

Submission to Senate Education and Employment References Committee

INQUIRY INTO THE APPROPRIATENESS AND EFFECTIVENESS OF
THE OBJECTIVES, DESIGN, IMPLEMENTATION AND EVALUATION
OF JOBACTIVE

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Mr Stephen Palethorpe
Secretary
The Senate Standing Committee on Education and Employment

Dear Mr Palethorpe,

Inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive

Thank you for the opportunity to make a submission to the inquiry into the appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive. I currently hold the position of Lecturer within the School of Management, QUT Business School. Prior to an academic career, I was employed within the employment services sector, across both disability employment services and, at the time, Job Network, now known as jobactive. This experience was inspiration for my current research focus, specifically exploring the transitions to employment for vulnerable job seekers, including young people and people with disability, not only from an individual perspective, but also at the intersection of organisational and government responses to the challenges faced by these cohorts.

In addressing the terms of reference of this Inquiry, the submission focuses on my relevant area of research expertise, being long-term unemployed youth, young people at risk of long-term unemployment, and jobactive employment consultants. Specifically, the following four terms of reference of the inquiry will be addressed.

- The ability of jobactive to provide long-term solutions to joblessness, and to achieve social, economic and cultural outcomes that meet the needs and aspirations of unemployed workers;
- The fairness of mutual obligation requirements, the jobactive Job Plan negotiation process and expenditure of the Employment Fund;
- The adequacy and appropriateness of activities undertaken within the Annual Activity Requirement phase, including Work for the Dole, training, studying and volunteering programs, and their effect on employment outcomes;
- The funding of jobactive, including the adequacy of the 'outcome driven' funding model, and the adequacy of this funding model to address barriers to employment.

In support of the claims made in this submission, I refer to the relevant published Australian and select international evidence that is available, in conjunction with unpublished (to date) evidence I have gathered through my research. The submission concludes with a summary of recommendations for the Education and Employment References Committee.

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The appropriateness and effectiveness of the objectives, design, implementation and evaluation of jobactive

Introduction

Employment services in Australia have undergone significant changes since being outsourced in 1998. However, the current program, jobactive, retains many original features, including the competitive tendering process, performance indicators based on employment outcomes, and funding payments contingent on service provision and outcomes achieved¹. Evaluation of previous programs, for example Job Network, have revealed some employment service providers, particularly not-for-profit and charity organisations, have experienced difficulties in providing holistic and individualised services whilst competing against for-profit counterparts for market share². The trend of for-profit organisations entering the employment services market and gaining market share has continued. Yet research exploring the efficacy of jobactive in its current form is scarce.

This submission focuses on the appropriateness and effectiveness of jobactive in assisting young job seekers, aged 15-24 years, to find and retain employment. The youth unemployment rate in Australia continues to be significantly higher than the national average rate³, and there is ongoing concern about young people who are unable to find and sustain employment, as they are at high risk for long-term social and economic exclusion. Indeed, poor labour market outcomes early on not only affect an individual's future employability but also have persistent negative effects on lifetime earnings⁴. Hence the statistics suggest that an evaluation of jobactive services, and other programs specifically funded for young job seekers, is required.

The following submission addresses four terms of reference of the inquiry, focussing on young job seekers who are long-term unemployed, or at risk of experiencing long term unemployment.

The ability of jobactive to provide long-term solutions to joblessness – focussing on young job seekers and youth at risk of long-term unemployment

In considering the effectiveness of the jobactive program to provide long-term solutions for youth unemployment, it is first necessary to understand the common barriers to sustainable employment experienced by young job seekers. In a recent study⁵, colleagues and I examined 50 cases of young job seekers registered with a jobactive provider to reveal common characteristics of those who remained unemployed throughout their registration with the provider and those who maintained

¹ Jobs Australia (2016). *Productivity Commission Inquiry into Human Services – Identifying Sectors for Reform*. Retrieved from https://www.pc.gov.au/__data/assets/pdf_file/0019/205129/sub268-human-services-identifying-reform.pdf

² Gallet, W. (2016). Marketized employment services: the impact on Christian-based service providers and their clients. *International Journal of Public Sector Management*, 29(5), 426-440.

³ Australian Bureau of Statistics (2018). *Labour Force, Australia, Detailed-Electronic Delivery, 6291.0.55.001, 2018*. ABS: Canberra. Retrieved from <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.001Aug%202018?OpenDocument>

⁴ Reserve Bank of Australia (2018). Labour market outcomes for younger people. *Bulletin, June*. Retrieved from <https://www.rba.gov.au/publications/bulletin/2018/jun/pdf/labour-market-outcomes-for-younger-people.pdf>

⁵ Moore, K., Grant-Smith, D. & McDonald, P. (2016) *Addressing the Employability of Australian Youth*. Queensland University of Technology. <https://eprints.qut.edu.au/101728/>

their first job placement. The analysis revealed that the characteristics of those who were most likely to maintain a job compared to those young job seekers who did not secure employment during their registration were similar but sat on opposite ends of the continuum. For example, those who were likely to maintain employment had previous work experience, had completed education at a higher secondary level, had access to their own transport, lived in stable accommodation, had fewer personal factors such as mental health issues and drug and alcohol dependency, and were more engaged with the job active provider during the job search process. Whereas those who did not find employment during their registration did not possess these characteristics and also demonstrated a lack of commitment to the job search process by becoming uncontactable during their registration period. The job seekers' employment trajectories into either subsequent employment or longer-term unemployment were determined by characteristics such as the multiplicity of other personal factors, the stability of their accommodation, the demonstration of acceptable workplace behaviours, and the ability to articulate and work toward suitable employment goals. Similar findings have been echoed in other studies^{6,7,8}. These barriers can be addressed through interventions, either provided by the employment service providers, or other community organisations following appropriate referrals.

From my professional experience as an employment consultant, and from interview data collected from employment consultants⁹, the activities typically performed by staff within jobactive include:

- Conducting initial meetings with job seekers and subsequent weekly, fortnightly or monthly meetings as defined in the job seeker's plan
- Checking job applications of job seekers
- Collecting evidence to lodge financial claims
- Updating the government record system
- Liaising with other key stakeholders, including Centrelink, employers, training providers, Work for the Dole organisations.
- Other administrative and professional development activities designated by their organisation.

Yet the research conducted with young job seekers and employment consultants from one jobactive provider¹⁰ revealed other activities that would benefit long-term unemployment people including young job seekers at risk of becoming long term unemployed. These include:

- Engaging Job Seekers: Activities focused on creating positive experiences for job seekers during their jobactive provider meetings to increase motivation to work and to assess and address personal issues affecting job retention.

⁶ Cortis, N., Bullen, J., & Hamilton, M. (2013). Sustaining transitions from welfare to work: the perceptions of employers and employment service providers. *The Australian Journal of Social Issues*, 48(3), 363-384.

⁷ Harris, L. M., Matthews, L. R., Penrose-Wall, J., Alam, A., & Jaworski, A. (2014). Perspectives on barriers to employment for job seekers with mental illness and additional substance-use problems. *Health & Social Care in the Community*, 22(1), 67-77.

⁸ Perkins, D. (2008). Improving employment participation for welfare recipients facing personal barriers. *Social Policy and Society*, 7(1), 13-26.

⁹ Moore, K., Grant-Smith, D. & McDonald, P. (2016). *Addressing the Employability of Australian Youth*. Queensland University of Technology. <https://eprints.qut.edu.au/101728/>

¹⁰ Moore, K., Grant-Smith, D. & McDonald, P. (2016). *Addressing the Employability of Australian Youth*. Queensland University of Technology. <https://eprints.qut.edu.au/101728/>

- **Creating Linkages with Local Employers:** Building relationships with employers to expose young job seekers to workplaces, create job opportunities, and to enable on-going support to occur in the workplace to increase the likelihood of job retention.
- **Mentoring:** Creating opportunities for job seeker who do not have a positive role model in their lives to be mentored through the job search and job placement phases to increase the likelihood of job retention.
- More attention to assessment, meeting the individual needs of job seekers, and post-placement support activities, may provide a more supportive service infrastructure to increase the likelihood of job retention and long-term employability for young job seekers.
- Identifying work-related characteristics that the job seeker will find intrinsically motivating and guiding the job seeker toward employment options that have these characteristics, will set the job seeker on a pathway to a job that they will more likely retain (Salmela-Aro, Mutanen, & Vuori, 2012).

The research¹¹ highlighted frustrations from employment consultants working with young jobseekers regarding their inability to provide the required services listed above. In general, the employment consultants were managing very large caseloads, typically in excess of 150 job seekers, which manifested in short interviews with job seekers allowing insufficient time for addressing barriers and identifying needs, high volumes of administration and data entry, and high levels of stress and uncertainty about achieving their performance outcomes. In addition to the perceived lack of funding available from the jobactive contractual arrangements, an additional source of frustration emerged: inappropriate assessments from Centrelink. The inadequacy of pre-assessment of structural and personal barriers conducted by Centrelink was reported to have a flow on impact on the service provision and short-term employment outcomes for young job seekers because this assessment prescribes the level and structure of service delivery by the jobactive provider. Hence the common outcome is that job seekers are placed into employment that is unsuitable due to their pre-existing barriers and they are in a sense being set up to fail, or at the other end of the spectrum, they are not engaging with the system due to their barriers, and hence will never actually receive the assistance they require to become job ready.

Recommendation 1: Improvement in the timely communication of the outcomes of the assessment process for young job seekers to jobactive providers.

Recommendation 2: Service providers to prioritise holistic and individualised interventions as solutions to reduce the risk of long-term unemployment for young job seekers.

¹¹ Moore, K., Grant-Smith, D. & McDonald, P. (2016). *Addressing the Employability of Australian Youth*. Queensland University of Technology. <https://eprints.qut.edu.au/101728/>

The funding of jobactive, including the adequacy of the 'outcome driven' funding model, and the adequacy of this funding model to address barriers to employment – focussing on young job seekers.

The response to this term of reference is closely aligned to the previous term of reference, insofar as the funding model to address barriers to employment for young people appears to be inadequate as employment consultants are unable to facilitate the interventions required to assist young job seekers with multiple barriers to employment. Yet any commentary on the adequacy of the current jobactive funding model is outside of my current research area. I would like to draw attention, however, to the likely risks of an inadequate funding model on the well-being of jobactive staff. Although the psychological well-being of long-term unemployed people has been extensively researched, those who work with this cohort, and in particular, employment consultants who work with long-term unemployed youth, has been less researched. Previous studies¹² have revealed that employment consultants experience high levels of stress due to factors within their working environment. Yet these studies were conducted against the backdrop of the introduction of the Job Network contractual arrangements, and not the current jobactive requirements. Hence current levels of psychological well-being of jobactive employment consultants is not publicly available. However, high levels of stress and burnout within the helping professions are linked to high levels of emotional exhaustion, excessive workloads, and demands with dealing with difficult clients^{13,14}. The impact of stress and burnout of employment consultants is a concern for jobactive providers as these conditions are significant predictors of voluntary turnover and staff well-being.

Recommendation 3: Additional funding allocated in the jobactive contract for employment consultant/jobactive staff training and professional supervision.

The fairness of mutual obligation requirements, the jobactive Job Plan negotiation process and expenditure of the Employment Fund, for young job seekers.

Across many countries, the concept of *mutual obligation* underpins the eligibility criteria of unemployed individuals to receive social security payments whilst looking for work. The idea of *giving something back* was the driving force behind the social security reform in Australia in 1998^{15,16}. Twenty years on, the question of fairness around the social policies constructed on this model remains debatable. Perhaps it is due to the mutual obligation activities being based on the job search activities, and the punitive measures for non-compliance to such activities have been put into place, despite the lack of job opportunities available. This is particularly pertinent for young people who lack qualifications and work experience. Yet there is limited research that has

¹² Goddard, R., Patton, W., & Creed, P. (2000). Case manager burnout in the Australian Job Network. *Journal of Applied Health Behaviour*, 2(2), 1-6.

¹³ Dollard, M. F., Winefield, H. R., & Winefield, A. H. (2001). *Occupational strain and efficacy in human service workers: When the rescuer becomes the victim*. Dordrecht; London: Kluwer Academic.

¹⁴ Dollard, M. F., Winefield, H. R., Winefield, A. H. & de Jonge, J. (2000). Psychosocial job strain in human service workers: A test of the demand-control-support model. *Journal of Occupational and Organizational Psychology*, 73(4), pp. 501–510.

¹⁵ Saunders, P. (2002). Mutual obligation, participation and popularity: social security reform in Australia. *Journal of Social Policy*, 31(1), 21-38.

¹⁶ Parker, S. & Fopp, R. (2010). The mutual obligation policy in Australia: the rhetoric and reasoning of recent social security policy. *Contemporary Politics*, 10(3-4), 257-269.,

investigated the availability of suitable jobs for young Australians with limited or no work experience, education, or qualifications.

Recently I conducted a study¹⁷ exploring the actual number of advertised jobs that would be deemed suitable employment opportunity for an inexperienced and unqualified young person as advertised jobs on the job search platform SEEK.COM.AU across all Australian regions during the month of March 2017. A total of approximately 160,000 advertisements were reviewed. The suitable jobs for young job seekers were identified through the key search words of no experience necessary, entry-level, and junior. Only 1,291 jobs (approximately 1% of the total job advertised in the period) met the criteria. A major finding revealed from the study was that employer inflated expectations for prior experience, qualifications, and developed hard and soft skills for entry level jobs, further marginalise youth who do not possess these attributes thus contributing to the ongoing concern of youth unemployment.

Based on these findings, the requirement to search for at least 20 jobs per fortnight appears to be an unfair goal for many unqualified and inexperienced young job seekers, particularly those who are no longer classified as junior workers. Other factors that are faced by many young people that may not be considered within the current mutual obligation requirements include: the impact of 'gig' work; the informal economy; underemployment; and the unrealistic expectations of employers. Furthermore, ALMPs, underpinned by the concept of mutual obligation¹⁸, have also constrained young people's abilities to focus on gaining desired employment, in favour of pursuing *any* employment opportunities. The social and economic value of employment is not disputed¹⁹, yet the strict compliance regimes of the current ALMPs in Australia, have devalued of the career identification component of employability for young people, further contributing to the marginalisation of some young people receiving welfare benefits.

The following recommendations should be recognised and considered during the jobactive Job Plan negotiation process and reflected in the Job Plan for mutual obligation purposes:

Recommendation 4: Recognition of the differences the demand for inexperienced young people in local labour markets to be reflected in the jobactive Job Plan negotiation process.

Recommendation 5: Recognition of the different types of work engagements that are available and attractive to young job seekers, particularly when standard work arrangements are not available.

¹⁷ Moore, K. (2017). *Seek and you may not find: The marginalisation of inexperienced young job seekers through job advertisements*. National Employment Solutions Conference 2017 (Gold Coast, Australia)

¹⁸ Moss, J. (2006). 'Mutual Obligation' and 'New Deal': Illegitimate and Unjustified? *Ethical Theory and Moral Practice*, 9(1), 87-104

¹⁹ Savelsberg, H. & Martin-Giles, B. (2008). Young people on the margins: Australian studies of social exclusion. *Journal of Youth Studies*, 11(1), 17-31.

The adequacy and appropriateness of activities undertaken within the Annual Activity Requirement phase – focus on young job seekers

Typical activities undertaken to meet mutual obligation requirements include Work for the Dole (WfD), training, volunteering, and more recently, the youth PaTH program. Obviously vocational training is a priority for young job seekers, particularly those who have incomplete secondary education. Australian studies examining the relationship between WfD²⁰ and employment outcomes are dated²¹ yet have shown positive, albeit small, associations²². More recently, an independent evaluation of the revised WfD program²³ found that participation in the program resulted in only 1.9 percentage point increase in job seekers' likelihood of finding employment, but a match between job seeker and host organisation activity was more likely to enhance the participant's skills and abilities. One other study suggested that participation in WfD may stop job seekers looking for work²⁴. More recent criticism has emerged from the Australian social services sector²⁵ suggesting that WfD does not create sustainable employment. Regarding young job seekers, future research drawing on longitudinal methodology, may shed more light on the longer-term employment outcomes of young participants of WfD.

More recently, though, the Youth PaTH program²⁶ was introduced to provide young job seekers the opportunity to learn employability skills, and demonstrate these within an organisational environment, through a subsidised internship. Little research exploring the adequacy and efficacy of this program has become available to date, however stories of success are appearing on many jobactive provider websites^{27,28}. What is not clear is the effectiveness of the wage subsidy component paid to the host employer. Research suggests that the net job creation due to a wage subsidy program is less than the estimated increase in employment outcomes for participants compared to non-participants, and that any positive effect on net job creation will end when the subsidy finishes²⁹. To date however, the employment outcomes of the participants over a sustained period, which would be a measure of the adequacy and efficacy of the program, are unknown. It would also be interesting to know the characteristics of the young people who are being put

²⁰ Australian Government Department of Jobs and Small Business. (2018). *Work for the Dole*. Canberra. Department of Jobs and Small Business. Retrieved from <https://www.jobs.gov.au/work-dole>

²¹ Philip, T. & Mallan, K. (2015). *A new start?: Implications of work for the dole on mental health of unemployed young Australians*. Retrieved from https://eprints.qut.edu.au/82161/1/Philip%26Mallan_A-New-Start_Implications-of-Work-for-the-Dole.pdf

²² Nevile, A. & Nevile, J.W. (2003). *Work for the Dole: Obligation or opportunity*. Centre for Applied Economic Research University of NSW.

²³ Australian Government Department of Jobs and Small Business (2015). *Work for the Dole 2014-2015 Evaluation Report*. Retrieved from <https://www.jobs.gov.au/evaluation-work-dole-2014-15>.

²⁴ Borland, J. & Tseng, Y. (2011). Does 'Work for the Dole' work? An Australian perspective on work experience programmes, *Applied Economics*, 43(28), 4353-4368.

²⁵ St Vincent de Paul Society (2017). *Our view on work for the dole scheme in Fairfax media*. Retrieved from https://www.vinnies.org.au/page/News/National/National_News_Items_2017/Our_view_on_Work_for_the_dole_scheme_in_Fairfax_Media/

²⁶ Australian Government Department of Employment (2017). *Youth Jobs PaTH*. Retrieved from <https://www.employment.gov.au/youth-jobs-path>

²⁷ Specialised Training + Employment (2017). *Jakes Youth PaTH success story*. Retrieved from <https://www.specialisedemployment.com.au/success-stories/jakes-youth-path-success-story/>

²⁸ Workskil Australia (2018). *Success stories: Luke's story*. Retrieved from <http://www.workskil.com.au/about/success-stories/luke-s-story/>

²⁹ Borland, J. (2016). Wage subsidy programs: a primer. *Australian Journal of Labour Economics*, 19(3), 131-144.

forward and accepted for the internships, and whether priority is afforded to those young people who are at greater risk of longer-term unemployment.

Recommendation 6: Monitoring/tracking of long-term employment outcomes of young people undertaking the required activities.

Recommendation 7: Prioritising of young people at risk of long-term unemployment for required activities found to be the most effective for employment outcomes – funding could also be attached to activity registrations and completions for ‘at risk’ young job seekers.

Summary

A significant implication for social policies that address youth unemployment is that employment programs should acknowledge relevant statistics on social issues such as unstable housing, transport problems and the mental health of young job seekers. Policy responses need to be more flexible, for example, around mutual obligation requirements designed to encourage unemployed young people to seek assistance to manage their personal circumstances in conjunction with tailored job search support to ensure a match between the job seeker and working environment. Yet these initiatives remain supply-side focussed and may not address the demand-side pressures that young people face during the job search process. The demand-side factors of employer expectations of previous work experience held by young people in low-skilled and highly competitive labour markets, and active labour market policies underpinned by mutual obligation and *work-first* philosophies can impact on young people’s job search experiences and future sustainable employability. Addressing the four terms of reference, the following recommendations have been suggested.

Recommendation 1: Improvement in the timely communication of the outcomes of the assessment process for young job seekers to jobactive providers.

Recommendation 2: Service providers to prioritise holistic and individualised interventions as solutions to reduce the risk of long-term unemployment for young job seekers.

Recommendation 3: Additional funding allocated in the jobactive contract for employment consultant/jobactive staff training and professional supervision.

Recommendation 4: Recognition of the differences the demand for inexperienced young people in local labour markets to be reflected in the jobactive Job Plan negotiation process.

Recommendation 5: Recognition of the different types of work engagements that are available and attractive to young job seekers, particularly when standard work arrangements are not available.

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