

# **Staircases and Treadmills: The Role of Labor Market Intermediaries In Placing Workers and Fostering Upward Mobility**

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**Abstract:** In the context of the decline of internal labor markets, rapidly shifting employment relationships and concern for the poor labor market outcomes of disadvantaged workers, policy makers, practitioners, and researchers are all paying greater attention to labor market intermediaries (LMIs) – third-party organizations that in some form or another involve themselves in the employer/worker relationship. This paper analyses the extent to which the current landscape of intermediaries in two geographic regions of the U.S. are able to help disadvantaged workers avoid ‘career treadmills’ and build successful careers instead, while identifying the factors that help or hinder intermediaries in reaching this goal. In the two regions studied, there is little evidence that LMIs are currently playing any significant role in helping disadvantaged workers build successful career paths. Overall, the activities of LMIs in both regions tended to be uncoordinated and fragmented, and thus provide only a limited infrastructure to help disadvantaged workers build successful careers. Despite this rather disheartening picture, our research did unearth examples of promising intermediary practices. The most promising initiatives were able to: target particular occupations or industry sectors; maintain communication with workers over an extended period of time; build strong relationships with employers; deliberately focus on workers’ long term needs; and provide both informal on-the-job learning and formal training opportunities over an extended period of time. Such initiatives primarily involved either community colleges in cooperation with networks of other LMIs, or membership-based organizations (unions or professional associations), either alone or in combination with community colleges. Our analysis of the value of these networks and services suggests that public policy could usefully focus on expanding the types of initiatives that emphasize these services.

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## I Introduction

Over the last three decades, American workers have witnessed marked changes in their work and employment conditions. Global competition, new technologies, and major modifications of traditional firm structures are producing distinct shifts in the employment relationship, including an erosion of career ladders within individual firms (Cappelli et al. 1997; Moss 1999). As workers move more frequently from firm to firm and job to job over a lifetime, those with good skills and strong social networks have seen the resulting increase in risk translate into an increase in returns to their human capital. In essence, as internal career ladders have declined, these workers have been able to build ‘career staircases’<sup>1</sup>, moving from firm to firm as they move up in a career. Other workers, however, are stuck on a career treadmill. With fewer skills and limited networks, these workers have been left to confront stagnant wages, growing job instability, and a decline in career mobility (Bernhardt et al. 1999; Gottschalk 1997; Mishel et al. 1999).

In the context of these shifting employment relationships, policy makers, practitioners, and researchers are all paying greater attention to labor market intermediaries (LMIs) – third-party organizations that in some form or another involve themselves in the employer/worker relationship. Most LMIs engage in job brokering activities, matching job seekers with individual employers. Some also provide job training, job search skills and/or access to a variety of other support services, such as assistance with transportation, childcare and even portable health insurance and pension plans. Intermediaries come in a variety of forms, ranging from temporary agencies and professional associations to union hiring halls and community-based organizations.

It may seem unlikely to lump together this broad range of institutions, organizations, and firms, under the title LMI. What these diverse LMIs share in common, however, is an important position in the labor market brokering relations between workers and firms.<sup>2</sup> Thus, in seeking solutions to increasingly poor labor market outcomes associated with the decline in internal career ladders, there are a number of important questions about the role of the LMIs: To what extent are LMIs currently able to help disadvantaged workers avoid ‘career treadmills’ and build successful careers instead? Under what conditions are LMIs able to play this helpful role? What are the

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<sup>1</sup> The term comes from (Herzenberg et al. 1998)

<sup>2</sup> It is probably also worth noting that from the view of many low-wage workers interviewed, the range of types of LMIs is nearly indistinguishable. Workers know the address of LMIs, but not funding sources (i.e., government vs. community based providers). Perhaps more surprising, many don’t distinguish between for-profit and non-profit entities – they are too closely linked and their services are too similar to be distinctive through many workers eyes.

factors that hinder LMIs from achieving this goal? What are the implications of this current practice for policy initiatives that might improve the activities of intermediaries?

This paper addresses these questions through analyzing the activities of a range of public, private and membership-based intermediaries in two geographic regions of the U.S.: Silicon Valley and Milwaukee. The goal in this research was not to examine any single intermediary in great depth. Instead our purpose was to gain an understanding of the overall landscape of intermediary activity and their role in shaping labor market outcomes for disadvantaged workers. We did this by examining different types of intermediaries, attempting to understand the scope of their activities, the dynamics of their relationships with the workers and employers they serve, and their relationship with other intermediaries.

Despite the significant differences in the economies of the two regions studied, our conclusions were remarkably similar. In both locations, intermediaries are playing a significant role in shaping the access of low-wage workers to regional employment opportunities. Yet there is little evidence that these activities are playing any significant role in helping disadvantaged workers build successful career paths. Some intermediaries do provide valuable job placement services, and among non-profit, publicly funded, and community based organizations especially, there is an increasing recognition that building successful careers for disadvantaged workers requires more than simple job placement. As a result, many intermediaries are trying to develop more career-oriented training and services. Still, while some of these services are useful, most intermediaries we studied continue to have only short-term relationships with the workers they place and generally cursory knowledge of employers' needs beyond the entry-level. Overall, the activities of LMIs in both regions tended to be uncoordinated and fragmented, and thus provide only a limited infrastructure to help disadvantaged workers build successful careers.

Despite this rather disheartening picture, our research did unearth examples of promising intermediary practices. In each region, some intermediaries and networks of intermediaries working together are able to play an important role in providing an infrastructure for career mobility. The most promising initiatives were able to: target particular occupations or industry sectors; maintain communication with workers over an extended period of time; build strong relationships with employers; deliberately focus on workers' long term needs; and provide both formal training opportunities and informal on-the-job learning over an extended period of time. Such initiatives primarily involved either community colleges in cooperation with networks of other LMIs, or

membership-based organizations (unions or professional associations), either alone or in combination with community colleges. Our analysis of the value of these networks and services suggests that public policy could usefully focus on expanding the types of initiatives that emphasize these services.<sup>3</sup>

This paper is structured in the following way. The first section provides background to the study, discussing the context of changing labor markets and the research methodology, including explaining the types of intermediaries examined in each region and how data was gathered. Following that, we examine the activities of LMIs in providing job placement services. In the subsequent section, we examine the activities of LMIs in promoting career mobility. The next section discusses the obstacles to improved performance of the different types of LMIs we studied. The final section provides more details on our conclusions and touches on the implications for public policy.

## **II Background**

While the vibrancy and volatility of the new economy has often benefited workers with significant skills and well-developed social networks within dynamic growth sectors, others have experienced a decline in wages and upward mobility, as well as a troubling rise in insecurity. Concerned about those at the bottom half of this dynamic labor market, many researchers and policy makers have emphasized the importance of improving education and revamping training program to better meet employers' needs.<sup>4</sup> But while skill enhancement can improve outcomes, it will not reduce the volatility of the labor market itself, nor will it give the disadvantaged access to the superior social networks and 'externalized' (or firm-to-firm) career 'staircases' enjoyed by those at the top end of the wage distribution (Herzenberg et al. 1998). In short, training alone may not help someone get a job, help them achieve upward career mobility, or significantly improve overall employment conditions.

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<sup>3</sup> It should be noted that this paper addresses only the role of LMIs in providing job placement and career mobility services without altering firm employment practices. Some LMIs actually do significantly alter firm employment practices, rather than simply taking the labor market as given, and this has significant implications for workers careers. These issues are examined in a companion paper by (Bernhardt et al. 2001).

<sup>4</sup> The extent to which skill requirements are actually changing across the U.S. economy remains a topic of serious debate. Many have stressed that the key variable for worker success is less related to formal education and training than it is to soft skills (mostly communication and team-work) and an "ability to learn." Meanwhile, relatively low-skilled positions (defined by the Bureau of Labor Statistics as 'jobs that can be learned quickly and that generally do not require post-secondary education') still account for a large bulk of new job creation. See (Holzer 1996; Rosenthal 1995) (Handel 2000).

In seeking solutions to these poor labor market outcomes in volatile labor markets, researchers, policy makers and practitioners are all paying greater attention to institutions, organizations and agencies that negotiate the space between workers and firms. These “labor market intermediaries” (LMIs) are a diverse lot, ranging from the fly-by-night day labor agency on the central city corner to the federally funded “one-stop shop” that is intended to improve employability and living standards of disadvantaged, discouraged, disabled, unemployed and underemployed workers. What all these diverse organizations share in common, however, is their role as intermediaries in the labor market, and thus they potentially play a significant role in shaping employment opportunities for disadvantaged workers.

The relationship between intermediaries and career mobility, however, is not entirely clear. For instance, there is a growing body of evidence documenting that workers who use temporary agencies are generally paid less and have poorer benefits than similar workers employed in ‘permanent’ positions (Barker and Christensen 1998; Carre et al. 2000; Hudson 1999). There is also evidence, however, that the temporary help industry is not homogenous, and that some workers voluntarily use temporary agencies, presumably for the valuable placement services they provide (Polivka 1996; Polivka et al. 2000). Similarly, there is some evidence that community-based training programs can provide improved access for disadvantaged workers by providing ‘bridges’ across social boundaries to better jobs (Harrison and Weiss 1998; Melendez and Harrison 1998). Nonetheless, formal evaluations of many public and non-profit training programs have struggled to find any significant impact on workers’ earnings (Grubb 1996; Jacobson 1995).

This paper tries to contribute to a greater understanding of the implications of LMIs for career mobility of workers. Our questions regarding issues of placement and mobility are fairly straightforward: What do LMIs do to secure placement and advancement for workers and how do these activities vary by organizational type? How successful are they? To what extent are LMIs currently able to help disadvantaged workers avoid ‘career treadmills’ and build successful careers instead? Under what conditions are LMIs able to play this helpful role? What are the factors that hinder LMIs from achieving this goal? What are the implications of this current practice for policy initiatives that might improve the activities of intermediaries?

This paper addresses these questions through analyzing the activities of a range of public, private and membership-based intermediaries in Silicon Valley and Milwaukee. The regional focus of the study emerges from our view that intermediaries are as regionally based as the labor markets

they serve and from the desire to examine these issues across a diversity of economic contexts. Because many of the recent shifts in the labor market have been associated with the transition from an older industrial paradigm to a newer information-based economy, it is plausible to think that the nature and role of LMIs might vary significantly with the nature of the economic base in an area. To that end we conduct parallel studies in California's Silicon Valley and in Milwaukee, Wisconsin. Silicon Valley exemplifies both the opportunities and problems that workers face in the 'new' economy associated with the multi-faceted and burgeoning industry based on digital technologies. Milwaukee, on the other hand, affords us a window on an 'older' economy, one that still has a large employment base in more traditional manufacturing industries such as metalworking and machine tools.

### *Data and Methods*

The discussion of intermediaries here is based on fieldwork conducted in Silicon Valley and in Milwaukee over the period June to October 2000. The case study research was conducted in tandem across the two cities, using the same methods and protocols. We began with a series of focus groups with representatives of a wide range of intermediaries. Our goal was two-fold: to get a broad overview of the landscape of intermediaries in each region, and to get about 30 nominations for typical (as opposed to exemplary) case studies. From the outset, our focus was on intermediaries that serve workers without college degrees and the types of jobs that they are most likely to hold.

Case studies were then selected from the nomination list, with at least two cases in each of the following five categories: temporary agencies, community-based/non-profit organizations, community/technical colleges, membership-based organizations (such as unions and professional associations), and public agencies (such as welfare-to-work agencies and private industry councils). In-depth interviews were conducted at each intermediary, typically with 2-3 staff members and lasting between an hour and two each. We then attempted to interview at least two employers and two workers who were connected to the intermediary; in many cases the total was higher. We conducted a total of 146 interviews (84 in Silicon Valley and 62 in Milwaukee), profiling a total of 22 different intermediaries (13 in Silicon Valley and 9 in Milwaukee).

Standardized, semi-structured interview protocols were developed separately for the intermediaries, employers, and workers. The content of the interviews was straightforward. Of

intermediaries, we asked what services they provided and for whom; barriers and challenges they encountered; funding sources; and relationships to employers, workers, and other intermediaries. As much as possible, we tried to gather hard data (e.g. placement rates, average placement wages). Of employers, we asked about their reasons for using the intermediary, as well as their business strategy, workplace organization, and wages and career paths. Of workers, we asked about their employment history, how and why they contacted the intermediary, the services they received, and the jobs they ultimately found.<sup>5</sup> Sections III and IV provide our assessment of the placement and career mobility services provided by these LMIs. This assessment is also summarized in Table 1 at the end of the paper.

### **III Finding Jobs or Finding Good Jobs?**

Welfare-to-work studies have begun to emphasize the importance of an individual's first job in determining not just current but future income as well (Kaye and Nightingale 2000). Thus, even straightforward placement projects secure better future mobility if they place workers in better first jobs. This observation simply emphasizes that for job placement itself to be helpful in supporting career mobility, the goal of placement must be placing people in the best possible job, given their particular skills, experience, interests and life circumstances, while also providing the support they need to be successful in that job. In our examination of intermediaries in Milwaukee and Silicon Valley, we identified five key areas of activity that shaped their level of success in placing workers:

- Outreach to both workers and employers,
- Assessment, of worker capacities and employment possibilities,
- Training,
- On-the-job assistance, and
- Support services.

Each of these will be examined in turn. In all categories, we discuss what seemed to be the best practices in that area and the extent to which these best practices are met or not met in the intermediary landscape.

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<sup>5</sup> Appendix 1 offers a brief summary of the intermediaries profiled in each region, providing a useful background for the following discussion in which examples from these intermediaries will be used to illustrate particular points. For the purposes of facilitating much of the discussion that follows, We use the term 'public sector' intermediaries to include all three categories of community based, community/technical college and public agencies. While there are important

## *1. Outreach to workers and employers*

Obviously the first step in being a placement intermediary is to recruit both people who are interested in new employment, and employers in search of new employees. Such outreach can occur at all levels of the labor market, from the lowest paid day laborers to the highest paid CEOs.<sup>6</sup>

On the worker side of the labor market, for an LMI to be effective in providing improved career opportunities for disadvantaged workers, it obviously has to be working with that sector of the population. In the best cases, this involves more than just ‘creaming’ the best from this population, but providing extra assistance to hard-to-place workers to help them overcome barriers to employment. It also, however, means not being limited to working with this sector of the population. In the best cases LMIs working with truly disadvantaged workers are also seeking to interact with workers and employers at higher levels in the labor market, either directly or through networks of relationships. Being able to establish relationships at different levels of the labor market helps LMIs identify better employment opportunities and avoid simply channeling disadvantaged workers into dead-end low-paid jobs.

In terms of relations with employers, therefore, the best practices involve going beyond simply reaching the firms likely to hire low-wage workers, but prioritizing outreach to better firms; better in terms of wages, worker treatment, and/or prospects for advancement. This may seem obvious, but it can be difficult for public agencies and CBOs in practice. For many years, these public agencies have been responding primarily to the demands of the most desperate employers, who are often the only ones interested in hiring the population they are working with. Only with an unusually strong economy do they have a chance to reach higher into the labor market and begin working with better employers who may not have even known about their services in the past.

Outreach on both sides of the labor market is essentially a marketing project. As a result, the for-profit agencies in our study probably had the greatest capacity since they tend to be more oriented towards marketing their services. Especially in the current tight labor market, competition for workers and firms has become quite fierce, and for-profit agencies are investing lots of time and

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distinctions between each of these three categories, all three differ fundamentally from the membership and private sector LMIs in that the majority of their funding comes from public sector sources.

<sup>6</sup> Since our concern was with disadvantaged workers, our study did not examine headhunters or recruiters trying to make matches in highly paid occupations. Instead, we focused on intermediaries that worked primarily in the lower and middle levels of the labor markets, essentially limiting our research to LMIs that placed at least some people in positions requiring a 2-year associate degree or less.

energy into identifying potential workers, looking to everything from job fairs to parking lot flyer drops. Many private-sector LMIs have a high level of interest in the most disadvantaged sectors of the labor market and thus work closely with non-profits and public centers in order to find such workers. According to our interviews, as many as 30 percent of the placements from some public sector and non-profit LMIs are made directly through for-profit temporary agencies. In most cases, temporary agencies working at this level of the labor market provide no support services, tend to ‘cream’ the best workers from this pool, and typically provide access to poorly paid jobs with employers typically hiring only temporary dead-end positions. Nevertheless, it is significant that private-sector LMIs are finding adequate revenue streams in working with the lowest levels of the labor market, suggesting that there may be innovative ways of tapping resources from client firms to support more beneficial intermediary activity. For instance, one of the LMIs we profiled in Silicon Valley is a for-profit agency with a social mission, combining staffing services with intensive support services to provide improved employment opportunities for truly disadvantaged workers. Similarly, Working Partnerships Staffing Services is a non-profit staffing service linked with the AFL-CIO Central Labor Council that complements their placement services with organizing efforts to improve working conditions of temporary workers in the Silicon Valley region through a Code of Conduct campaign.

For-profit agencies have another advantage in marketing their services, in that they are completely unconstrained in how they market to workers – they have no eligibility requirements or complex public and private funding sources. Public sector agencies, particularly non-profit employment services providers and the welfare-to-work programs, are constrained to work only with people eligible for their services. This is justified in terms of ensuring that scarce public resources are invested in those most in need. Furthermore, it provides these agencies with significant expertise in understanding the problems and social conditions of disadvantaged workers. Nonetheless, this focus limits their role as labor market intermediaries to low-wage sectors of the labor market and makes it harder to build relationships with employers at higher levels. Some public and non-profit LMIs try to narrowly focus their efforts on building relationships with specific HR managers and other recruiters and trying to leverage those relationships into good placements for clients. More typically, however, the relationship with employers is limited to receiving listings of job openings from a wide array of employers with whom they have only shallow relationships and a limited ability to evaluate on the quality of employment opportunities.

For membership-based intermediaries, outreach efforts tend to be both narrower and deeper than those of private or public sector intermediaries. Their membership is built on a particular industry or occupation, and thus their outreach is limited to employers in that industry and to workers with the interest and/or skills to find employment in that occupation. This occupational/industry focus, however, allows them to develop deeper relationships with both workers and employers in the industry. The core of the membership base of the membership-based LMIs we studied were people already employed, and typically skilled enough in their positions that employers were prepared to pay a union-wage premium. Thus the size of their direct impact on finding jobs for disadvantaged workers is less than many of the private and public-sector LMIs. Nonetheless, we were also given numerous examples of people from truly disadvantaged backgrounds who had gotten connected to the union, such as through an apprenticeship program, and moved up in part through the successful assistance of the intermediary activities of the union. What is most significant in these cases, therefore, is not only the direct activity of the organization but the networks of access they can provide for disadvantaged workers into better jobs. For example, the Wisconsin Regional Training Partnership, which began as a union-initiated labor-management partnership, has in the last three years gotten involved in training and placement specifically for disadvantaged workers, with major funding from the Casey Foundation and in cooperation with the Milwaukee Area Technical College. This provides direct access for disadvantaged workers to good unionized jobs in the region's metalworking, electronics, plastics and related industries.

## *2. Assessment*

Finding workers and firms is only the first step for LMIs. LMIs market themselves on their ability to make effective connections between supply and demand. Effective connections rely on accurate assessment both of capacities and interests of workers and of the specific needs and working environment of employers. Throughout the LMI interviews we conducted, the issue of "fit" emerged frequently, where fit related both to the culture of the firm and to the characteristics of workers. To LMIs, skills alone are not enough to ensure good connections, and generally they use informal methods of assuring that the connections they initiate are appropriate ones.<sup>7</sup> LMIs that

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<sup>7</sup> This informality obviously leaves open the possibility that LMIs will reinforce cultural stereotypes about appropriate firm/worker matches, which clearly happens in some cases.

have strong, ongoing relationships with both workers and firms are clearly the best able to make appropriate matches, as they have a deeper knowledge of both workers skills and of employers' needs.

Membership-based LMIs were clearly the most effective at this of the LMIs we studied. The Plumbers Union in Silicon Valley, for example, not only has strong ties with their membership base, but also has particularly strong relationships with employers. An estimated 70-80 percent of the contractors who hire union members are either current or former members of the Plumbers Union themselves. As such, they have a deep appreciation for the services the Plumbers Union provides, and the value that working with the union has on their business performance. Furthermore, engineers from employers and their client firms in the high-tech industry teach many of the courses in the Pipe Trades Training Center, providing on-going opportunities for the union to understand the rapidly changing skill requirements and employment needs in the industry.

Private staffing agencies that work with specific employers for long periods of time also have the opportunity to thoroughly understand the culture of the firm and necessary characteristics for workers. In both regions, staffing agencies have developed ongoing relationships with large firms and use those long-term relationships to improve their services to the firm. This is especially true for staffing firms that move to on-site relationships, where employers we interviewed confirmed that the agencies involved more clearly understood their particular needs. Staffing agencies relationships with workers, however, was more limited.

For most LMIs, however, the relationships with employers are limited. Part of this limitation seemed to be driven simply by the small numbers of people any single LMI places in a particular firm or occupation. Employers are unwilling to invest that level of time into building a relationship with a single LMI unless it will payoff for them in terms of number of people, or at least a particular skill set. As a result, most LMIs are limited to simply taking job listings from employers in a scattershot approach, without having the resources to engage deeply in the particular needs and working conditions of the employers.

In terms of building ties with workers, most of the relationships were also weak, even amongst the non-profit and community-based organizations. In many cases these relationships are driven primarily by short-term placement based on minimal assessment of workers needs. Those intermediaries that do provide training (examined in more detail below) do have somewhat deeper ties with workers—relationships that get built over the period of time that they are providing the

training. Frequently, however, that relationship is still limited to the period of training, which in most cases is limited to six months or less.

### *3. Training*

In cases where the technical skills of prospective workers don't match the requirements of firms, the obvious answer is training. In the best practices scenario, vocational training would be linked with skills that are in high demand in the labor market, ideally in a situation where the training itself is linked with guaranteed job placement.

One of the best examples we found of training being integrated with job needs was in Milwaukee, where the Wisconsin Regional Training Partnership (WRTP) helps pull together projects along these lines by involving firms, unions, and the technical college. Member firms or their unions identify a number of openings that need to be filled. Workers and supervisors specify the skills required to do the jobs, and the technical college designs a customized training. CBOs, publicly funded Wisconsin Works centers (W2 centers, the welfare-to-work program), and neighborhood groups refer eligible job seekers to the program. Firms screen applicants in advance of the training, and any successful graduate of the program is hired by the firm. Customized training projects along these lines, - partnerships between employers, training providers, and community agencies - emerged to fill needs. The WRTP has helped to make these processes more systematic and to market the possibility of customized training to additional local firms. The success of these training programs is notable – over the past three years more than 500 workers have successfully secured jobs through these partnerships. The workers' average wage of over \$10.00 per hour compares very favorably to overall welfare to work or even customized training averages.

The LMIs with the greatest capacity for providing extensive training opportunities are obviously the community or technical colleges. The increasing integration of the community college system with employer human resource requirements helps ensure that these training programs are oriented more towards employers' needs, and provide immediate employment opportunities for those people getting training. One clear example of this pattern is the Semiconductor Manufacturing Technician Program (SMTP), a joint initiative of Mission Community College and San Jose City College in the Silicon Valley. The program, a 2-year A.S. degree that was developed in close cooperation with Intel, provides a combination of general

education requirements in electronics, and a series of detailed courses in semiconductor manufacturing and the care and maintenance of the machinery involved. It was developed in the mid-1990s, in the context of a clearly identified skill shortage in the area. At that time Intel identified the importance of promoting training to fill critical skills shortages in the future.<sup>8</sup> In the first years of the SMTP program, Intel hired every single graduate. This extraordinary marketability declined during the Asian financial crisis. However, the labor market for these skills continues to be tight, and graduates seem to have no problem in finding employment that typically paid (in 1999) a starting wage of some \$40,000 a year for workers with only a 2-year community college degree.

Non-profit LMIs provide another source of training, with financial support coming primarily from Federal and State workforce development programs. As such, these programs largely are forced to respond to the eligibility and structural guidelines of funding agencies, rather than responding directly to the needs of employers in the area. Certainly, the goal of JTPA and more recently the WIA, is to provide training that meets employers needs. But the limited long-term impact of these programs are documented in a number of studies (Bloom et al. 1997; Grubb 1996; Lafer 1994).

For-profit LMIs rarely provide any substantial training. At best, they provide opportunities for self-paced computer-based tutorial programs around particular software packages, typically the dominant Microsoft office software (Word, Excel, PowerPoint), and sometimes less frequently used software packages for databases or desktop publishing. This ‘training’ is usually provided free. Thus, it offers some opportunity to those workers that are already familiar with computers, who have the motivation to take advantage of these opportunities, and who have the time and resources to pursue these opportunities instead of working (since there is never any additional financial support to support individuals while they are doing this training). Several studies of such training programs have argued that for staffing services firms, they essentially serve as a screening device, helping them to identify workers that are likely to be successful placements, while weeding out the more difficult to place workers (Autor 1999; Autor et al. 1999). From our profiles of for-profit temp agencies in both regions, there was no evidence of agencies using training as a means of getting workers ready for specific jobs.

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<sup>8</sup> This approach is in sharp contrast to the response of much of the software industry to their skill shortages, which has been focused on recruiting people from outside the U.S. through expanding the H-1B program, rather than prioritizing

#### 4. *On-the-job Support*

For workers to be successful in a new job, they must also perform well in the new position. Ideally employers themselves would provide all the necessary support and assistance required to ensure that their employees can function effectively at the job site, and wages would be sufficient to take care of the personal problems that might interfere with work. In reality, however, disadvantaged workers frequently encounter obstacles to performing well on the job. Difficulties in communication, unfamiliarity with a new work environment, clash of personalities, power relations, concerns about working conditions, work responsibilities, or access to transportation and childcare are not always easily handled directly between employer and employee.

On-the-job support was the most obvious weakness in the intermediaries we profiled. For most public sector LMIs, the extent of their on-the-job post-placement support was simply follow-up phone calls at those intervals required by their funding sources (30-day, 90-day, 180-day, 1 year) to verify continued employment. Some public sector intermediaries in these follow-up phone calls do ask workers about particular problems they may be facing, and try to help them problem solve. The Santa Clara County Social Services Agency goes somewhat further in providing a hotline called Job Keeper, which is designed as a resource for people on the job when they run into problems and need to call for assistance. This is a passive approach, however, that requires some significant initiative on the part of disadvantaged workers and provides little help in anticipating and avoiding problems on the job before they occur.

The most promising efforts to provide on-the-job support we encountered was through efforts to develop mentoring relations between new and incumbent workers, and this primarily occurred in the context of membership-based intermediaries. The Plumbers Union in San Jose provides a clear example of this strategy; where apprentices are *always* placed with a journey level plumber who is responsible for the performance of the apprentice on the job, and provides regular evaluations. This pairing lasts for the five full years of the apprenticeship program, though it is most critical in the first couple years. The Wisconsin Regional Training Partnership provides another example, in which WRTP staff work directly with firms and unions to build shop floor support for new workers. This proves critical in an industry where new entrants are likely to differ from the dominant workforce not only in terms of race and, often, gender, but also in age. Mentors

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the development of training programs in the U.S.

provide new workers in manufacturing the sorts of support that a relative may have in the past. The success of mentors is notable in the Milwaukee Jobs Initiative retention rates that exceed 70 percent even at 6 and 9 months. Finally, Silicon Valley Webgirls provides another membership-based example, in which an active online listserv provides new comers with access to literally hundreds of other members in other workplaces throughout the region. The daily interactions on this list reflect both the technical and personal support that this community of mostly women in web-design occupations are help to provide for each other, in dealing with the challenges of their jobs.

Interestingly, follow-up support is not limited to public sector or non-profit LMIs. In Silicon Valley, one agency we profiled is a for-profit placement agency with the mission of serving disadvantaged workers, that has developed a strategic system for supporting workers on the job. The agency's staff visit the worksite on a weekly basis, meeting with their workers, discussing workplace problems, and helping to avert problems before they occur. They also attempt to develop mentorship relationships, where clients and mentors are encouraged to attend weekly on-site workshops that offer practical support and career development assistance. In addition, the agency has developed a partnership with a non-profit career guidance center which provide its clients with on-going information, counseling, and career advice.

##### *5. Support Services*

The other critical area of assistance that disadvantaged workers require is access to forms of support not directly related to their performance on the job, but that fundamentally affect their success in employment. This can include everything from access to stable and accessible childcare and assistance with transportation issues to treatment for substance abuse and counseling for other personal challenges (e.g. abusive relationships). LMIs rarely provide these services themselves. In Silicon Valley, the typical source for these types of support is Santa Clara County Social Services Agency, and so the relationship between the intermediary and the county social service system is critical. In Milwaukee, the one-stop Job Centers, which administer the state's welfare reform program are the best source for this assistance.

In our interviews with workers in each region, we often heard dissatisfaction with access to the services provided. In Silicon Valley, complaints frequently related to income eligibility requirements that were so low, given the cost of living in the area, that people would become ineligible for services before fully getting on their feet. In Milwaukee, the problem is slightly

different. Here, while eligibility for programs, especially child care subsidies and medical assistance, reaches higher up into the labor market, it is generally only workers that have had extensive contact with the W2 agencies that know what is available. Numerous low-wage workers are not aware of services for which they might legitimately apply.

Most LMIs themselves don't provide these services, and frequently as a result provision of the services is fragmented. In Milwaukee, the W2 agencies did appear to be knowledgeable regarding what is available and worked with clients to access services. However, both the stigma attached to the agencies and a general lack of information seem to prevent other workers from accessing the services and support for which they are eligible. Workers in both regions that do manage to secure support must maintain multiple relationships; with LMIs, with service providers, and, in California, with the county (to maintain eligibility, even if the county isn't actually providing the service). It is a complex system that presents numerous challenges to people who are often already struggling with other personal difficulties.

#### **IV Labor Market Intermediaries and Career Mobility**

Job placement—connecting a person with a specific employer—has been the central activity of most labor market intermediaries since intermediaries first began to play a role in the labor market. In many ways, their job placement activity reflected a simple effort to solve a short-term problem on the demand or supply side of the labor market—a firm needing a worker, or a prospective worker needing a job. The issue of career mobility has emerged more recently, as it has become clearer that internal career ladders have declined and the role of intermediaries has become more important to a larger sector of the labor market.

Clearly, the fact that firms have chosen to externalize hiring functions does not in any way guarantee that other institutions have either the intent or capacity to take up the role of building career mobility. For many LMIs, particularly those driven primarily by the need to remain profitable, promoting career mobility is not even an explicit part of their mission. Promoting career advancement of candidates subsequent to placement does not generate revenue to the agency and henceforth does not contribute to its financial stability or benefit.

Nonetheless, many LMIs do recognize the objective of career mobility as an important one, if not a primary responsibility of the enterprise. The community based and public sector LMIs we studied consistently expressed the goal of promoting career mobility as an important part of their

mission. In today's tight labor markets, promoting career mobility has even become an explicit goal for many for-profit staffing services. Community colleges, unions, and community based agencies, as well as for-profit staffing services are increasingly marketing their services as a long-term resource for workers and promoting career advancement.

It is also clear, however, that theory and practice diverge. Career mobility is difficult to define and measure and it is even more difficult to systematically promote. Our field research suggests that there are three important areas of activity involved in promoting mobility: intimate knowledge of specific industries and the potential for career ladders within and across firms; the ability to build networks for workers; and strong, relevant, and accessible training for people currently in jobs. Each of these three areas will be examined in turn. In each case, we present what we observed as the best practices in each area and an evaluation of the extent to which the intermediary landscape is approaching these best practices.

### *1. Intimate industry knowledge*

Promoting improved career mobility requires LMIs to have detailed knowledge of labor markets. In terms of existing labor market opportunities, it necessitates more than simply knowing about job openings. LMIs must have a detailed understanding of the skill and experience associated with those openings and an understanding of the pay structures and opportunities for internal advancement in those positions. Furthermore, in cases where internal labor markets are non-existent or minimal, it requires identifying cross-firm occupational progressions along with the training, experience and contacts required to make such cross-firm movements possible. As if this weren't challenging enough, in industries or occupations with rapid technological changes or rapidly changing skill requirements, it also requires some ability to develop or understand future projections of employment opportunities. Essentially, for an LMI to make advancement probable, it has to both see a career path and help build systems to allow for smooth progress along that path.

Intermediaries rarely have sufficient access to employers to gain this level of detailed information on job requirements or industry dynamics. In the public/non-profit sector, the interests of LMIs are driven primarily by the needs and personal circumstances of their worker clients. Staff members usually have expertise primarily in social services and education, with little experience working in the private sector. Relationships with employers appear to be quite weak and scattershot in most cases, as LMIs attempt to cover a wide range of industries or occupations. Furthermore,

even relationships with their worker clients tended to be quite short term, with few efforts to maintain long-term communication. As a result, LMIs miss the opportunity to learn from their clients as those clients gained more knowledge and information about career opportunities.

In the private sector, some LMIs clearly had a closer relationship with employers. This was particularly true in the larger on-site relationships, but also in some of the smaller, more specialized firms. One California temp agency, for instance, focused its placements in the medical instruments industry and thereby secured a useful level of knowledge of dynamics in that field. Even in these private sector cases, however, intermediaries have limited access to detailed industry information. In our interviews, LMIs provided only minimal evidence that they thought seriously about industry dynamics and changes beyond those relevant for immediate placements. Furthermore, since their orientation is primarily towards employers as clients, their activities were not geared towards worker mobility.

The intermediaries that had the best intimate knowledge of industry dynamics seemed to be those that had a membership base. The Plumbers Union in San Jose, for example, was seen by employers and workers alike as the best source of knowledge on changing skill requirements and occupational dynamics in the high-tech plumbing arena. Integrating information from their employer contacts, members' perspectives, training providers and formal coursework, they appear to know their particular occupational niche and the opportunities for career advancement within it, better than any of the other actors. Silicon Valley Webgirls provides another non-union, but still membership-based, example. The detailed sharing of information between members, through an on-line listserv and regular monthly meetings, provided workers with detailed knowledge of changing skill requirements and employment opportunities.

## 2. *Building Worker Networks*

The importance of social networks in finding employment is by now well established. Following Granovetter's groundbreaking study in the 1970s, numerous researchers have documented the ways that social networks assist people in job finding efforts (Granovetter 1995; Montgomery 1991; Pastor 1996; Wial 1991). Networks, however, may also provide information on advancement opportunities (and thus lead to better jobs), changing dynamics in the firm, industry, or occupations (and thus allow workers to prepare for emerging realities), and opportunities for skill development. Thus, helping workers to strengthen social networks and particularly to build

social networks that might improve employment outcomes is critical for building career mobility. To be successful in this area, LMIs need to provide the opportunities for workers to interact with other workers, both those with similar interests and experiences and also critically those that may have different experiences, providing bridging opportunities to better social networks (Harrison and Weiss 1998; Melendez and Harrison 1998).

For obvious reasons, most staffing service agencies do not actively pursue the project of building networks for their workers. In practice, their actions may interject workers into a broader network simply by placing workers in firms they may not have otherwise become connected to; the network there may help develop a career. But to the extent that workers build personal connections where they are placed, and use those connections to help move into the firm and advance unassisted in the industry, the agency loses a placement.

By contrast, some non-profit and public LMIs do pay attention to building the social networks of clients. Nearly every non-profit/public LMI that offered training spent some time on communication skills, and some of these training programs focused explicitly on communication for the purpose of building networks, connections and knowledge of opportunities. Many organizations also offer Job Clubs, where workers may discuss a range of issues, including current opportunities.

Within their particular occupations, however, the membership-based LMIs provided the best opportunities for building workers social networks. A good best example of this is Silicon Valley Webgirls, which explicitly promotes in-person networking opportunities, and develops a supportive on-line community through which newcomers find out about dynamics in the industry, and members share detailed knowledge of both technical changes and occupational opportunities.

### 3. *Advancement training and lifelong learning*

Once labor market information is reliably gathered, LMIs concerned with upward mobility must find a way to deliver the training that advancement can require. Again, this is no simple task. Especially at the bottom of the labor market, workers juggle time and financial constraints to simply stay afloat. Long-term, daytime, and expensive training is simply inaccessible to most workers.

The for-profit LMIs provide very little in the way of training that can effectively lead to career opportunities. As noted above, the larger staffing services firms typically provide

individualized, self-paced computer tutorial programs on a range of software packages. For workers with the time, motivation and necessary familiarity with computers, such free tutorial programs can be quite useful. For others, the results are less clear. We did not find any anecdotal evidence that low-wage workers used this sort of training to move to better jobs, but it is obviously possible.

Community/technical colleges are clearly in the best position to offer a wide range of relevant course in accessible formats. In terms of raw numbers, these systems play perhaps the most substantial role in allowing low-wage workers to advance in both regions. The increasing orientation of community/technical colleges towards adult/continuing education makes these training opportunities more accessible to older workers in need of additional training for career advancement. As the discussion above suggests, information and industry knowledge matters critically as to how effective these technical/community college programs are. In Milwaukee, one technical training division profiled seemed to have no real ties to industry, and placement out of this program was not straightforward, at least for some workers. In general, when industry links are stronger, programs generate better results.

Community colleges with strong information and industry connections and the accessible delivery of a current curriculum are in the best position to really help workers move up. In Milwaukee, the technical college works directly with firms to offer everything from basic skills to advanced process training. With workplace training infrastructure established, with negotiated rules on use of that infrastructure (i.e., pay for training, etc.), and with “peer mentors” who inform workers about training opportunities, the opportunities for advancement inside manufacturing plants becomes much more substantial. Note, however, that the community college is not doing this alone. Deep relationships with firms and their unions are required, and an LMI outside the technical college system helped build those relationships.

## **V Obstacles to Good Practice for Placement and Upward Mobility**

Above, we have discussed evidence from our review of placement and advancement practices in the field. While there are clearly some exemplary examples in each area, in general LMIs fall short of providing the necessary infrastructure to provide a significant impact on disadvantaged workers career opportunities. Our research also provided insights into many obstacles LMIs face in meeting these best practices, which are outlined here.

### *For-profit Private Sector Staffing Agencies*

In the placement area, staffing agencies are ascendant among LMIs in terms of the raw numbers of individual connections they make between workers and firms. There are significant challenges, however, to improving the manner in which their activities relate to disadvantaged workers. The foremost challenge is not to motivate these LMIs to be interested in low-income workers as clients, since they already are attracted to this market. Rather, the task is to try to restructure their relationship to disadvantaged workers in a way that would prove more beneficial to meeting the client's needs. Typically, changes would include expanding their activities, or becoming more closely connected to organizations that provide training or support services.

With regard to career advancement for workers, we see little evidence of positive, systematic practices among staffing agencies. While agencies in both markets do have their eye squarely on keeping workers happy (and thus being able to fill job orders), there was little evidence of more than idiosyncratic and highly individualized advancement work with their own temps. Even at one of the most worker-oriented temp agencies in Milwaukee, no policies or systems existed that rewarded high quality work with advancement across firms.

A major obstacle to staffing agencies playing a better role in promoting upward mobility is the incentive structure common to all for-profit agencies. In cases where upward mobility involves moving from a temporary to a permanent position, staffing agencies lose their source of revenue, and thus have little incentive for promoting career mobility in this way. On the other hand, staffing agencies do have a financial incentive to place more skilled workers, where mark-up rates and pay levels are higher, and thus could benefit from people they place being able to move to higher positions in other firms. Indeed, one Silicon Valley agency we interviewed explicitly aims to be a long-term employment resource for the engineers and technical personnel they place, frequently in a series of contract positions with rising wages. This is only possible, however, in the limited cases where there is a substantial demand (from both workers and employers) for recurrent contract or temporary employment in skilled positions. Alternatively, as labor markets have tightened, staffing agencies have expanded their temp-to-perm placements and direct hire recruiting, thus diversifying their revenue sources in ways that might provide greater opportunity for some career advancement. This only becomes significant for disadvantaged workers, however, in cases where the placement

function of the staffing agency is combined with training and support services, generally provided by a combination of public, non-profit and community/technical college LMIs.

*Non-profits and Publicly Funded Programs for Disadvantaged Workers and the Unemployed*

In terms of focus on the lowest levels of the labor market, the public sector LMIs were clearly the best positioned. This very focus on serving particular population groups, however, limits their effectiveness as labor market intermediaries in at least two important ways. First, their programs are limited to particular population groups (e.g. welfare recipients, other income-eligible people, political refugees, displaced workers and so on). Not only are workers subject to losing access to services when their status changes slightly, but the programs themselves are frequently driven by changes in policy or funding priority, rather than directly by the needs of their constituencies. This theme was shared in many of our interviews in this category of LMI; it was particularly evident in the transition from JTPA to WIA funding requirements. The job placement officer at a community based organization, for instance, complained that some of his clients had been waiting months to get approval from the new Workforce Investment Board for access to training resources.

Secondly, these agencies have poor outreach on the employer side of the labor market. Employment opportunities often consist of simple job listings from a range of different employers, and agencies pursue a scattershot approach that reflects little strategic planning. Many LMIs in this category work with any employer willing to provide them with listings of job openings or work with their clients. In this context, promoting mobility appears nearly impossible. Generally, these LMIs are working with too broad a range of employers to really understand pathways in specific industries. Moreover, there are few venues to interact with employers around positions other than entry-level, making it difficult to develop expertise in career opportunities.

Finally, public sector activities are often constrained by narrow performance measures that prioritize placement—such as percent placed and 30 day retention rates—over measures related to the needs of the workers or employers. Again, this situation can force agencies to “cream” on the worker side and to neglect job quality or advancement opportunities in the jobs themselves. Despite their philosophies, non-profits seem to direct their energies primarily at securing initial placements. Post placement services are rare. Mentoring programs appear more in theory than in practice. Clients are directed to jobs at firms that make no pretence of offering any opportunity for

advancement. To a great extent the contribution of these LMIs to a worker's upward mobility lies in assistance with language ability, soft skills and work ethic improvement, and achieving the first line on a future resume. Everything else depends on the workers own initiative.

### *Community and Technical Colleges*

Community and technical colleges in the two regions offer some model programs, especially for worker advancement. This successful activity is consistently marked by partnerships with industry, community, and other LMIs. In both regions, the colleges' education and training systems did reach a broad range of workers and employers, including the most disadvantaged sectors of the labor market and also higher levels. These colleges have stronger traditions of industry input in curricula often based on industry participation on advisory boards. For more customized and employer directed training, instructors may actually come from industry which gives the institution an advantage in knowing what skills are in demand and where career ladders might exist.

Our field research, however, also revealed limits on community/technical college capacity. As educational institutions, they are not always well positioned to serve in a support service capacity. Also, increasingly, they find themselves dealing with students who need more than just training. New partnerships with service providers have emerged to help deal with these issues, but there is still substantial work to be done.

When they have good information on opportunities and the technical capacity to train students to fill them, community colleges may be able to play a substantial role in advancing low-wage workers. But community and technical colleges must also move into worksites, develop relevant short-term classes, and work to remain affordable and accessible to disadvantaged communities. In terms of systematic solutions for increasing workers' skills and opportunities, community and technical colleges will clearly have an essential role to play. But their ability to forge alliances with industry, with community support providers, and with other LMIs will be essential to ensure that low-wage workers find a better way to work.

### *Unions and Membership Based Organizations*

Unions, union-led, and membership-based LMIs showed some of the best practices, especially relating to worker mobility. These organizations are often in a superior position with

regard to critical industry knowledge, network building, and training delivery. These LMIs succeed by gaining intimate industry knowledge based on their long-term ties with workers who are able to share information on the industry from direct first-hand experience. Another part of their success in this area lies in their focus on particular industries and occupations. This industry/occupation specialization, which was rarely evidenced in other types of LMIs, seemed to be critical for gaining the specific knowledge necessary for really contributing to career mobility.

Membership-based LMIs are the only ones in which there is a fundamental incentive structure that supports networking efforts. For unions, it is the collective strength of their membership that ensures their bargaining power, and while the bargaining activities aren't the central component of the intermediary activity, efforts to build strength through collective action also help build networks. Similarly for Silicon Valley Webgirls, members have an incentive to respond to other members' inquiries because they know that they may run across problems in the future as well.

The drawback here is that membership-based LMIs we studied typically did not work extensively with the lowest levels of the labor market. Typically the majority of the membership base of these LMIs was people already employed and usually skilled enough in their positions that employers were prepared to pay a union-wage premium. For the professional association we examined, again the majority of the membership already had a significant level of skills. Nonetheless, we were also given examples in nearly all cases of many people from truly disadvantaged backgrounds that had gotten connected to the union, such as through an apprenticeship program, and moved up in part through the successful assistance of the LMI.

## **VI Conclusions**

In this paper, we have tried to assess the current activities of a wide-range of intermediaries in providing placement opportunities and career mobility for disadvantaged workers. Our goal was to review the extent to which, without significantly altering employer human resource practices, intermediaries seem currently able to provide an infrastructure for workers to build cross-firm career 'staircases' rather than be stuck churning through jobs on a dead-end career 'treadmill'. Furthermore, our goal has been not simply to evaluate the current state of the LMI landscape in

each area, but also to identify the factors helping and hindering LMIs in providing significant assistance to disadvantaged workers.<sup>9</sup>

It was clear from our interviews that intermediaries in Milwaukee and Silicon Valley have yet to develop an effective infrastructure that can replace the formally internalized career ladders. Individual LMIs provide some valuable services, but no single organization is able to provide the full range of services necessary to have a significant impact in building career mobility for a large sector of the labor market. It is possible that the overall system of labor market intermediaries may be supporting some significant level of career mobility, despite the failure of individual LMIs to assist workers to move upward in a sustained manner. The fragmentation and lack of coordination among intermediaries, however, as well as the near universal failure of LMIs to track, much less interact with, workers over time suggests that this more positive system wide outcome is unlikely.

We did find, however, some promising initiatives in both regions. Such initiatives primarily involved either community colleges in cooperation with networks of other LMIs, or membership-based organizations (unions or professional associations), either alone or in combination with community colleges. The features that characterized these initiatives include the following: target particular occupations or industry sectors; maintain communication with workers over an extended period of time; build strong relationships with employers; deliberately focus on workers' long term needs; and provide both formal training opportunities and informal on-the-job learning over an extended period of time.

These findings suggest at least three factors to consider in any attempt to improve the ability of LMIs to assist disadvantaged workers in building career staircases. The first is recognizing that long-term considerations are critical and largely neglected in almost all LMI activity. For LMIs to be effective in creating an infrastructure for developing career mobility, they must become a resource for workers not just through placement, but also through post-job placement, on-going training, and networking building over time. The primary models for such a role exist in the

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<sup>9</sup> We must immediately stress that our research does not provide a formal evaluation of any single intermediary, nor does it provide evidence to fully evaluate the effects of the overall intermediary landscape in affecting career paths. Such formal evaluation would require more in-depth studies of the intermediaries themselves, along with detailed data on workers employment, both prior to and after exposure to certain LMIs. We are currently in the process of conducting a survey of workers in each labor market about their experience with LMIs which should provide some useful insights in this area. Instead of providing a formal evaluation, the purpose of this examination of the intermediary landscape is therefore to provide lessons and insights that are not possible through more statistically based quantitative evaluations, and to provide a broader view than is possible through a more detailed evaluation of particular

activities of the membership based LMIs. If unions and professional associations could be integrated with more formal training opportunities and expand to reach more disadvantaged sectors of the labor market, the combination would provide a very significant impact in the labor market.

Second, there is clearly a need to address the fragmentation of services in the existing LMI universe. This means not just coordination between the non-profit, community/technical college and public sector LMIs, as has been the focus in many recent efforts to improve coordination (e.g. through one-stop initiatives). There is still a greater need to coordinate with membership-based LMIs, and to coordinate with private sector LMIs in ways that can improve opportunities for disadvantaged workers.

Finally, the activities of LMIs are in many cases limited by the lack of real partnerships or integration with employers. The need to develop strong relationships with employers has now become almost a mantra in workforce development policy initiatives and practices. Providing incentives for employer involvement is obviously one solution that is frequently advocated in evaluations of workforce development initiatives. Such initiatives seem most effective, however, when they involve multiple employers, are focused on particular industries and occupational progressions, and ultimately involve both a carrot and stick approach. Lessons from LMIs efforts to affect the employer side of the labor market is the subject of a companion paper in this project (Bernhardt et al. 2001).

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LMIs. In other words, we hope that this mid-level analysis provides important insights into the landscape of labor market intermediaries that can guide further research and policy initiatives in this emerging field.

**Table 1: Summary of Assessment of LMI Landscape in Terms of Placement and Career Mobility Services**

	Ideal Best Practices	Private Sector	Membership-Based	Public Programs	Non-Profit/CBO	Community/ Technical Colleges
<i>Placement Activities</i>						
Outreach	Strong to both low and middle levels of labor market	Good	Narrow but deep	Limited to eligible population	Limited to eligible population	Minimal
Assessment	Deep knowledge of both technical skills and cultural factors of both workers/employers	Strong on employer side, weak on worker side	Strong	Minimal	Minimal on employer side: stronger, but still limited on worker side	Some and improving on employer integration; passive career advice on worker side
Training	Strongly linked with demand	Minimal	Strong in focused areas	Basic	Basic	Extensive
On-the-Job Assistance	Regular and extensive	Minimal	Mentorships important	Minimal	Minimal	Minimal
Support Services	Readily accessible and extensive	None	Minimal	Lots, but problems with access	Networked to County services	Minimal
<i>Career Activities</i>						
Intimate Industry Knowledge	Detailed knowledge of occupational progressions	Short-term focus, limited	Strong	Minimal, and limited to eligible populations	Minimal, and limited to eligible populations	Growing stronger
Building Worker Networks	Strengthening and expanding existing networks	Limited	Strong in narrow occupations	Minimal	Minimal	Minimal
Advanced/Lifelong Training	Detailed advanced technical training	None	Strong in narrow occupations	Minimal	Minimal	Extensive

*Appendix 1: Brief Description of LMIs profiled in each region:*

**For Profit Intermediaries**

*Silicon Valley:*

- SV-Smallco is a small, privately owned temporary staffing firm that operates only in the Silicon Valley. It specializes in two primary areas: engineering and technical positions, with a focus on the medical instruments and biotech industries; and assembly positions in a range of electronic assembly firms. The firm was founded in the late 1940s, has annual revenue of approximately \$2million, a payroll of typically 50-75 contract/temporary workers at any one time.
- SV-Socialco is a small, privately owned temporary staffing firm that aims to help disadvantaged workers gain improved employment opportunities, operating only in the Silicon Valley. It combines a for-profit staffing services firm with non-profit support services, working only with employers who are looking for temp-to-perm opportunities for their clients. It was founded in 1997, and had placed a total of 120 people in the three years up to October 2000.
- SV-Largeco is one of the top global staffing services firms with offices in every U.S. state and in more than 20 countries around the globe. Their Silicon Valley operations include at least five different offices, placing more than 1,000 people a year. They also have developed on-site recruiting relationships with over a dozen local high-tech employers.

*Milwaukee*

- M-Middleco is a large staffing services firm. They send out between 8-9000 workers each year, throughout Milwaukee's metropolitan region, and the place in all sectors of the economy, with major contracts from many large firms. The firm offers a range of services from temp placements to HR consultation (of their own staff, nearly half work on the consulting side of the house) and has a reputation for innovation.
- M-MilwaukeeCo is a substantial, locally-owned staffing service firm. More than 7000 workers are sent out each year to their more than 1000 client companies. Their services consist of temp placements, temp-to-perm placements, permanent placements, payrolling, and on-site coordination. It places workers in a variety of industries (office, light industrial, engineering, and technical and information technology) though the emphasis appears to be on manufacturing.
- M-Largeco is the local branch of one of the world's largest staffing services firms. In the region, the company sends out nearly 2000 workers each *day*. In addition to standard temporary placement work, their services include work on-site at employers and consultation on HR and other management systems. We focused specifically on their relationship between Largeco and a substantial local employer.

**Membership-Based Intermediaries**

*Silicon Valley*

- The United Association of Plumbers, Steamfitters and Refrigeration Fitters Local 393 has a membership of 2,000 in the Silicon Valley, which includes 500 apprentices and 600 non-working retirees. They run the Pipe Trades Training Center, a \$3 million/year training center that provides apprentice and journey level courses.
- CWA Locals 9423 (San Jose) and 9415 (Oakland) jointly operate an on-site training center and number of workforce training initiatives that use that center. Their programs include: (1) a

military to work initiative –distance learning and certification programs in computer literacy, computer technology (A+ certification) and Cisco Certified Network Associate (CCNA) available to both veterans and CWA members, (2) training programs for PIC/WIB clients including structured cabling, A+ certification and CCNA certification, and (3) the CWA apprenticeship program, open to any CWA member currently employed in Northern California. Apprenticeship courses are administered by Chabot Community College but offered on-site.

- Silicon Valley Webgrlrs is a professional association of primarily women in web design and other internet occupations. Founded in 1997, it has a membership of more than 1,200 people. It provides active networking opportunities for its members, through monthly meetings and an online listserv (that includes job listings). It provides a forum for members to share information on technical skills, training programs, and help each other solve problems in their work lives.

#### *Milwaukee*

- The Wisconsin Regional Training Partnership (WRTP) began in 1992 as a partnership of business and labor leaders to preserve and develop family-supporting manufacturing jobs in Milwaukee. WRTP assists employers and unions with the adoption of new technologies and work processes, expansion of worker education and training programs, and recruitment and retention of unemployed and low-income workers and youth. The goal is to provide improved employment security for current workers and career opportunities for community residents. Over the last three years, the WRTP has worked with local employers, training providers, and community based organizations to connect more than 500 central city regions with union manufacturing jobs.

### **Public Sector Intermediaries**

#### *Silicon Valley*

- Employment Connection/CalWorks is the public sector employment support initiative of Santa Clara County. The total welfare case load in Santa Clara County declined from nearly 18,000 in April 1988 to 13,000 in May 2000, with approximately 6,000 required to participate in welfare-to-work activities. The Employment Connection is a placement service run by the county, that was first established in the early 1990s, and maintains relationships with hundreds of employers in the Silicon Valley.
- The Silicon Valley Private Industry Council is one of two PICs that existed in Santa Clara County under the old JTPA system. It covered the central and southern parts of the county, which includes most of the poorer neighborhoods. Their annual budget in 1997/8 was nearly \$14 million, primarily directed towards disadvantaged and displaced workers. Their disadvantaged worker programs are primarily contracted out to a range of non-profit training providers in the region, while they ran many more displaced worker assistance programs directly. In 2000, the Silicon Valley PIC was superceded by the new Silicon Valley Workforce Investment Board, under the supervision of the City of San Jose Department of Economic Development.

#### *Milwaukee*

In Milwaukee County, private agencies are the implementers of the state's welfare reform program, "Wisconsin Works" or, most commonly W2. There are five agencies which administer the program in Milwaukee County and, at their sites, they also provide one-stop services for displaced, unemployed, and underemployed workers. So while these organizations are, technically, not public

agencies, from the perspective of clients, they provide the range of service of public agencies. In Milwaukee County, these agencies have replaced the public infrastructure. For our field work, we profiled two of the five agencies.

- M-WelfareOne, a growing non-profit, sees about 60 or 70 community residents walk through its doors each day. They provide a range of services including: food and clothing, shelter, a childcare play room with several trained staff persons, computer training rooms, computers and access to the state's job posting system (JobNET), and offices for everyone from employer recruiters and caseworkers to bilingual educators and legal advocates. The W2 services consisting of education, training, job placement, and wrap-around services (at least potentially). For community people who are not eligible for W2 money, the agency has limited resources. It can provide access to the Job Center, and link those residents that are qualified to food stamps, Medicaid, and maybe housing assistance.
- M-WelfareTwo is a non-profit organization with a long history in employment and training. They placed about 1500 welfare recipients in work in the first half of 2000 at wages around \$730 per hour. Like WelfareOne, the agencies offers its most extensive services to W2 clients who may receive support for training, job referrals, soft skills classes, and retention support among other services. They also provide access to "one-stop" services including job referral, computer job postings, and job fairs for those who are looking for work but are not eligible for W2.

### **Community-Based Intermediaries**

#### *Silicon Valley*

- Working Partnerships Staffing Services is a non-profit organization affiliated with the South Bay AFL-CIO Central Labor Council. Founded in April, 1999, the organization provides placement services for clerical workers in good paying jobs with opportunities for advancement. It also links this placement service with a variety of support services (e.g. access to health insurance, training, job support), and an organizing initiative aimed at raising standards in the temporary help industry through a Code of Conduct Campaign.
- SV-CBO1 is one of the larger and better-known community-based training providers in the region. Founded in 1977, it provides employment assistance to about 4,500 people annually, while assisting another 4,500 through a sobriety center they run. They provide vocational training and job placement assistance for economically and educationally disadvantaged population of the region, predominantly Latino and Asian.
- SV-CBO2 is a large, non-profit training provider, founded in 1967. They place about 3,500 people a year in Silicon Valley, providing vocational training in a range of occupations with training lasting an average of 28 weeks.

#### *Milwaukee*

- M-Faith is a small scale, faith-based, project which offers community residents job placement, drug and alcohol abuse counseling, health care referrals, marriage and mental health counseling, and social services counseling. Their Employment Division has placed over 1,100 people in jobs since 1996. The Social Services Division served 240 people in 1999.

### **Community College Intermediary Activities**

#### *Silicon Valley*

- SV-CT1 is a contract training program of one of the Community College Districts in Silicon Valley. Founded in 1981, they provide primarily on-site custom training programs to employers in the area. Targeting employers with more than 500 employees, their clients are predominantly in the high-tech industry. In 1999 they contracted for 358 separate classes with a total enrollment of 4,520, providing a range of courses including ESL, basic education, programming language, office/clerical and management skills, and quality of life programs.
- Occupational Training Institute is an employment services organization based at De Anza Community College, but funded almost entirely through outside funding sources, primarily through Federal job training programs but also through foundation sources. Founded in 1975, the organization acts essentially as a non-profit placement and assistance provider, with direct access to all the courses and training programs of the community college. With an approximate annual budget of \$2.4 million in 1999, they serve several thousand workers a year through a combination of displaced workers, dislocated worker, refugee and welfare support programs.
- Semiconductor Manufacturing Technician Program is a special 2-year Associate in Science Degree program developed in close collaboration with Intel in 1997. It is administered jointly by Mission College and San Jose City College. Current enrollment is 108 students, though the majority of these are not intending to take the full 2-year program and instead are taking the core courses in an effort to add to their skill set and move ahead in their career.

#### *Milwaukee*

- MATC, Degree Division is a specific program at the technical college that provides training in a fairly narrow but high demand field. Each year more than 500 students take classes in the program and about 60 students gain certification for employment each year. Placement into the industry upon completion of the program is easy for some, but some graduates feel disconnected from the industry and have a hard time finding a way in.
- MATC, Customized Division has the broad mission of training Milwaukee's workforce to enhance employers' profitability and workers' skills. At the technical college the division is in a unique niche, providing customized training for employers and public agencies. In general, they offer training for incumbent workers or for workers who have public sector support (training dollars) to gain pre-employment skills. In the last year, the division developed nearly 200 course which provided training for nearly 4000 Milwaukee residents. Just under half of these were disadvantaged workers.

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