

Contractualism, Employment Services and Mature-Age Job Seekers: The Tyranny of Tangible Outcomes

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ABSTRACT

Mature age unemployment has only recently started to attract the same degree of attention from researchers and policy makers as youth unemployment. This development is fuelled by the government's increasing recognition that, for a variety of reasons, it is advantageous to keep older people in the workforce. Rates of mature-age unemployment are increasing. One driver is the frequent mismatch between the skills of older workers and the demands of the contemporary labour market. A second driver is the mismatch between the priorities and mode of operation of current labour market programs and the specific needs of older jobseekers. We argue that older unemployed people have quite specific job search and job training needs compared with other groups. We draw on empirical research on the job placement system in South Australia to show that agency capacity to address the specific needs of mature workers is constrained under the current policy regime. Without significant changes to the way employment services are managed — change away from a rigid focus on tangible outcomes — mature-age jobseekers will continue to be disadvantaged in finding employment.

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Through their hard work, self-sacrifice and savings, they [older workers] will maintain national productivity, prevent skilled labour shortages, overcome the need for immigration, help support their retired peers, ease the burden on young taxpayers and cut the demand for health services and aged care... Mature age workers are now top of the pops in cabinet discussions' (Shanahan 2002a, p. 28).

Introduction

Federal Immigration Minister Phillip Ruddock, Treasurer Peter Costello, and Minister for Ageing Kevin Andrews have all recently declared that encouraging older workers to enter and remain in the workforce is vitally important for Australia's future. Yet older workers are 'still being laid off first and hired last', and have 'discovered the contradiction between government rhetoric and reality' (Shanahan, 2002a, p. 28). Focusing on employment policies and older workers, we explore the contradiction between government rhetoric and reality that Shanahan highlights.

Government rhetoric emphasises the need for older people to be in work. However, poor employment outcomes for this group will not be resolved without significant shifts in employment policies. Currently there are more barriers to older workers getting and keeping jobs than there are supports. Although our primary focus here, mismatch between the needs of mature aged unemployed people and current labour market policies, and dominant negative stereotypes of older people are not the only barriers that older workers and jobseekers confront. Poorly designed income support policies, unworkable self-funded retirement strategies, and problems with employers' access to workers' compensation, sickness, and accident cover for older employees are additional structural constraints on equitable access of older people to employment (Australian Institute of Superannuation Trustees 2002; Carson & Kerr 2001; Commonwealth Dept of Health and Ageing 2002).

According to Shanahan:

Employers and unions are being enlisted by the Federal Government to fight age discrimination as part of a broader strategy to keep people working longer ... After the cabinet meeting looking at longer term strategies [for keeping older workers at work], John Howard said the rate at which older workers are leaving the workforce was a major concern that would have to be addressed (Shanahan 2002b, p. 6).

However, older workers are, in the main not 'choosing' to leave work, as Mr Howard's statement implies. Rather, we argue that their 'choices' are circumscribed by structural barriers in the labour market, entrenched attitudinal barriers based on stereotypes of older workers, and inappropriate labour market programs. We maintain that current labour market programs are inappropriate because they do not

meet the complex needs of older jobseekers. We begin by justifying our claims that older jobseekers do indeed have highly specific and complex job search and job training needs. In the second part of the paper, we criticise how the Job Network and complementary State-level programs have been operationalised and implemented. We focus on the problems that arise when employment services are delivered at ‘arm’s length’ via intermediate agencies.

In referring to ‘mature age jobseekers’, we acknowledge the danger of implying homogeneity when making generalisations about cohorts. We recognise the need to emphasise diversity and different experiences (for example differences of ethnicity, gender, and class). However, we argue that mature age workers are likely to share early experiences and expectations — of marriage, home ownership, and full-time, life-time work for the (male) breadwinner, for example — and that this is important for understanding their approach to and experience in the contemporary labour market. As the labour market has become increasingly precarious and policy direction has changed, these expectations have been seriously undermined for many (Kaplan 1996; Langmore & Quiggin 1994).

Mature Aged Job Seekers in the Labour Market

It is well documented that over the last 25 years Australia has experienced high levels of unemployment (Australian Bureau of Statistics (ABS) 2002; Kerr & Savelsberg 1999; Australian Council of Social Service 1996; Gregory & Hunter 1995; Rivkin 1995). At least as important, however, is the steady growth of casual, temporary, and part-time employment in Australia, which has been dramatic by world standards (Campbell & Burgess 2001a; Campbell & Burgess 2001b; Wooden 2001). The trend toward these precarious forms of employment has particular significance for framing policy responses to the needs of mature age people, given this group’s employment profile (NSW Committee on Ageing 2002; Equal Opportunity Commission (EOC) of Victoria, SA & WA 2001).

Insecure employment and unemployment is prevalent among people aged over 45 years, many of whom become discouraged and give up attempting to find work after they become unemployed. Indeed, the Council on the Ageing has noted that the extent of mature age unemployment is masked by large numbers leaving the labour force either in the guise of early retirement, often due to workers’ perception that they have poor labour market prospects, or their expectation that they will encounter age-based discrimination (Council on the Ageing 2000).

Policy attention in recent years in Australia has focussed on youth unemployment — and young people are indeed vulnerable in the labour market — but the more critical development, particularly since the 1990s, has been the disappearance of jobs for workers over 45 years old (and especially for men over 50) as many of their skills

have become redundant. The employment rate for 45–65 year olds has fallen from nearly 100 per cent during the 1950s until the early 1970s, to almost 50 per cent today (ABS 2000). Widespread redundancies did have a serious impact on employment patterns in Australia in the 1980s and 1990s but, typically, older workers were not actively targeted for job loss (Ranzijn, Carson & Winefield 2002). The problem is the lower rate of *re-employment* of mature aged workers compared to younger jobseekers, in the context of high job mobility: in Australia, the equivalent of the entire labour force changes jobs every four to five years (Productivity Commission 1998). People aged over 45 years have more difficulty than younger workers in finding new jobs due to a mismatch between the demands of the 21st century labour market and the new economy and their own out-dated and/or superseded skills (Carson & Kerr 2001; Council on the Ageing 2001).

Significantly, in 2000–2001, 21.2 per cent of all workers seeking employment were aged over 45 years. They represent 22 per cent of those seeking full-time work and 19 per cent of those seeking part-time work (ABS 2000). In addition to those who are unemployed, workers aged 45–54 represent 21.2 per cent of all persons employed on a casual basis (ABS 1999). Of people aged 45–54 who are still working, 18 per cent rely on income support in addition to their wage (Pech & Landt 2001). This reflects the growing proportion of people who combine employment and income support and signals a greater up-take of low paid part-time/casual work over the past two decades (Pech & Landt 2001; Department of Family and Community Services 2000). Of those in this age group who are employed, many report that they are under-employed, that is, working for fewer hours than desired. The duration of under-employment is significantly higher for jobseekers in this group, being an average of 80 weeks for males aged over 45, compared with twenty weeks for fifteen to nineteen year olds (ABS 2000). Overall, it is clear that mature age jobseekers are over-represented in the statistics on unemployment/precarious employment.

Perhaps more than ever, mature-age jobseekers need to remain in work for as long as possible to offset the threat of financial distress in later years. In 1992, the Federal Government established the expectation that as many people as possible would fund their own retirement via the *Superannuation Guarantee Charge* (SGC). However, a majority of mature age workers have not contributed to occupational superannuation for long enough to accrue a retirement income sufficient for basic needs (Australian Superannuation Funds Association 2002). For growing numbers of mature age unemployed people, this is becoming even more difficult to achieve because of increasing under-employment and associated low levels of superannuation contributions among this cohort (Carson & Kerr forthcoming). These people confront the possibility of living old age in poverty, with only a meagre (by OECD standards) pension on which to survive (Preston & Austen 2001; Travers 2002). Indeed, recent research found that the percentage of people aged 40–55 years living in poverty rose

markedly between 1990 and 2000, with 'early retirement [resulting] in over 50s making up an increasing share of the poor' (Harding, Lloyd & Greenwell 2001, p. 17).

Problems Confronting Mature Age Unemployed People

The precarious nature of the contemporary labour market, large scale lay offs, and difficulties in finding work when one's skills are out-dated or redundant, combine to generate particular problems for mature age jobseekers. These problems must be resolved if mature age workers are to be re-employed. Existing research demonstrates that the specific problems of older jobseekers include discrimination, lack of confidence/self-esteem and access to re-training.

Discrimination

Age discrimination is a significant problem for older workers in general, and for mature age unemployed people in particular. Age discrimination is well documented in the Human Rights and Equal Opportunity Commission report *Age Matters* (2000) and, according to Council on the Ageing (2000), this discrimination involves targeting of mature age workers in downsizing and retrenchments, and the systematic discrimination against older people seeking jobs. Existing research also highlights dominant social conceptions that older workers are inflexible and incapable of re-training (Bittman, Flick & Rice 2002; Mission Australia 2000). These attitudes influence both employers and workers themselves (Ranzijn, Carson & Winefield 2002; Bittman 2001; Cox 1993; Rowland 1991) and complement value judgments that see younger workers as more deserving of 'being given a chance' than older workers (O'Brien 1999). As the Council on the Ageing (2000) notes, employers prefer younger workers and can exercise that preference in the current weak labour market, while older jobseekers become discouraged when faced with the real, or perceived, threat of such discrimination. Older jobseekers, therefore, need advocacy to redress these misconceptions among employer groups and among the workers themselves.

Self-esteem

Unemployed people of all ages experience loss of confidence, feelings of hopelessness and despondency, and the associated problems of low self-esteem. But two Australian studies comparing young and older workers have found that job loss is more damaging in middle and later age than for the young (Winefield et al. 2002; Broomhall & Winefield 1990). There is consistent evidence that the older unemployed experience these feelings particularly keenly, partly as a result of fears that they will not be re-employed (Council on the Ageing 2000; Patrickson & Hartmann 1998; Probert & MacDonald 1996; Schofield 1996). Indeed, there are grounds for these fears. Many mature age people have previously been employed in sectors such as manufacturing that have either disappeared or have been severely diminished, so that prospects of re-employment in these sectors are slim (Bittman

2001; Encel 2000; MacNeill 1995; Langmore & Quiggin 1994). This has major implications for employment assistance strategies and, in particular, the need for labour market programs to include training in interpersonal skills/coping strategies.

Studies of mature age job losers have shown that 90 per cent of retrenched workers report a decline in mental health (Fryer & Winefield 1998; Warr & Jackson 1987). Moreover, many mature age unemployed have difficulty recognising that jobs they have held for many years no longer exist (Ranzijn, Carson & Winefield 2002; Kerr & Savelsberg 1998). This highlights the need for counselling and personal support services for unemployed older people as they adjust to their changed circumstances.

Training

Mature age people often find it difficult to accept that if they are re-employed, their jobs and working conditions are likely to differ from those they experienced in the past. They may need to work in a different industry and occupation, and will probably have only casual, part-time, or intermittent employment (Gregory & Hunter 1995). Re-training is imperative if older jobseekers with redundant skills are to have any chance of finding work. The Council on the Ageing (2000) raises two other problems with current training systems. First, prior knowledge and experience are neither recognised nor counted when assessing an older person's skills base. Second, many mature age people cite high costs as a barrier to their participation in training, as user-pays principles are systematically implemented in employment services (for example, for vocational training/higher education courses).

Disadvantaged unemployed people can often benefit from accepting casual work in their search for permanent work. However, they are still less likely than others to obtain permanent work, and so more likely to find themselves in and out of insecure employment (Chalmers & Kalb 2000). Eardley points out that 'Sustainability of employment for disadvantaged job seekers has become an important goal of policy in countries including the UK and US, in order to avoid the problem of recycling through employment programs' (2002, p. 5). There is clearly a need to provide both re-training and job search skills for mature aged jobseekers to maximise their chances of finding *secure* work.

Summary

When those over 45 attempt to seek re-employment, their needs are different from those in other groups who may have more up-to-date skills and whose youth makes them more appealing to employers. The needs of older workers are complex, with social, political, and economic dimensions. Accordingly, we argue for an integrated, articulated approach to labour market programs to maximise employment outcomes for this group. We advocate a model of individualised, tailored programs that recognise the different 'starting points' or levels of jobseeker disadvantage and that

respond flexibly to variation in individual circumstances. This approach would move the jobseeker along a pathway toward employment, recognising that some of the steps along the way will be incremental and not readily quantifiable.

We argue that recent changes in services for unemployed people do not cater sufficiently for differences, despite claims they do so. One problem is the perverse incentive structure of current funding arrangements, under which payment is contingent on tangible employment outcomes. Less tangible incremental steps and interim outcomes are not rewarded. This approach is at variance with the intensive and integrated approach to employment assistance, combining counselling, personal support, and employment services, that we argue is necessary to assist mature age unemployed people. Employment outcomes are certainly desirable, but we are not convinced that the current configuration of employment services best enables them.

Labour Market Programs and the New Public Management

Labour market programs in Australia have been remade according to the principles of the 'New Public Management' (NPM) in recent years. These principles, now spread worldwide, include various forms of public sector privatisation, decentralisation and individual-centred responses to public needs. Applying these principles, governments aim to improve efficiency and cost-effectiveness by reducing public sector involvement in direct provision of services (Hood 1995). New arrangements are underpinned by the concept of the funder/purchaser/provider split (Clark & Newman 1997; Osborne & Gaebler 1993). Increasingly released from responsibility for service delivery, government departments focus instead on ensuring and monitoring the accountability of organisations they fund to provide services (Kerr & Savelsberg 1999; Eardley 1998; Stuart & Thorsen 1997). The extent and impact of devolution and decentralisation under NPM varies between western countries (Considine 2001). Australia warrants particular consideration because in less than five years in the late 1990s, governments undertook the most dramatic and far reaching re-configuration of employment services in the western world.

Prior to 1996, the Department of Social Security (DSS) provided income support for unemployed people. Assistance with looking for work, via employment services and programs, was the responsibility of the Commonwealth Employment Service (CES), which also purchased places in some training programs offered by non-government agencies. This changed dramatically with the introduction of the Howard Coalition Government's 1996 *Reforming Employment Assistance* strategies. Centrelink took over income support functions previously delivered via the DSS, but more importantly the CES was disbanded. Assessment of the level of jobseeker disadvantage shifted to Centrelink and, in the most dramatic aspect of the reorganisation, employment assistance was contracted out to non-government agencies that constituted the new Job Network.

Job Network providers from the (for-profit) private and (non-profit) community sectors compete for contracts, and successful tenderers are allocated responsibility for assisting a specified number of clients to find work. Agencies are paid for each jobseeker they place in a job, and are expected to manage each jobseeker as an individualised ‘case’. They are not paid for placing job seekers in counselling or training programs to increase their job readiness and employability, as they were prior to the creation of the Job Network. Program design assumes that agencies will spend funds on training job seekers to increase their competitiveness in the labour market but agencies are not obliged to do so. Accordingly, there is an incentive for agencies to find jobs for clients *without* investing in training programs. Government payment to agencies is the same regardless of agency expenditure on achieving an employment outcome, and agencies can increase profits by not spending on training and other services.

In other words, Job Network providers sign contracts with the government to provide tightly specified employment outcomes. This model replaces program-based funding with a competitive model of outcomes-based funding. Under this model, public sector provision of employment services has declined, as case management of unemployed people has shifted to private and community sector providers. Because these Job Network providers have little incentive to spend on measures that contribute to a person’s job ready status, clients in need of the most help are often passed over in favour of those more easily placed in work (Australian Council of Social Service 2002). This contrasts with the integrated range of services — for example a combination of counselling, job search skills development and job training — more readily available under the pre-Job Network model (Kerr & Savelsberg 2001).

Competitive tendering and contractualism *per se* may have much to recommend them, as their proponents maintain, including enhanced accountability, transparency, and competitive advantage (see, for example, Glennerster 1997; Niskanen 1971). These proponents argue that the public sector can produce better quality services despite diminishing resources if it adopts strategies commonly associated with the private sector, such as meaningful performance indicators, measurement of performance, a review process for outputs, and a focus on effectiveness and efficiency. Conversely, critics argue that this ‘managerialist’ approach is inconsistent with equity expectations and incompatible with many areas of social policy (Carson & Wadham 2001; Davies 1997).¹

Our argument is with the way contractualism has been operationalised in employment services. Contractualism incurs the risk of fragmentation, and a government or an organisation that embraces the quasi-market model may, as Martin (1995, cited by Considine & Painter 1997) maintains, lose its capacity to learn and to

¹ For more general debates about and critiques of the New Public Management, see Yeatman (2001), Carney and Ramia (2001), Stretton and Orchard (1994).

adapt, and above all, to see problems and issues that do not fit into the boxes into which it has divided itself, or into the contracts it has drawn up. We suggest that there is a considerable disjunction between how employment assistance policy is stated and how it is put into practice. The *implementation* of organisational reforms and program design (as outlined in policy) has led to perverse incentives for agencies contracted to deliver tightly specified services (for a summary see Nevile 2000). In particular, we assert that the implementation of contractual principles does not meet the needs of specific disadvantaged groups such as the older unemployed, notwithstanding the shift to individually tailored packages of assistance under a ‘case management’ model in recent years.

Mature-Age Jobseekers, Case Management, and Service Delivery

Jobseekers deemed by Centrelink to be disadvantaged are entitled to Intensive Assistance from Job Network providers via individual case management. Policy rhetoric claims that the individual case management strategy at the heart of Job Network agencies’ delivery of employment services is particularly responsive to needs of individual job seekers. Of interest here is the different ways ‘case management’ may be conceived. We argue under current contractual arrangements, the Job Network does not satisfactorily implement case management principles. We argued above that there is a perverse incentive in funding models that reduce the likelihood agencies will spend funds to increase the employability of some jobseekers who would benefit from assistance such as counselling and training.

The deficiencies in service delivery to mature aged jobseekers we have identified are legitimated partly by the way program rules classify ‘disadvantaged’ jobseekers. The Department of Employment and Workplace Relations (DEWR) (2002, pp. 51–52) diagnosed an age-related dimension of disadvantage in employment, stating that older jobseekers exhibit consistently lower outcomes than other groups across all services. However, the only groups officially recognised as experiencing distinctive barriers to employment — and so the only groups eligible for specialist Job Network employment services — are Indigenous people, people from non-English speaking backgrounds, and people with disabilities (Productivity Commission 2002). These categories do not generally include mature age unemployed people, despite the acknowledged disadvantage of this group.

Even if mature age people *were* eligible for Intensive Assistance, its usefulness is questionable. Since its inception, Intensive Assistance has been much criticised. Early critics were concerned that following the abolition of dedicated programs for particular target groups, the introduction of outcome-based payment to agencies would not translate into agencies spending comparable funds on training or personal development to increase the skills and competitiveness of disadvantaged job seekers. Subsequent evidence shows that many agencies have ‘parked’ difficult-to-place cases

eligible for Intensive Assistance, that is, have accepted the upfront fee for registering disadvantaged jobseekers, but then not spent resources on increasing their employability (Australian Council of Social Service 2000; Department of Education, Workplace Relations and Small Business (DEWRSB) 2000).

Further, the Australian Council of Social Service (2000) has argued that Intensive Assistance has not worked well for disadvantaged job seekers because less than half of the long-term unemployed obtain it. There are also reports of clients seeing their Intensive Assistance counsellor only once in twelve months (Finn 2001; Organisation for Economic Co-operation and Development 2001). Difficulties are summarised by Eardley:

the Productivity Commission also confirms what other research ... has suggested, which is that weaknesses in the funding structure have led to widespread 'parking' of harder-to-place job seekers, many of whom receive little help while in the intensive phase of assistance. ... the equally pressing question [is] how to help the already more than 60 per cent who receive such assistance without getting an outcome, as well as those coming round for a second time (Eardley 2002, p. 5).

In response to these identified problems, the Productivity Commission (2002, p. 36) advocates greater specialisation of Job Network agencies for disadvantaged jobseekers, but notes that jobseekers who currently fall into specialisation categories often do not get access to assistance anyway, because either there is no specialist agency near them or they are unaware of its existence. In advocating greater specialisation, though, the Productivity Commission runs counter to what Eardley claims are the Government's plans for the next round of Job Network tenders, which will 'emphasise stabilising and consolidating the market around a core group of high-performing agencies' (Eardley 2002, p. 5). It seems, then, that the opportunity to access specialist assistance is likely to be reduced rather than expanded, and is not set to benefit older jobseekers.

Other specialised forms of assistance, such as the Personal Support Program (PSP) and training credits (recently implemented as part of the Federal Government's *Australians Working Together* initiatives), have also been criticised. According to the Council on the Ageing (2001), the PSP is narrowly targeted to people with high level needs and unstable lives (such as alcohol/drug dependence, homelessness) — and mature age unemployed people rarely fall into these categories. The Productivity Commission (2002, p. 34) notes that while Indigenous and mature age people (as disadvantaged jobseekers) are entitled to \$800 in training credits, agencies can only access these funds if training can be shown to lead to likely employment in the local area. In any case, funding is limited, so only one in four eligible for the scheme actually get it.

In other words, there is mounting evidence that these new ‘tailored packages’ have limited efficacy because they do not cater adequately for mature age unemployed as a specific — albeit rarely recognised — subset of disadvantaged jobseekers.

Funding by Outcomes versus the Need for Articulated Pathways

We have argued that change to outcome-based funding of employment services contracts and increasing precariousness in the labour market both increase the need for articulated pathways to employment for mature aged unemployed people. In this section, we present evidence to show that these changes have also had ramifications for the agencies (both Job Network and non-Job Network) delivering employment services.

We gathered evidence in three related components of research undertaken in South Australia during 1999–2001 (see Kerr & Savelsberg 2002; Goddard 2001; and Carson & Kerr 1999). In the first component, service providers in fifteen Job Network and non-Job Network agencies attended two forums to discuss their experiences and perceptions of current labour market and support programs as they relate to disadvantaged *young* jobseekers. The agencies were identified via the researchers’ networks in the youth services field. In the second component, managers of another ten job Network agencies (five for-profit and five not-for-profit) were interviewed about the model of service delivery used by their respective agencies in providing case management services to clients. The interview schedule was designed to establish if there was a discernable difference between the model of service delivery used by the for-profit agencies and the not-for-profit agencies.² The agencies were selected by taking a random sample of agencies in South Australia, stratified by for-profit/not-for-profit and metropolitan/non-metropolitan status. In the third component, a detailed case study was undertaken of an agency specialising in providing services to mature age jobseekers in South Australia, funded by the Commonwealth (Job Network) and the State governments. This study involved document analysis and in-depth interviews with the director and senior workers in the agency.

Employment Outcomes and Interim Outcomes

We found that service providers had concerns about three aspects of current funding arrangements: first, the constraining requirements of tightly specified output-oriented funding; second, goal displacement implications of preparing submissions for contract rounds; and third, the tension between delivering support and monitoring compliance of clients.

² For debates about convergence in the service delivery models and practice of for-profit and not-for profit agencies, see Considine (1999; 2001).

The Job Network funding framework makes the appealing assumption that service providers are in the best position to determine the most appropriate, cost-effective assistance for each job seeker (Davidson 2001). Asked to comment on the criteria for contract renewal in interviews, all agency respondents agreed that their agency was at risk of not having contracts renewed if they did not achieve specified outcomes.³ Respondents expressed concern about this enforced preoccupation to achieve ‘tangible employment outcomes’. The consensus was that, under current arrangements, there is no provision for reporting — and hence being paid for — *intermediate* outcomes (including provision of counselling, personal support, training, or skill development) even if these services were necessary for achieving *reportable* employment outcomes for disadvantaged jobseekers, both mature aged and young. Agencies had little incentive to put effort into clients who needed interim assistance in order to achieve a reportable, and thus fundable, outcome. Some agency staff interviewed reported that the framework encouraged ‘creaming’ of job-ready clients and ‘parking’ of those deemed to be less employable — especially older jobseekers.

In order to maximise funding, some of the not-for-profit agencies aimed to offer courses that fitted the employment environment and benefited job seekers but, at least as importantly, gave the agency a reportable outcome. Two agencies referred people to courses run elsewhere within the agency, though not under the Job Network contract. (An agency may be funded to run programs such as a small business advisory service or skills for temporary office workers in addition to — and quite separate from — their Job Network programs.) The Commonwealth funds employment assistance under the Job Network, but these other programs were funded by the State government. Agencies left places open on these State-funded courses so that Intensive Assistance clients could be ‘slotted in’ to them. This practice provides a training outcome for the client at no additional cost to the agency: the training was paid for from another funding source, with the outcome claimed against Job Network funding. The practice does give Intensive Assistance clients an interim outcome, but points to the possibilities of agency ‘double dipping’, and of fee-paying participants unknowingly subsidising Intensive Assistance clients, as agencies attempt to balance contractual and financial imperatives.

Job Network agencies were also concerned about how the DEWR’s tightening of provisions with successive contract rounds displaced agency goals. The second contract round introduced significant new accountability measures, for instance a ‘Declaration of Intent’, the undertaking of an ‘Intensive Assistance Support Plan’ for

³ The issue of payment against tangible outcomes was not the prime focus of the interview schedule in any of the three research components, but half the respondents made this observation. Where the comments were not made unsolicited, the issue was pursued by a ‘prompt’ question, asking specifically for the respondent’s assessment of that issue. In the interviews with staff in the case study agency, it was the key issue raised unsolicited by the respondents.

clients, and the requirement that agencies record all contact with jobseekers. All agencies participating in the studies reported that the administrative requirements of meeting contractual obligations were cumbersome. They found it difficult to balance administrative duties with service provision to clients, with a majority of the agencies reporting that increasingly substantial time and resources were consumed by reassessing job seekers, even on simple things like obtaining a client's correct name and contact details. More generally, though, the respondents believed the funding Department was diverting resources away from core purposes and narrowing service delivery. A majority of the workers from both for-profit and not-for-profit agencies commented that in adhering to government determined priorities, they risked operating counter to their organisations' ethos to work in the best interests of their clients. This was linked with reducing, and even preventing, agency capacity to offer support, coordinating, and advocacy functions.

Finally, a core component of the Government's approach to employment assistance determines that individual jobseekers receive income support only after fulfilling a Mutual Obligation, which includes undertaking training and active job search. Failure to comply with a Mutual Obligation generally results in the jobseeker being 'breached' — that is, losing part or all of their income support for a specified time (usually between eight and 26 weeks). Service-providing agencies are responsible for monitoring Mutual Obligation, and reporting non-compliance.

A clear majority of the staff interviewed, including staff from for-profit agencies, felt that to recommend breaching a client for non-compliance conflicted with both their organisation's ethos and the stated intent of the Job Network to provide individually tailored, client-driven assistance. One respondent, for example, was unsure how breaching requirements fitted into their agency's particular service delivery model, which incorporated 'a concept of valuing the human being and the jobseeker taking control of their own job search' (Goddard 2001, p. 47). For many of the Job Network agencies, this amounted to conflict between the role of protecting their clients from the government's new program requirements and their role as a business seeking to earn income from the assistance they offered to jobseekers.

In sum, agency workers found that the Job Network funding framework strained both organisational and personal capacities to balance contractual obligations against what they considered best practice assistance for disadvantaged unemployed people, such as mature age jobseekers.

A case study of one agency further illustrates these points. This agency was profoundly affected by the shift to a quasi-marketised model of service delivery, predicated on the government purchasing services on behalf of jobseekers, for a set price, from competing agencies.

The agency had been in operation in South Australia since 1984 as a well-established 'niche' organisation, addressing the support and employment needs of mature-age unemployed people (Carson & Kerr 1999). It started in 1981 as a self-help group for mature age unemployed people. In 1984 two State government departments funded the agency to combine counselling and 'welfare assistance' with job search assistance. Since then, one department ceased its commitment to providing counselling and personal support for unemployed older workers and discontinued funding for these activities in 1996. Consequently, the agency changed its rationale, officially accepting that the re-configured funding criteria required that the focus of its operations be based solely on employment outputs. However, we found that the welfare services continued to be a major component of the agency's activity, even though these services are not formally funded.

In 1998, the agency gained a Commonwealth funded Job Network contract, as well as State funding. The move into the Job Network was not successful, because the agency could not meet the outcomes required under the Job Network contract. It ceased to operate as a Job Network provider in 1999. At the time of the case study fieldwork, the agency had reverted to being solely funded by the State government. Agency staff reported that the agency 'filled gaps' by providing services for mature-age jobseekers that were not available from Job Network agencies, such as counselling, resume preparation, and assisting clients in responding to job specifications. Apparently, limited State funds are being used to compensate shortfalls in federally funded programs.

Although the agency's funding and administration changed over time, its basic philosophy remained client-centred. This client-centred approach had long been regarded as the agency's great strength. However, the agency found it difficult to maintain this approach in the changed funding environment, because funding contracts emphasised through-put and outcomes. The implications of the shift in funding and focus were significant: the focus of services became employment and/or training outcomes for participants in the agency's programs, rather than the previous mix of employment and welfare. Previously, the agency had provided general support such as counselling to mature age unemployed people as well as addressing their more specific employment needs.

We sought to document in the first part of this paper that a mature age unemployed person may need various types of assistance, such as help with job search skills, resume preparation, interview skills, and vocational training. However, post-1996 the restrictive model of funding for this agency did not include payment for a variety of interim outcomes along the way to achieving an employment outcome, nor did it allow for placement of workers in a series of short-term jobs which would have approximated full-time work for many. Whereas the agency had previously been able to respond to complex needs across diverse areas, the new funding constraints made

that response more problematic. The agency continued to place a high priority on training and personal development, even though it was not explicitly funded to do so. Our observation was that the agency chose to report activities in ways that were not entirely consistent with contractual requirements in order to balance client needs with contractual and financial imperatives. Since that time, this has been noted as common to a number of agencies (Productivity Commission 2002).

Conclusion

Changes in funding arrangements and responsibilities across government departments have meant that employment assistance programs appropriately evaluated against tangible employment outcomes are not complemented by programs providing less measurable — but no less necessary — forms of personal support to jobseekers. Increasingly, assistance to mature aged unemployed is conceptualised in terms of employment assistance rather than a combination of counselling, personal support, and employment assistance. Consequently, agencies that exist to provide support and assistance find it difficult to obtain funding for what we have called articulated pathways to employment.

We argue that a narrow, employment outcome oriented focus forces agencies to reconfigure their operations to meet quotas and targets in ways that threaten the very essence of their original identity. As argued elsewhere (Carson & Wadham 2001; Kerr & Savelsberg 2001; Carson & Couch 1999), bringing community sector providers into increasingly tightly specified service delivery systems risks requiring them to modify processes and identities, even to the point of undermining the distinctive support and advocacy role they pursue on behalf of disadvantaged people. In turn, this limits agencies' capacity to innovate, be flexible, and to criticise government policy.

According to Minister Andrews:

We are at the beginning of a new era in Australian society and it is time to steer a new course. ... Let's seize this opportunity. The policies we develop over the next few years will shape the development of society over the next 50 years (Andrews 2002).

We maintain that a full range of policies that facilitate employment opportunities and outcomes for mature aged workers must be high on the Commonwealth's agenda if rhetoric is to be matched with reality.

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