not claimed wide currency.

The four studies that comprise this effort go some way to addressing the second dilemma. They explore in detail four strategies that have shown marked success in producing and maintaining economic opportunities and jobs and also in making them available to people with low incomes. The four studies were conducted by the Center for Community Change with support by the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development, the Pew Charitable Trusts and its Fund for Urban Neighborhood Development and by the Center for Community Change itself. The four reports are:

Making Connections: A Study of Employment Linkage Programs considers efforts by local governments to leverage their fiscal and zoning powers to gain the commitment of employers to connect low income people with private sector employment. Such initiatives share certain features: They create ties to employers through the use of development incentives and offering employers an expensive system for locating quality employees, provide timely access to information on job opportunities and establish formal means for screening, referring and placing job candidates. In the report, three long-standing employment linkage programs are reviewed to determine how well they link residents of economically isolated communities to jobs.

Saving and Creating Good Jobs: A Study of Industrial Retention and Expansion Programs focuses on programs designed to assist manufacturing firms already in a given location to stay and grow. The underlying presumption is that some manufacturing firms in any locality would prefer to stay, and even expand, if special mechanisms were in place that improve the manufacturer's capacity to compete by providing assistance in such areas as marketing, technology and finding qualified workers. This study assesses the value of industrial retention and expansion as a strategy with particular emphasis on the experience of four organizations for whom that strategy is their principal mission.

New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers explores an economic development model in which job seekers are placed by employment brokers into non-permanent positions where they build work experience while receiving varying degrees of retention assistance and other kinds of post-placement support. The report documents the efforts of six nonprofit organizations to help disadvantaged workers gain access to employment through temporary work and surveys the lessons, positive and negative, learned from these local initiatives.

Strengthening Rural Economies: Programs that Target Promising Sectors of a Local Economy examines how a strategy of concentrating economic development efforts on a sector of businesses that are located near each other and share other common features can expand economic opportunities and produce jobs in rural areas. The report describes four diverse cases in which such a strategy has been used at least in part with the intention of increasing employment among low income people – and with some success.

Taken together, these reports, and related studies available directly from the Center for Community Change, offer those in local governments and both non- and for-profit organizations who want to stimulate more and better jobs for residents of their communities insights into the potential for growth implicit in local economic development strategies that can be replicated and customized to meet local needs.

Xavier de Souza Briggs

Preface

Across the country, nonprofit organizations and government agencies are trying new approaches to problems that contribute to poverty, including unemployment, underemployment and low wage jobs. Many of these model projects are highly creative and promising, but they are scattered and seldom evaluated. It has thus been impossible for other organizations or the Federal Government to learn from these projects in order to adapt and use them elsewhere.

To help close this information gap, the Center for Community Change has prepared a series of reports on approaches to economic development that show promise in providing jobs and economic opportunities to low income people. Each report is based on a series of case studies of exemplary local projects.

Our primary goal has been to give community-based and other nonprofit organizations — as well as local, State and Federal officials and others concerned about jobs — useful information about economic development strategies that work. We hope this research will stimulate others to adopt strategies that have been developed over many years of hard work, and that it will also lead to government policies that encourage more use of these strategies.

This report on new avenues into jobs focuses on nonprofits that have used temporary work as a way to integrate low income people into the world of work. As principal researcher Dr. Dorie Seavey points out, this is a controversial approach. By their very nature, temporary jobs don't offer much job security. They also often do not pay well, do not provide benefits and often don't provide ladders into careers.

But several of these nonprofit programs have experimented with ways to overcome these problems. Several have found that temp work can indeed act as an introduction to the world of work and give job seekers an opportunity to develop a

variety of skills and experiences. And the explosive growth in the temporary work industry requires those concerned about joblessness in low income communities to at least examine the potential of this approach.

This report is the first of four that was supported by the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development, the Pew Charitable Trusts and its Fund for Urban Neighborhood Development, and by the Center for Community Change itself.

The other three reports are:

- ♦ ***Making Connections: A Study of Employment Linkage Programs***, which examines three programs that try various ways of linking inner city residents with jobs in the mainstream economy.
- ♦ ***Saving and Increasing Good Jobs: A Study of Industrial Retention and Expansion Programs***, which examines four efforts to save and expand manufacturing jobs that were close to being eliminated.
- ♦ ***Strengthening Rural Economies: Programs that Target Promising Sectors of a Local Economy***, which examines efforts to strengthen a particular "sector" of a local economy that is thought to have potential for expansion and job creation for low income people, such as hosiery manufacturing in North Carolina.

Taken together, we hope these studies provide useful information for those who want to stimulate more and better jobs in their communities, as well as underscore the vital role that the lack of decent jobs plays in the economic struggles of many people living in low income communities.

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Acknowledgments

This report on new avenues into jobs builds on two earlier projects undertaken by Jobs for the Future (JFF). In 1994, with funding from the Aspen Institute, JFF studied the temporary help/staffing industry and its changing labor market roles. That research by Dr. Dorie Seavey focused on the industry’s largest firm, Manpower, Inc., the nation’s largest private employer. It asked what policymakers might learn from the techniques and strategies that staffing firms use to assess worker skills, access jobs, match workers with jobs and track labor market information.

With support from the Annie E. Casey Foundation, JFF then began exploring the potential for temporary firms to address the employment and earning needs of disadvantaged urban populations. JFF did an initial survey of innovative job brokering partnerships around the country. It then held a conference in June 1995 that brought together about 35 people from the staffing industry, community-based training organizations, foundations and

local government. Material prepared for that conference, as well as follow-up research, served as background for parts of this report.

To develop this report, Dr. Seavey did in-depth studies of six nonprofit programs that are using temporary work and “brokering” as an entree into the work world. These six case studies led to the lessons that are the heart of this report.

We greatly appreciate the work of Dr. Seavey, a researcher at the Center for Research on Women at Wellesley College, in both studying the six model programs and writing the report. The study was suggested by and arranged by Frieda Molina. Editing was done by Susan Messina, Leigh Dingerson and Tim Saasta. Production was managed by Tim Saasta.

The Center is very grateful to HUD’s Office of Policy Development and the Pew Charitable Trusts for supporting this study, as well as the Annie E. Casey Foundation for its support of earlier work in this field. We are also grateful to Jobs for the Future for giving us access to its earlier work and for its cooperation in preparing this study.

“The organization is investigating ways to strengthen follow-up so as to enhance its long-term impact. In general, such efforts require a level of staffing that enables the organization to maintain contact with graduates.”

ers called for under current regulations. While the U.S. Immigration and Naturalization Service (INS) does conduct raids on manufacturer work sites from time to time, the penalties are directed only at the relatively powerless workers themselves. Suburban finds that Chicago-area contractors and their customers seem relatively free of regulatory penalties pertaining to recruiting and employing undocumented workers.

²⁰David Hamilton, President and CEO of Columbus Works, cited in “1995 door to employment opens,” *The Call and Post*, November 24, 1994, p. 8C.

²¹Outsourcing occurs when an entire project, business function, or area of work is no longer performed internally to the corporation but rather is contracted out to a staffing firm. Unlike supplemental temporary employment, these projects normally are of indefinite duration.

Express Personnel specializes in resource staffing for businesses’ functional outsourcing needs. Express Personnel International is the eighth largest staffing firm in the world with 185,000 employees. Express Personnel of Central Ohio is one of 250 national franchisees.

²² Columbus Works, Inc. (January 21, 1997) “Participant Profile,” mimeo.

²³ Data in this paragraph is from Columbus Works, Inc. (January 21, 1997) “Participant Profile,” mimeo.

²⁴ Columbus Works, Inc. (September 30, 1996) “An Employment Initiative Serving Young Job Seekers, Employers and the Community,” mimeo.

²⁵ All figures are from Columbus Works (January 22, 1997) “Monthly Performance Report, 1996 revised,” mimeo.

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Lessons from the Case Profiles

The organizations investigated in this report provide employment support and job placement services to populations that are among the “hardest to serve”—homeless individuals, former convicts, individuals with serious substance abuse histories, high school dropouts from very poor neighborhoods, welfare recipients, the less-educated chronically unemployed and physically and mentally disabled persons. These populations have limited access to the labor market and tend to be shunned by job brokers because they are perceived as being risky employment prospects, presumably because employers interpret their personal attributes as signaling lack of employability or readiness for work.¹

Yet the programs we have profiled represent successful and growing community-based employment brokering ventures that have developed aggressive job placement activities in the service of a dual bottom line: business efficiency and improving the economic prospects of their job-seeking clients. At their best, these organizations can create pools of motivated loyal employees who are treated well by their employer (the community-based nonprofit)² and who are being connected to jobs they could not have accessed on their own.

What lessons can these six organizations teach us that might help other community-based ventures that want to design and implement job placement programs? This chapter first presents program design and policy issues that arise from our review of these six programs as a way to explore some of the lessons from this project.

At the same time, there are many unanswered questions in this field that deserve further investigation in order to assess the merits and potential downsides of temporary employment as a way of gaining a foothold in the labor market. These questions are highlighted in the second part of this chapter.

Program Design and Policy Issues

These case profiles raise a number of important design questions and policy issues related to expanding employment options and improving employment brokering for disadvantaged job seekers. These issues are actively being addressed by these organizations and should be carefully thought through by any nonprofit considering designing and implementing an employment brokering venture.

1. What are the program’s objectives? How do objectives influence how a program is designed?

Most of these six programs share many broad program objectives, such as supporting economic self-sufficiency by workers, increasing the labor market access of adult and youth populations and promoting employer acceptance of disadvantaged job seekers. But careful attention needs to be paid to how the employment or job access “problem” is interpreted, who the target population is and how objectives are defined.

Different interpretations will lead to different decisions regarding funding, institutional siting and control, service design and eligibility. Thus, a program whose overriding goal is to find jobs for unemployed public assistance recipients in order to reduce welfare rolls is likely to look very different and probably have a different cost structure than a program that incorporates job quality as a key concern, or whose goal is to work with job seekers over an extended period of time to achieve a better-paying, career-advancing job path.

2. What services will be provided before and after placement?

For a for-profit staffing firm, the norm is not necessarily job placement without any in-placement or post-placement services. The typical employment broker—the temporary help firm—is in the

“Clearly, retention assistance is key. Retention and turnover appear to be significant issues at most of the programs profiled in this report.”

business of providing services to job seekers and business customers, with the costs being absorbed by both parties.

For disadvantaged workers, the need for in-placement and post-placement services and support is clearly greater. Disadvantaged would-be workers are sometimes kept from jobs because they lack the job and life skills or support systems required to perform on the job and handle the daily challenges that can interfere with work performance.

In response to this need, these nonprofit staffing businesses offer job readiness and skills training. None provides more than a few weeks of training *before* placement. But several invest much more heavily in various kinds of *post*-placement support (retention assistance, re-employment assistance and advancement assistance).

It is important to consider the mix of post-placement support services to be provided and to be clear about goals in relation to post-placement. Clearly, retention assistance is key. Retention and turnover appear to be significant issues at most of the programs profiled in this report, although the data were not available for making this assessment conclusively.

There are undoubtedly many lessons that could be shared among these groups concerning which methods have been successful in promoting retention, re-employment and advancement. It would also be important to have the groups explore the combinations of in-placement and post-placement services that work best for different subgroups, the kinds of on-the-job support needed by different groups of workers, and the types of support that business customers want different groups of workers to have.

3. What comes first: work or training?

An ongoing and important debate in the employment and training community concerns the merits

of work-first strategies compared to programs that provide training and education followed by work. In general, work-first programs aim to move participants into unsubsidized employment as quickly as possible by combining job search with short-term education, training, or work experience activities. In her guide to work-first strategies, Brown (1997:1) writes:

“What defines such programs is their overall philosophy: that any job is a good job and that the best way to succeed in the labor market is to join it, developing work habits and skills on the job rather than in a classroom. Work first programs also share a strong message that, for participants, employment is both the goal and the expectation.”

All of the programs we surveyed appear to emphasize “work first,” or work combined with related short-term skills and academic training. Clearly the length of training offered by these programs is relatively short compared to standard employment and training programs, and all of the programs have as their ultimate objective job access and placement.

If the goal is to help launch disadvantaged job seekers on a course toward economic self-sufficiency, then it is important to identify those groups of job seekers for which “work first” is the best strategy, and to differentiate them from others who would benefit most from training first, including soft-skill job readiness training.

4. What are the best placement models and employment contracts?

Employment placement models involve many variables that can be combined into different arrangements. These variables include 1) direct placement onto a firm’s payroll and into its workforce versus contingent or transitional placements, 2) supported versus unsupported placements, 3) subsidized versus unsubsidized

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employment and 4) various kinds of transitional arrangements (including “probationary,” “trial-period,” or “temp-to-perm” contracts).³

Taken together, the programs studied present a full range of options. Three organizations offer an impressive array of employment avenues (Columbus Works, New Unity and Chrysalis), including in-house contract businesses in the case of the latter two. Two of the staffing businesses focus almost exclusively on temp-to-perm placements (New U Temps and Milwaukee Careers Cooperative). And two of the organizations—Milwaukee Careers Cooperative (MCC) and Suburban Job-Link—have recently decided to de-emphasize temporary placements in favor of temp-to-perm placements (MCC) and permanent placements (Suburban).

Further in-depth investigation would be required to document the factors each organization considered (including the specific characteristics of local labor markets, business customers, jobs available and job-seeker profiles) in determining what types of employment arrangements they would provide to job seekers.

5. How can an employment brokering program make it economically?

Preparing job seekers for employment, making connections between workers and business customers (including screening, matching and placement) and providing post-placement support are resource-intensive activities. With the exception of Goodwill Temporary Services, all of the programs we investigated depend on some kind of grant support to carry out their programs. Interestingly, two (Columbus Works and Chrysalis) are developing approaches for sharing costs among their business customers, the public sector, other nonprofit providers and for-profit employment brokers, based on who benefits from their activities.

Investing in employment brokering as a job access strategy requires creative thinking about the economics, both in relation to job-seeking clients and business customers. These services create or add value that accrues to different parties (e.g., job seekers, business customers, the public sector), but nonprofit employment brokers often internalize costs for both job seekers and business customers.

Organizations need to consider how employment brokering for disadvantaged groups is different from other kinds of employment brokering, how the cost structures of these ventures may differ from that of for-profits, and under what conditions providing employment services to disadvantaged groups is likely to be profitable. Particular questions to be addressed include:

- ◆ What are the possible financial structures for such businesses?
- ◆ What are optimal incentives for employment brokering entities?
- ◆ What will pre- and post-placement services cost?
- ◆ Who should bear these costs based on who benefits from the services?

6. Should relationships be forged with employers for providing in-placement services and training?

Relying on Federal money and private philanthropy to finance job access strategies for low income populations is not realistic in the current climate. It is critical, therefore, to consider developing employment brokering initiatives which function as businesses (for-profit, nonprofit or worker-owned) and that create incentives for investment to flow to this field.

These initiatives must be able to get private employers to absorb some of the costs of—or responsibility for—in-placement work for disadvantaged job seekers. This involves identifying the value to employers in these arrangements so that they

“These strategies must also address how to enhance job quality, advance disadvantaged workers past the entry-level stage and increase the long-term employability and economic self-sufficiency of these workers.”

would be willing to invest in them (job retention, employee satisfaction, job-ready entry-level employees, Workforce 2000), and creating incentives for potential employers to participate.

7. What can be done to make these entry-level jobs ladders to better jobs?

Using employment brokering as a job access strategy for low-income people clearly has important merits. But given stagnant job opportunities at the bottom of the wage scale, such strategies must also address how to enhance job quality, advance disadvantaged workers past the entry-level stage and, ultimately, the increase the long-term employability and economic self-sufficiency of these workers.

Firms need to consider what they can do to create entry-level positions that lead to higher wages, better placements, steadier jobs and a chance for a career. Employment brokers need to investigate what kinds of in-placement and post-placement support services most enhance job retention and advancement. They also need to consider how best to invest in workers so that over time such investments increase the wage levels of workers in targeted occupations.⁴

8. What are the best ways to develop effective staff and boards?

Many directors of these projects emphasized the importance of hiring management and sales staff with experience in the for-profit sector, and ideally in the temporary help industry. Their perspective and experience—as well as the actual business contacts that these individuals bring—can be invaluable in developing a healthy business approach and in creating ways to cultivate accounts and promote job candidates to the head of the job queue.

Several directors also said that they had gone through significant board development, particularly as the organization’s orientation became more busi-

ness-like. In several cases, board members committed to a social service mission left because they were skeptical about treating companies (rather than workers) as the customers of their programs. In other cases, board members resigned because they were uncomfortable with the financial and legal risks involved in running a temporary employment business, including liability and worker’s compensation issues and the credit requirements of financing accounts receivable.

Some new board members have contacts with businesses and corporations that might be potential customers of these nonprofits, or who have experience in management and strategic consulting, accounting and the legal issues relevant to growing a successful business.

9. Is customer service or social service emphasized? How can a nonprofit stay true to its original mission?

Nonprofit community-based organizations working on job access tend to come from a social service orientation where the problems of the job clients seem very large compared to the problems of the business customers. For-profit employment brokers, on the other hand, tend to be highly performance- and customer-driven. The former talk about “job development” while the latter focus on “sales.”

Most of these six organizations emphasized the need to continually strike a balance between providing job opportunities and support to job seekers, on the one hand, and meeting the employment needs of their business customers, on the other. As one program director put it, “Are we a social service agency or an employment program with a socially responsible mission that is run like a business?”

Each of these nonprofit staffing businesses stressed the importance of customer service and discussed challenges involved in meeting the ex-

“Balancing their social mission with the need to succeed in a competitive environment leads to creative and on-going tensions for these agencies.”

expectations of their business customers. These expectations, they reported, can be extremely high, and the appropriate staff need to be available at virtually all hours to respond to problems which business customers expect to be handled immediately. The business customer’s view of labor can sound very harsh and impersonal to those who are used to a nonprofit, community orientation. But the reality is that, if the nonprofit staffing firm cannot quickly fill a job order, the business customer will easily find several other staffing companies which can meet its employment needs virtually on demand.

Balancing their social mission with the need to succeed in a competitive environment leads to creative and on-going tensions for these agencies. On the one hand, because of their social mission, these groups offer unique employment alternatives to job seekers who may not be hired by conventional for-profit temp firms. On the other hand, they must compete with for-profit firms that have no explicit social mission. This reality inevitably creates pressure to focus on the most job-ready or employable participants in the nonprofit’s labor pool.

Concentrating on job clients who are the most likely to succeed is known as “creaming.”⁵ If the nonprofit wants to help the hardest to serve, and if sufficient resources can be mobilized, then one strategy is to provide diverse employment options that include approaches suited for the most job ready as well as those who seem a long way from employment. The latter might rely, for example, on sheltered work programs that allow for incremental steps toward full job readiness. Alternatively, the organization could decide to focus explicitly on the most job-ready clients, targeting recruitment and screening efforts on candidates with more education, higher skills and/or more work experience.

In addition to creaming, “goal displacement” is another possible challenge facing these organizations. Goal displacement is the loss of a sense of direction, mission or roots in the community as

nonprofits expand and become more business oriented. The original goals of serving the community may gradually give way to concerns about ensuring that the institution survives and grows. It may reduce services to minimize costs, or reduce time spent on maintaining heavy involvement by volunteers and the community. Pressures to de-emphasize the original goals grow exponentially when a nonprofit competes for contracts with other organizations that are more concerned about maximizing profits than maximizing services.

None of the organizations we surveyed identified goal displacement as a problem, but it has been an issue for other types of social services agencies faced with the challenges of expansion. Very often a nonprofit changes its orientation so gradually—with the original leaders and staff moving on—that few notice that the original mission and goals have been weakened or lost.

There are many examples of how this kind of transition can lead to a complete transformation in the organization’s values and direction. It is now difficult to remember that savings and loan associations started with missionary zeal as voluntary nonprofit organizations serving working people, that YMCAs were once part of a global movement to evangelize the world, that massive co-ops like Cargill were once democratically controlled cooperatives of small farmers, or that the forerunners of today’s HMOs were nonprofit group practice plans controlled by consumers. It requires great vigilance and skill to avoid this subtle process of goal displacement as an organization matures, expands and competes with others.

10. How can growth best be managed and directed?

The challenges of managing and directing growth were the top concerns of several directors. As employment brokers, nonprofit providers assume the risks and headaches of running a business, with the attendant problems of cash flow,

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accounts receivable and so on. Among the organizations we surveyed that have been experiencing rapid growth, covering accounts receivable has been a big challenge, and the directors are well aware that most small business failures are due to cash shortfalls.

In some cases, an important strategy for managing growth has been to expand staff while restructuring the organization. The goal of the restructuring has been to integrate different employment tracks (e.g., temporary, permanent, internal contracting business) into a comprehensive system with linked administrative and operating systems.

Careful thought needs to be given to integrating the performance criteria of multiple employment tracks or divisions, since, to the extent that job seekers move from one track to another, the performance outcomes of one division may be negatively related to the outcomes of another. For example, if a job seeker who is on the payroll of the temporary employment division transitions to a permanent placement obtained through the permanent employment program, then, in terms of pure accounting, the performance outcomes of the permanent division are improved at the expense of the temporary division.

The directors also stressed another component of managing growth—the need to creatively leverage Government and private dollars to fill credit and capital needs as their businesses grow. Closely related to this has been the ability to create partnerships with other entities in order to gain access to specific services that are vital to the employment brokering and job support system.

An interesting example of this is the partnership that Suburban Job-Link has developed with a local transportation company. Suburban creates new route ridership (or “loads”) and then gives these loads to the transportation company to “harvest.” This is a mutually beneficial arrangement, since it

costs too much for Suburban to run the transportation for these new routes and the transportation company lacks the capacity to develop ridership.

Another critical component of directing growth has been to plan how to respond to increasing demands for employment brokering services by subgroups of disadvantaged job seekers. For example, some of these organizations are considering whether to create new programs specifically for welfare recipients.

While none of the organizations was set up to focus exclusively on job seekers moving from welfare to work, at least a third of each organizations’ employees are female (with the exception of New Unity) ⁶ and many of these job seekers are public assistance recipients. For these organizations, launching initiatives that focus on welfare recipients typically involves building on the organization’s experience in assisting women to find employment, while partnering with welfare or housing agencies to place women in employment.

The possibility of developing such efforts raises questions concerning 1) how transferable the organization’s employment program is to various subgroups of disadvantaged workers, 2) what program changes might have to be made to meet the specific needs of new groups (e.g., hiring bilingual staff, addressing the need for child care and transportation, identifying and targeting industries and occupations where a woman can earn sufficient income to support herself and her dependents) and 3) the administrative and management implications of contracting with a public entity such as a county or state public aid office or housing agency.

11. How can long-term outcomes and other information best be tracked?

These nonprofit staffing programs have not been able to track the longer term employment records and impact of their services on the hundreds of individuals they have helped place. Nor is

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there much retention and turnover data available that could be used to help understand the magnitude of employment instability or the factors driving it.

These data can be costly to collect, especially if they require staying in touch with former job clients as they make their way through different employment experiences. However, data on outcomes and retention would provide important information about how well the programs are meeting their goals. This data could be used to improve program design and assess the overall merits of temporary and temp-to-perm employment paths.

Areas for Further Investigation

All of the organizations reviewed for this study have developed alternative employment strategies as a point-of-entry or a transitional step for hard-to-place low income populations. While one organization is over 25 years old (Suburban Job-Link) and another has a decade of experience (Milwaukee Careers Cooperative), in general these programs represent a relatively new emphasis in the employment and training world, or at least one that has received only minor attention.

As a result, a great deal is still unknown about these approaches. Much more investigation is needed to identify and evaluate the benefits and downsides of these models and compare them to others. This section addresses areas that deserve future investigation. They fall into five main topics: program outcome evaluations; communication between nonprofit employment brokering ventures; technical assistance needs; the ideal inter-organizational systems for delivering and financing these services; and the larger public policy issues raised by these employment brokering programs.

1. The long-term results of alternative work arrangements for disadvantaged job seekers need to be evaluated.

In theory, temporary work can provide disadvantaged workers with a number of benefits. These include 1) serving as a springboard into the workplace, particularly for young people with limited work experience, people who need a second chance and individuals with limited skills; 2) allowing new entrants to build up their work ethic, to acquire information about their abilities as well as their likes and dislikes in the workplace, and to practice at different jobs; and 3) permitting workers to acquire a portfolio of marketable skills and experience, which may lead to permanent placement.

To what extent these benefits are actually realized is far from clear. While temporary work can serve as an avenue into the workforce, it may not function that way for everyone, especially for low wage workers.⁷ For some, it may in fact become a trap if workers are repeatedly brought in and then let go, unable to build up sufficient job tenure to access benefits, pensions and job ladders. A mentality that emphasizes “filling jobs” rather than “placing people” may foster lower quality jobs and encourage firms to substitute temporary hires for permanent positions. A further drawback is that transportation to and from work, as well as flexibility and adaptability to irregular work, are critical for temporary work; the implied requirements of a phone and a car are particularly difficult for disadvantaged workers. Similarly, shifting from one work environment to another places extra demands on workers who may already lack confidence.

It is critically important to assess how alternative work arrangements (including temporary work and temp-to-perm work) affect the employment security of low-wage workers and their chances for advancing to better positions. Under what conditions and for which types of workers are such approaches likely to be a positive force towards long term job security? Can temporary work help disadvantaged

“We have been struck by the relative isolation of these innovative programs. Very few program directors knew about other nonprofit initiatives either locally or in other states.”

job seekers to overcome their disconnection from firms in low-wage labor markets?

Most of these organizations do not yet collect the data required to investigate these important issues, and/or their programs do not yet have long enough track records. A useful step would be to select a handful of sites and conduct a longitudinal research effort to track and analyze the long term success of their clients, as well as program costs per participant for in-placement, placement and post-placement services.

In designing such an evaluation, one must decide the criteria for success.⁸ In particular, how can job seekers' experiences be evaluated beyond the first placement, and how should temporary-to-permanent transitions be evaluated? In large part, these questions involve tackling the difficult issue of what constitutes a useful measure of retention. For example, retention could be defined as continuous employment within a certain time period, the duration of employment in a particular industry, or the length of continuous use of a particular set of skills.

2. Ways to facilitate communication among nonprofit employment brokering ventures and to develop a peer learning network need to be developed.

We have been struck by the relative isolation of these innovative programs. Of the program directors we interviewed, very few knew about other nonprofit initiatives in the greater metropolitan areas in which they are located, and there was little contact with similar organizations in other States. How can these programs best share ideas about issues such as staff development, database and information management systems, creative financing strategies, innovative approaches to retention problems and outreach to targeted populations?

Information sharing among these organizations could take many forms including: 1) information

and exchange through a newsletter, electronic network site and occasional meetings; 2) peer learning opportunities and network development through meetings with and visits to other programs in the network; and 3) the formation of a national association that could organize technical assistance on a wide range of issues and explore ways to replicate successful programs.

3. Ways to provide technical assistance and encourage replication of successful models need to be found.

Various forms of technical assistance could enhance the management and operating systems of nonprofit employment brokering programs. One form would be support for community-based organizations interested in setting up new employment brokering ventures. Another would be peer assistance for specific issues, such as managing growth, expanding employment services to new populations, developing marketing strategies, designing retention support, structuring temp-to-perm arrangements with business customers, and creating evaluation measures.

Another form of assistance could be sharing information about “best practices.” For example, which database systems have organizations found to best suit their operations, and how can they be customized to provide the information needed to evaluate these ventures? In this regard, Chrysalis' Labor Connection recently acquired a database management system called Micro J that is used in the staffing industry. Labor Connection is creating a networked electronic system to link its offices, the objectives being to increase efficiency in filling job orders and allow it to track outcomes and evaluate its workers' employment security.

A further issue concerns replication. When a successful employment brokering program is identified, how can its potential for being transported and adapted to new settings be evaluated? And what are the most appropriate vehicles for replica-

“There appears to be considerable interest in exploring new ways to place disadvantaged workers and in experimenting with new roles for the public and private sectors.”

tion? Most of these six programs are in their early stages or are being restructured. None have been formally evaluated. Rather than implementing a particular employment services model, all the organizations have “evolved” their programs to respond to their clients’ needs and to changing economic conditions and public policies. Several have only recently begun to focus on integrating various program elements by tightening the links among their programs, which should allow them to communicate their programs’ essential features.

4. Partnerships for delivering employment support and placement services need to be developed.

There appears to be considerable interest in exploring new ways to place disadvantaged workers and, therefore, more potential for experimenting with new roles for the public and private sectors. Among the groups we studied, the emphasis is on a “go-it-alone” model, with the nonprofit doing recruitment, delivering in-placement services and providing placement and post-placement support.

Columbus Works was included because it represents a different model: it seeks to develop partnerships that allow it to specialize in recruitment and intensive job readiness and in-placement services, while creating targeted placements with local employers and staffing companies. Goodwill’s model also differs from the four other projects because its market niche is somewhat sheltered by set-aside government contracts for purchasing services and goods from organizations that work with people with disabilities.

What is the potential for creative and financially sound cost-sharing of employment brokering activities among the private sector, community-based organizations, the public sector and private voluntary organizations? Are there more effective and efficient ways to deliver a variety of services than the go-it-alone model?

For example, a community-based organization might specialize in recruiting and working with clients, while an organization with expertise in employment brokering (such as a staffing firm) might do the placements. In this arrangement, the employment brokering entity assesses the skills of job seekers and uses its many contacts to make placements, providing the community-based organization with a bridge to the labor market. The community-based organization provides the broker with access to a job-ready and supported labor pool that otherwise would only be accessible to public and voluntary agencies.

5. Public policy that impacts low-wage jobs needs to be considered.

No matter how well designed employment brokering programs for disadvantaged workers are, there are larger policy issues that constrain the employment and economic outcomes for workers who pursue alternative job paths. Among these important issues are the following:

- ◆ Given the trend toward government support of (or acquiescence in) the privatization of job placement work, what public policies can keep standards high and protect the interests of workers while allowing for a greater private sector role? For example, what standards should public agencies impose when they give performance-based, direct placement contracts to private employment brokers? Should they specify a minimum wage? Require that the vendor provide health benefits? Pay the vendor only when a client has kept a job for a certain length of time?
- ◆ How can more realistic sources of income support be devised for people who are going from one job to another? Unemployment compensation currently is biased against workers in unstable low-wage jobs.
- ◆ With the exception of Goodwill Temporary Services, none of the organizations profiled can

“Given the trend toward privatization, what public policies can keep standards high and protect the interests of workers while allowing for a greater private sector role?”

afford to offer health insurance. This highlights a very serious problem that affects a high percentage of jobs in low-wage labor markets, not just temporary ones, and raises the need to devise ways of detaching health care and pensions from jobs to some more permanent basis.

Endotes

¹ Holzer (1996: 60-62).

² One of the directors of the profiled organizations remarked that, in some capacities, his employment brokering business plays the role of de facto union, representing the interests of workers vis-à-vis business customer clients.

³ These arrangements permit the employer to forgo liability to a job candidate until the employer is satisfied that the worker has demonstrated the standards and qualities that justify the inclusion of the worker on the company's payroll.

⁴ This has been the focus of the work of Cooperative Home Care Associates in the South Bronx, an employee-owned home health care company typically employing

African American and Latina women who are usually single-mother heads of household. When CHCA first started operations in 1985, wages and working conditions in the home care industry were very poor, particularly among the for-profit, private care companies in the New York City area. CHCA set as its goal to take an existing low-wage business and begin to change it, working to alter industry norms over the long run and to improve the home health paraprofessional's job. See Steven L. Dawson and Sherman L. Kreiner (January 1993) "Cooperative Home Care Associates: History and Lessons," Report prepared for the Home Care Associates Training Institute.

⁵ Brown (1997: 46).

⁶ In the case of some of the organizations, more than a third of the participants are female: Suburban Job-Link is 50 percent female; Goodwill Temporary Services is 75 percent female; the Labor Connection's Santa Monica office's caseload is 50 percent female; and Columbus Work's caseload is 47 percent female.

⁷ See Carolina Alliance for Fair Employment (1995) for a report highlighting the problems with temporary work and staffing firms from the perspective of a group of low-wage temp workers employed by for-profit firms.

⁸ The author is grateful to Francoise Carre of the Radcliffe Public Policy Institute for these observations.

5

Conclusions

Today's labor market realities, together with evolving political pressures and shifting funding priorities, challenge conventional models of job development and placement for disadvantaged groups, models that came out of a very different era. Changes in the structure of work and in employer hiring go hand in hand with high turnover rates for entry-level workers. The employment and training system's traditional emphasis on full-time permanent employment appears mismatched to the current reality of low-wage labor markets. Low retention rates undermine the relevance of "placement" as the end goal.

Instead, the challenge becomes how to offer job search and employment skills that help people survive and *progress* in a job market that demands mobility and resilience. The current labor market puts a premium on both maintaining up-to-date skills even in basic entry-level positions (because of the increased use of technology in the workplace), and on the ability to transition to new jobs and sometimes new careers.

These developments underline the importance of employment brokering. Firms are changing their hiring practices and increasingly relying on external staffing agencies to supply workers. The availability of permanent jobs is shrinking. For many workers these developments have shattered their job security and possibility for advancing to better positions. Yet, ignoring these placement avenues, or focusing entirely on obtaining full-time work, may short circuit a variety of employment opportunities that make sense over time.

Two important questions need to be addressed: 1) What should be the new goals of job placement for disadvantaged populations? 2) What are the attributes of a successful sequence of employment experiences?

The organizations profiled in this report are grappling with a new set of economic, political and institutional conditions. They are developing em-

ployment brokering models that provide employment support and job placement services to a wide range of disadvantaged populations—homeless individuals, former convicts, individuals with serious substance abuse histories, high school dropouts, welfare recipients and disabled persons. Employers and mainstream employment brokers typically perceive these groups as having serious employability problems, but these nonprofits are building job placement businesses that advocate for and successfully market these job seekers.

These programs speak to the tremendous potential that community-based employment brokers have for linking the populations they know with employment opportunities that these job seekers would otherwise not have access to. They also support the notion that organizations such as these can provide vital employment support for disadvantaged groups.

Key Themes and Findings

The key themes and findings to emerge from this report are:

1. By responding to new labor market and political realities, community-based organizations have the capacity to develop business niches providing employment support and placement services to disadvantaged job seekers.

In developing their niches, these organizations have been responding to new labor market and political realities. The reasons they started these staffing ventures have two common elements.

First, each organization recognized that local employers were increasingly relying on temporary employment to recruit entry-level workers. As a result, nonprofit, community-based employment providers were having to compete in a market in-

“The advantage that these organizations have is that they understand and know how to work with the people they target. Part of their marketing strategy is to emphasize the extensive support they provide their employees.”

creasingly dominated by enormous and well-established firms such as Manpower. Relatively tight labor markets in many major urban areas lead private industry to use temporary help companies to fill hard-to-recruit positions, expanding their access to new pools of labor. In addition, the Workforce 2000 goals of companies create demand for ethnic and racial minority candidates. These realities may create opportunities for both collaboration and competition between for-profit staffing firms and nonprofit, community-based job development and placement organizations.

Second, most of the organizations' clients, although job-ready and anxious to work, did not look good on paper when applying for permanent positions. Hence the notion of building experience through temporary employment makes sense if such temporary work can be a “working interview” for a permanent position, or if it can improve the client's chance to get a permanent job. For job seekers, it is important to have many bridges into different parts of the labor market, including temporary employment, which can be a “forgiving” kind of work experience for those with previous employment problems.

The comparative advantage that these organizations appear to have is that they understand and know how to work with the disadvantaged people they target. Part of their marketing strategy to potential business customers is to emphasize the extensive support they provide their employees and their readiness to help resolve any difficulties. In the case of several organizations, providing transportation to and from work sites also appeared to be a strong selling point to their business customers and their job clients.

2. In order to survive and compete successfully as a nonprofit, community-based employment broker, these operations must manage growth, constantly evaluate their

work and be willing to shift their brokering strategies as conditions change.

In order to survive, nonprofits must be able to compete successfully with for-profit staffing businesses by offering quality service to their business customers. They also have to be able to manage growth. Changes such as welfare reform appear to be pushing or pulling more individuals into active job search and causing state and local agencies to seek out assistance with employment brokering. All these organizations are experiencing an increase in job seekers. As a result, issues of how to manage rapid growth have become crucial. This includes developing a good staff and board as well as bringing in public and private financing to support services for more clients.

Nonprofit staffing businesses must also think about positioning their businesses to take advantage of new groups of job-seeking clients, as well as opportunities for working with other entities (e.g., contracts with agencies that want particular services for their clients).

Finally, because these organizations' core mission is to enhance employment opportunity for disadvantaged job seekers, they must constantly evaluate whether their employment activities are meeting this goal, and be willing to shift their brokering strategies and change support services over time as conditions change.

3. The outcomes for clients have yet to be carefully evaluated.

While temporary work can be a forgiving employment experience and a “way in” to today's labor market, this may not be as true for low-wage jobs as for better paying jobs requiring greater skills. The temporary help industry claims that about 30 percent of its placements lead to permanent jobs, but does this “temp-to-perm” avenue actually work for low-skilled job seekers? Do the models profiled in this report represent “kinder

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and gentler” temporary work models that can help launch workers onto successful employment trajectories?

This report has stressed that, as yet, there is no definitive word on the benefits of temporary placements or temp-to-perm placements as a labor market access strategy for disadvantaged workers. In order to assess these issues properly, much better longitudinal data is needed.

4. There are several ingredients of these new approaches.

At the frontier of labor market policy today, local organizations and national policymakers face the challenge of devising better protections and opportunities for people who are transitioning in and out of jobs and the labor market. Organizations traditionally involved in training for employment, job development and job placement face the challenge of moving away from a focus on whether someone has a permanent job or no job. Instead, they need to move toward creating a dynamic *re-employment* system that addresses the needs of different groups for different kinds of transitional services (in-placement, retention assistance, re-employment assistance and career advancement).

This report has stressed the clear and pressing need to update job placement techniques and goals, and to identify new job access strategies to adapt to changes in the labor market and in government support. The programs reviewed for this report are examples of efforts to capitalize on and respond to these new realities.

The key common ingredients of the approaches highlighted here are:

- ◆ Running a socially responsible business with a dual bottom line driven by the needs of both job seekers and business customers.
- ◆ Pursuing employment brokering as a job access strategy connecting disadvantaged job seekers to firms.

- ◆ Updating job development and placement models by packaging short-term work preparation with placement services followed by longer-term post-placement support.
- ◆ Expanding the menu of employment pathways into the labor market, allowing for flexibility in the sequencing of employment experiences and for a high degree of customization of an individual’s employment program.

5. Identifying and communicating “best practices” should help raise public and private standards for placement services.

The changes in public assistance policies and federal workforce development activities make now a good time to understand which employment brokering efforts and placement avenues can help disadvantaged workers gain access to the labor market.

The key questions being tackled by local organizations include:

- ◆ What processes are most effective in helping people enter the labor market for the first time and then transition from job to job or back into employment?
- ◆ How can those processes be improved?
- ◆ How can they be speeded up to minimize the cost of downtime to workers while imparting the skills needed to build people’s ability to get jobs.
- ◆ How can they be administered cost effectively given limited government funding?

To the extent that successful models can be identified and sharpened, there is likely to be great interest at the State level as demand for these services grows. Hence, now is the time to identify and highlight best practices and principles of fair conduct in order to raise standards and set goals. This would help guard against the possibility of firms acting as unscrupulous head-hunters for desperate

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low-wage job seekers who have been removed from public assistance or are at risk of losing their public housing support.

7. Information networks should be established among nonprofit employment brokers.

The nonprofit community-based organizations reviewed in this report potentially have a great deal to learn from one another. They currently function in relative isolation. Information sharing among them could help spread knowledge about successful employment support programs and job brokering efforts for disadvantaged populations.

8. Systemic reform issues cannot be ignored.

Profound structural forces are at work that have the effect of crowding large numbers of youth, females and minorities into low-wage, unstable, light industrial, clerical, sales and other service occupations. By their very nature, these jobs confine workers to the ranks of the working poor. If the ultimate goal of these and other community-based organizations is to link disadvantaged job seekers with employment pathways that lead to stable, family-supporting jobs, then it is clearly not enough to focus just on improving employment brokering.

Nonprofit employment placement programs need to consider how they can improve job quality and work together to change industry norms about specific jobs. Incentives must also be given to employers to restructure entry-level jobs so that they lead to better wages, job ladders and careers. And, finally, policymakers need to give attention to demand-side policies that could affect wages, benefits and job creation in low-wage labor markets. These efforts will be critical to improving employment opportunities for disadvantaged job seekers and improving their economic well-being.

Policy Implications

While definitive evidence on the long-term results of these approaches is not yet available, the pressures of the current economic and public policy environment—along with evidence of the comparative advantage of these efforts and their high rate of growth over the past few years—suggest that these approaches should be supported and strengthened. Furthermore, they should be carefully investigated for possible replication in other locales.

We urge local governments and community groups to take the lead in this process, and suggest that both private funders and government officials provide financial and policy support for the creation and expansion of job brokering and post-placement support programs.

The possible elements of this support include:

- ◆ **Development of a peer learning network** that brings together more advanced groups with somewhat less sophisticated groups to facilitate peer communication and speed up the process of learning, experimentation, replication and expansion.
- ◆ **Information sharing and exchange** through the development of useful materials and an ongoing exchange of information so that organizations can learn from each other’s practices and experience.
- ◆ **Training and technical assistance** geared to build local capacity and ensure that new programs benefit from the lessons learned from experience elsewhere. Such assistance could include ongoing advice and consulting in specific areas such as managing growth, expanding employment services to new target populations, developing marketing strategies and designing retention support.

“These approaches should be supported and strengthened as well as carefully investigated for possible replication in other locales. We urge local governments and community groups to take the lead.”

◆ **Local planning funds** to enable community groups, other nonprofits and local governments to develop plans for creating employment brokering programs. Support should also be provided to those projects which experiment with innovative partnerships and cost-sharing agreements between community-based employment and training providers, employers, for-profit temporary help firms and government agencies.

◆ **Seed money for start-ups and operating support for ongoing programs**, especially those that build upon existing economic development programs and hiring agreements initiated by community groups, other nonprofits and public officials.

◆ **Research and evaluation** to document the programs, assess outcomes and propose policy approaches that might improve the ability of these programs to serve disadvantaged job seekers more effectively and efficiently.

Contacts

Dennise Kowalczyk

Service Coordinator
Goodwill Temporary Services
1943 South East 6th Avenue
Portland, OR 97214
Phone: 503-238-6100
Fax: 503-231-8264

David Hamilton

President
Columbus Works
36 West Gay Street, 3rd Floor
Columbus, OH 43215
Phone: 614-224-8009
Fax: 614-224-1552

Mara Manus

Executive Director

Dave McDonough

Associate Director
Chrysalis
1837 Lincoln Blvd.
Santa Monica, CA 90404
Phone: 310-392-4117
Fax: 310-314-2087

John Plunkett

President
Suburban Job-Link Corporation
2343 South Kedzie Avenue
Chicago, IL 60623
Phone: 630-595-0010
Fax: 630-595-0081

Sig Tomkalski

Executive Director
Milwaukee Careers Cooperative
2040 West Wisconsin Avenue
Bockl Building, Suite 10
Milwaukee, WI 53233
Phone: 414-937-8260
Fax: 414-937-8266

Michael Wynne

Director of Employment & Training Programs

Shannon Carpentier Johnson

New U Temps Manager
New Unity, Inc.
2507 Fremont Avenue North
Minneapolis, MN 55411
Phone: 612-529-9267
Fax: 612-529-4743

Project Staff**Dorie Seavey, Ph.D.**, Principal Investigator

93 Stanton Ave.
Auburndale, MA 02166
Phone: 617-641-4128

Andrew H. Mott, Project Director

Deputy Executive Director
Center for Community Change
1000 Wisconsin Avenue, NW
Washington, DC 20007
Phone: 202-342-0519
Fax: 202-342-1132

Frieda Molina, Project Manager

(formerly with Center for Community Change)
Manpower Development and Research Corp.
88 Kearny Street, Suite 1800
San Francisco, CA 94108
Phone: 415-781-3800
Fax: 415-781-3820

Richard Kazis, Project Advisor

Vice President for Policy and Research
Jobs for the Future
One Bowdoin Square
Boston, MA 02114
Phone: 617-742-5995
Fax: 617-742-5767