

# EmploymentAbility: A proactive paradigm for resilience and sustainability in employment

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## Foreword

‘Employment’ is vital for most societies around the world, generating economic and social benefits for individuals and societies as a whole. It has been a fundamental part of the social construct for generations, delivering benefits to individuals as well society as a whole and is a key underpinning of social stability.

The COVID-19 pandemic over the past 18 months has created uncertainty in many aspects of life, including the future outlook for labour markets. The World Economic Forum Report from October 2020, *The Future of Jobs*, identified significant changes for the future of jobs and skills. When we first considered the future of Employment a few years ago we concluded there is a need for a new paradigm for the management of labour markets. We characterised it ‘EmploymentAbility – from fixing failure to managing for success.’ Fundamentally, we argued that in the light of the conditions that obtain today there is a need for a more proactive set of strategies and consequent programmes to secure the ongoing societal and individual benefits of a successful employment environment. In this paper we revisit the paradigm and ask ‘is it still the right approach in the light of the significant challenges in the past five years – have the changes meant the original thesis was no longer applicable or needed significant updating?’

Our overall conclusions are:

- Progress can be observed in many places consistent with aspects of the paradigm but there is still much further to go;
- Coordination across the labour market ecosystem remains a critical challenge (not least due to its diverse and complex nature);
- Skills provision and acquisition has become an even greater critical element of the ecosystem given the expected scale of job changes anticipated in the forthcoming years;
- Whilst we believe the overall shape of the paradigm continues to be valid we have suggested some changes of emphasis, particularly on issues around skills and the manageability of the whole employment ecosystem as an entirety.
- Whilst the ecosystem is hugely variable across different geographies we believe that if all the public and private organisations involved adopt the EmploymentAbility paradigm it will make a significant impact on the positively of the outcomes for both citizens and businesses.

Our conclusions were echoed in the comments of the leaders with whom we spoke, as shown in the quotations opposite. We thank them for their time.

"The importance of the role of Public Employment Services is only going to increase. There is a very important task ahead of us to support politically mandated changes to tackle societal challenges like climate change - we should actively prepare whole parts of the population to find new jobs in new environments."

**Dr. Johannes Kopf**

Managing Director, [AMS Austria](#)  
Chair, [Network of the European Public Employment Services](#)

**Alfonso Lara-Montero**, the CEO of the [European Social Network](#) points out that he witnesses "a growing realization in PES **about the need** to increase cooperation with other Social Services **to reach out and support those most in need** to break a vicious cycle of **social exclusion**" but he is convinced that "there is much room for a more integrated way of **working between employment and social services**".

**Jane Oates**, President of WorkingNation (a US not for profit that promotes examples of projects addressing the current challenges facing labour markets) says, "The majority of jobs in the future will be hybrid jobs - it is no longer about a singular skill set, so your strong back and your strong work ethic or degree alone won't be enough anymore. Creative approaches do work - but promoting successful solutions is critical for the spread of best practices."

# EmploymentAbility: A proactive paradigm for resilience and sustainability in employment.

## Executive summary

The events of the past two years have created uncertainty in many domains. The outlook for the labour market and the future of work is no exception. The stakes are high. Employment is at the very heart of our societies' prosperity and wellbeing. Employment is vital for individuals in providing a route out of poverty and, in wealthier contexts, providing an income to sustain a decent standard of living. It is vital for enterprises to be able to have access to people with the skills needed to contribute to the generation of wealth and prosperity. It is vital for the success of societies at local, regional and national levels - supporting flourishing economies and providing all the economic, social and cultural benefits that can result from economic wellbeing. At the individual level, employment provides benefits including personal fulfilment, opportunities for social interaction and an enhanced sense of self-worth.

The purpose of this paper is to examine the implications of the challenges facing 'Employment' and to assess what needs to be done to secure effectiveness in the light of these challenges. We approach this through the lens of 'EmploymentAbility', a concept we coined a few years ago<sup>1</sup>, and we reflect on both the challenges we identified then together with the impact of COVID.

Our original thesis was that the challenges facing 'Employment' had evolved since solutions and management approaches were designed and that therefore a new approach was required. In the context of ongoing change, not least arising from COVID, we conclude that we need an enhanced version of our earlier approach. Our proposed paradigm, EmploymentAbility, is based on the following 3 critical principles;

1. Ensure optimal employability for all
2. Maintain citizens' proximity to the labour market
3. Adopt a preventive and proactive approach

We characterise the paradigm in the following way

We need a paradigm in which the concept shifts from 'unemployment - fixing failure' to 'EmploymentAbility - managing for success.'

## Why do we need a new paradigm?

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<sup>1</sup> EmploymentAbility – from fixing failure to managing for success. Chris Brailey and Chris Gibbon 2016

We argue that the risks in the labour market have expanded from individual risk to societal risks.

The risks that we consider can be defined as:

- Short and long term unaffordability of unemployment compensation;
- Short and long term failure of the labour market;
  - Loss of critical skills especially at the point of a shock;
  - Insufficient skills to secure and maintain economic competitiveness over a period of time;
  - Long term unemployment leading to unemployability;
  - Social risks for individuals, groups and society;
  - Social exclusion as a result of the labour market's failure to deliver for all parts of society e.g. young people;
  - Individual poverty or financial hardship as a result of unemployment.

We also argue that society in general, and the public sector specifically, have become more aware of the importance of managing risk (compared to 2016 when we first proposed our paradigm). The impact of COVID is a good example of this shift in thinking. Our argument is that taking steps to address the challenges facing 'Employment' is essential to avoid the realisation of the risks set out above.

We identify 7 key challenges which the risk mitigation must address as

1. The demands of securing effective labour markets are becoming more complex and exacerbated by external shocks (such as COVID)
2. Globalisation places acute pressures on the need to be competitive and drives a demand for skilled workers
3. Technological advances and environmental issues give rise to new types of jobs whereas older ones will disappear
4. The nature of work and working patterns is undergoing change
5. Meeting the future demand for skilled workers is critical
6. There is acute ongoing pressure on the costs of social spending
7. The ecosystem for supporting Employment is complex, involving multiple organisations

We conclude that dealing with the new risks and addressing these challenges calls for a new approach to the definition and delivery of employment services which we call EmploymentAbility. We fully acknowledge that there is much written about these challenges both academically and by interested commentators around the world. This paper focusses in particular on two major aspects. First, in considering all of the *challenges together and holistically*, we develop the idea of new approach or paradigm, EmploymentAbility. Second, as well as identifying and discussing the challenges we take a very practical view on what needs to be done about them and how progress can be made – focusing especially on job related citizen services.

**The paradigm: EmploymentAbility**

We define the EmploymentAbility paradigm as a shift in focus from minimising unemployment (both periods and duration) to systematically and sustainably maximising employment as a result of successful interactions of individual citizens with the labour market. Importantly, and the key difference from the historical position is that in meeting the contemporary challenges, EmploymentAbility recognises the long term and ongoing nature of the effort and interventions required to ensure success across a working lifetime. EmploymentAbility takes the notion that citizens need to be able to adapt to ongoing changes in demand.

The approach is founded on 3 critical principles:

1. Ensure optimal employability for all
2. Maintain citizens' proximity to the labour market
3. Adopt a preventive and proactive approach

In the context of EmploymentAbility, employability is essentially about ensuring the ongoing development and refreshment of an individual's skills so that they are able to be employable *over a whole working lifetime*.

By proximity to the labour market we mean actively adopting strategies and practices that optimise sustainable employment and avoid or minimise unintended unemployment through maintaining citizens' 'work readiness'.

These points place a great emphasis on being proactive. Whereas until recently a job-life ran continuously from education to retirement, there will be – due to the challenges and risks mentioned – a more disruptive 'Work-Life' model with, for many workers, changes in both the number and nature of work transitions. . To manage these transitions will require more active planning and the proactive taking of measures to secure good outcomes for citizens – especially when taking the perspective of a whole working lifetime.

### **What do we need to change?**

Having argued for a new paradigm, EmploymentAbility, and described why it is different, the paper goes on to examine the implications of adopting EmploymentAbility in terms of what needs to happen to enable it to be implemented. The implications are framed as 6 'EmploymentAbility enablers' which we have modified slightly from our original enablers. In essence we have recognised the increasing importance of skills and the complexity of the ecosystem and modified our enablers to those below;

1. Implement segmentation of customers, facilitating differentiated services and interventions
2. Introduce a citizen-centric approach to managing interventions based on customer relationships not simply transactions
3. Introduce a new concept of 'sustainable careers' delivered through a lifetime
4. Provide flexible support for career transitions including access to meaningful training and job matching
5. Implement close coordination and partnerships across the ecosystem
6. Exploit new technology and data management capabilities while supporting citizens who struggle with e-services

### **Call to action**

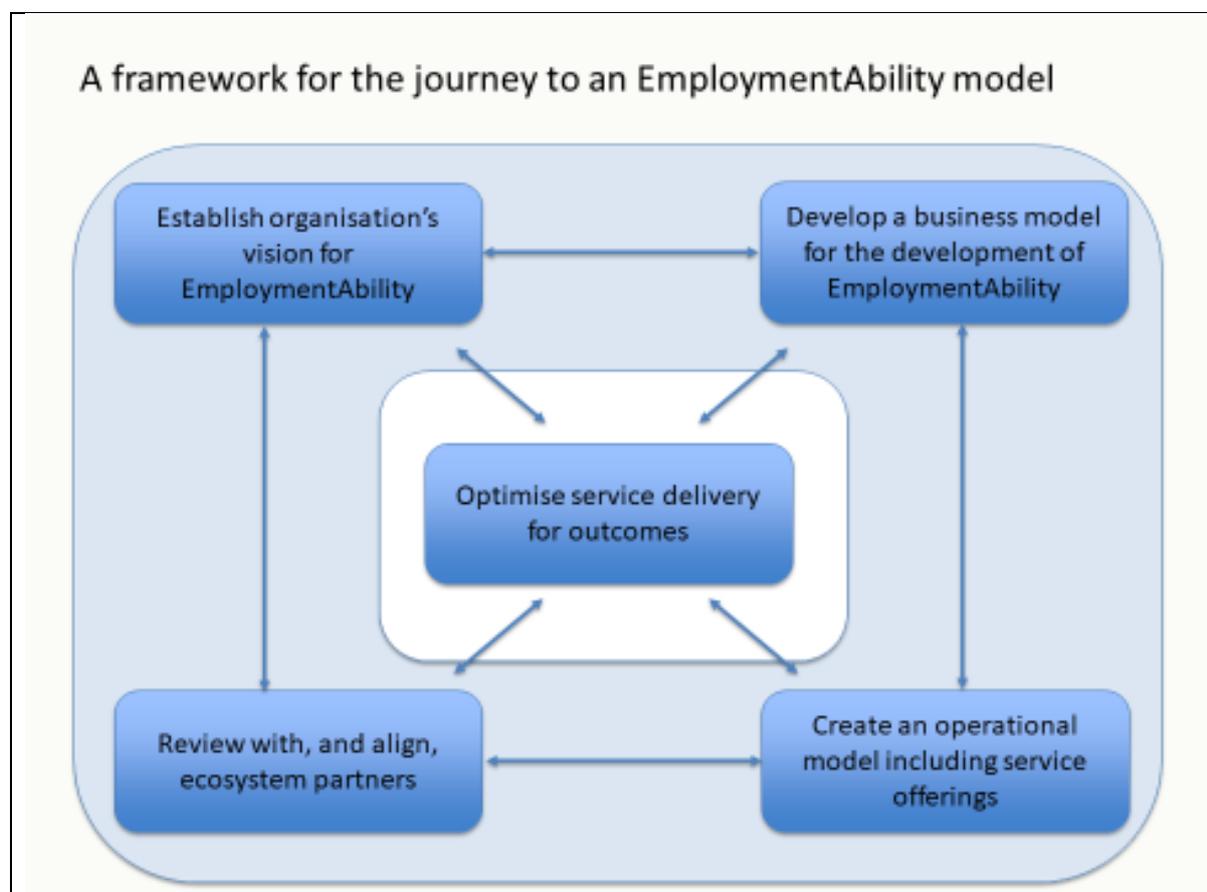
Our call to action is that since there is a compelling reason to act, actors involved in the ecosystems at local level need to take active steps towards adopting EmploymentAbility. An agile approach will be imperative involving repeated phases of discovery, envision, implementation and learn.

One of the features of the way that, around the world, services related to employment are delivered is that there is considerable variety in the nature of organisations responsible and involved, and even great variety in the roles and responsibilities of similar organisations from country to country. As a result we are at pains to point out that neither are we arguing for, nor could there possibly be, a single one size fits all approach. The concept of EmploymentAbility is organisationally agnostic – the principles can and should be adopted whatever the local structure. Our call to action is founded on the notion that organisations and the ecosystems in which they sit can, starting from where they are now, consider the principles and make progress towards a holistic EmploymentAbility approach.

We propose a framework for implementation which includes the need to:

1. Establish organisation's Vision for EmploymentAbility
2. Develop a Business Model for the delivery of EmploymentAbility
3. Create an Operational Model including service offerings
4. Review with and align with ecosystem partners
5. Optimise Service Delivery for outcomes

The framework for implementation is shown in the figure below, and the 'Call to action' section elaborates each aspect.



We also argue that road to EmploymentAbility is a journey which will likely take several years and that the journey will be made up from incremental change driven through an agile approach. Many employment services organisations already have elements consistent with the paradigm but we argue that all should establish their own holistic vision for the paradigm together with a clear plan for the far reaching change advocated.

EmploymentAbility will allow countries to modernise their approaches to employment across the ecosystem and look beyond short term interventions to longer term prosperity.

# EmploymentAbility: A proactive paradigm for resilience and sustainability in Employment.

## Introduction

Employment is at the very heart of our societies' prosperity and wellbeing. Employment is vital for individuals in providing a route out of poverty and, in wealthier contexts, providing an income to sustain a decent standard of living. It is vital for enterprises to be able to have access to people with the skills needed to contribute to the generation of wealth and prosperity. It is vital for the success of societies at local, regional and national levels - supporting flourishing economies and providing all the economic, social and cultural benefits that can result from economic wellbeing. At the individual level, employment provides benefits including personal fulfilment, opportunities for social interaction and an enhanced sense of self-worth.

This paper takes as a starting point a document we wrote a few years ago 'EmploymentAbility from fixing failure to managing for success', considering the challenges facing Employment and how they can be better addressed. Since then we have had the COVID pandemic as well as the ongoing evolution of the trends we previously identified. Our challenge was to assess the implications of what has changed. In essence our conclusion is that much of the argumentation still stands; if anything the pandemic has served only to highlight the importance of what we said originally.

One thing that societies appear to be becoming more aware of, not least because of the pandemic, is the need to understand and manage risks. The idea of risk management is no longer an esoteric construct employed by a small number of people concerned with highly dangerous occupations or endeavours. Rather it is now a common part of everyday vocabulary. And we can readily observe risks of two different kinds. There are the risks associated with events or relatively short term occurrences, from natural disasters to economic shocks such as the Global Financial Crisis in the late 'noughties' and the economic impact of the COVID pandemic. Clearly the disruption of such economic shocks are immense (let alone the ongoing health impacts of COVID). And it is a given that there will be more such economic shocks in future.

However, there are other risks that need to be managed which are less related to a sudden shock so much as a consequence of longer term changes in our societies as the world grows, becomes more technologically advanced and we generally make 'progress'. Climate change may be considered an example – it presents a huge risk that we need to manage now to avoid catastrophic consequences later. Also the impact of ageing populations presents long term pressures on the financing of our health systems and provisions for financial support for older citizens. We also believe that the subject of this paper - the future of services related to 'Employment' - can be regarded in a similar way. Our thesis is that there are changes in the world of employment and labour markets including changes in

the nature of jobs, working practices, technology and globalisation that, left unaddressed, present medium to longer term risks to societies and their effective functioning. We characterise these as ‘Contemporary Employment Risks.’ Employment and work have been a cornerstone of life for much of the world for generations upon generations. It still is. But the challenges currently being faced no longer reflect the principles that underpinned the design of the ‘Employment’ systems when they were built – and which remain largely intact now.

In this paper we explore the nature of the challenges facing ‘Employment’ and argue that these challenges present substantial and (fundamentally different) risks to society compared with when the current systems were designed and implemented. We argue that a new paradigm, which we term EmploymentAbility is needed to avoid these risks becoming realised, with their consequent far reaching disruptive impacts. We describe the key principles and design features of the EmploymentAbility concept. We then take a very practical look at what needs to happen, what needs to be in place to deliver on the EmploymentAbility agenda, what we call ‘enablers’. The fact is that there are, around the world, good examples of progress in each of these EmploymentAbility enablers, so we are not talking ‘pie in the sky’ or about unachievable transformation. But we believe that the paper sets out a view across all of the areas that need to be addressed within a systematic conceptual framework, rather than simply ‘good to do’ or worthy things.

We would also observe that, since our last paper in 2016, there has been an ongoing exploration of the sorts of challenges we discuss, both in academia and amongst Policy Institutes. Just last year the World Economic Forum (WEF) published a report, *The Future of Jobs 2020*<sup>2</sup>. A good deal of the commentary presented is supportive of the arguments we make. The WEF report also presents significant analysis including at country level to illustrate its core arguments. However, the emphasis of our report is very much action oriented, describing key elements of what should be done, particularly by service delivery organisations. The report therefore takes a very practical perspective.

We fully recognise that around the world the landscape for the involved activities is highly variable and we do not argue there is a single ‘right size fits all’ model for delivering EmploymentAbility. Nonetheless we conclude with a practical ‘call to action’ for involved organisations whatever the local ecosystem looks like. The call to action essentially proposes that, starting from where they are now, organisations need to plan for and take practical steps towards the EmploymentAbility paradigm as the destination vision, and is presented as a transformation roadmap.

The recognition of this diversity of approach around the world drives the structure of our report. In the context of managing risk, we describe the *challenges* that are creating risk. We then go on to describe the EmploymentAbility concept and the key design principles which organisations need to have in mind as they create their responses. Following this we describe EmploymentAbility *enablers* – the business capabilities that need to be in place to operationalise updated service designs in line with the design principles. Our argument is therefore that the paper is relevant whatever the local organisational context.

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<sup>2</sup> [http://www3.weforum.org/docs/WEF\\_Future\\_of\\_Jobs\\_2020.pdf](http://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf)

## Structure of the paper

The paper consists of 5 sections

1. Introduction
2. The context for employment – key challenges
3. EmploymentAbility - a new paradigm for employment
4. Implications for adopting EmploymentAbility – the enablers
5. A ‘call to action’ and framework for implementation

Section 2 address the question ‘Why do we need a new paradigm’. We describe **7 key challenges** that we believe are driving the need for a change to the status quo. It argues that the range and scale of these challenges demands the adoption of a new paradigm to avoid the realisation of ‘Contemporary Employment Risks’ implied by the failure to meet the challenges.

Section 3 describes the characteristics and key features of the new paradigm, EmploymentAbility, and describes why it is different from a risk management point of view. It presents and rehearses **3 critical design principles** for an EmploymentAbility led approach.

In Section 4 we explore the practical implications of the new paradigm and describe ‘enabling capabilities’, identifying **6 key EmploymentAbility enablers**. We give examples of practices which are implemented in existing systems today, demonstrating that these are practical propositions.

Finally, in Section 5 we provide a framework for approaching the implementation of the new paradigm, EmploymentAbility. It describes a transformation roadmap in terms of **5 proposed action elements**, and recommends an **end to end agile approach** to the management of change.

## Focus of this paper

As previously noted, ‘Employment’, is vital for most societies around the world, generating economic and social benefits for individuals and societies as a whole. It has been a fundamental part of the social construct for generations.

‘The activating welfare state is predicated on the elementary rule, acknowledged for 200 years, that the individual capable of and destined for gainful work is compelled to perform it in order to secure the necessities of life.’

Professor Eberhard Eichenhofer. ‘The Law of the Activating Welfare State’ (2015)

When we think about what it takes to enable flourishing employment we can see there are a number of aspects. Economic conditions need to support businesses, which in turn create jobs. Creating and maintaining favourable economic conditions is typically supported by a range of Economic Development organisations, nationally and locally. Businesses create jobs which require certain skills. Education and training providers enable people to develop

the right skills to undertake these jobs. Job agencies and unemployment organisations bring together the people with the right skills to the available jobs. These aspects and their relationships are shown schematically in Figure 1, below.

The scope of the paper includes some discussion across all of these aspects. However, each of them is a huge topic in their own right and each has substantial academic research and other bodies of knowledge associated with them. This paper does not seek to provide an in depth review of all of this detailed knowledge, theory and insight. The result of such an exercise would not be a paper but an encyclopaedia. Accordingly the focus for this paper, particularly when considering changes needed, are the aspects which fall within the shaded triangle in the diagram below - those parts of the ecosystem concerned with the delivery of services and support to individuals (employed and unemployed) and employers. In many countries Public Employment Services (PES) play the major role in this area of focus.

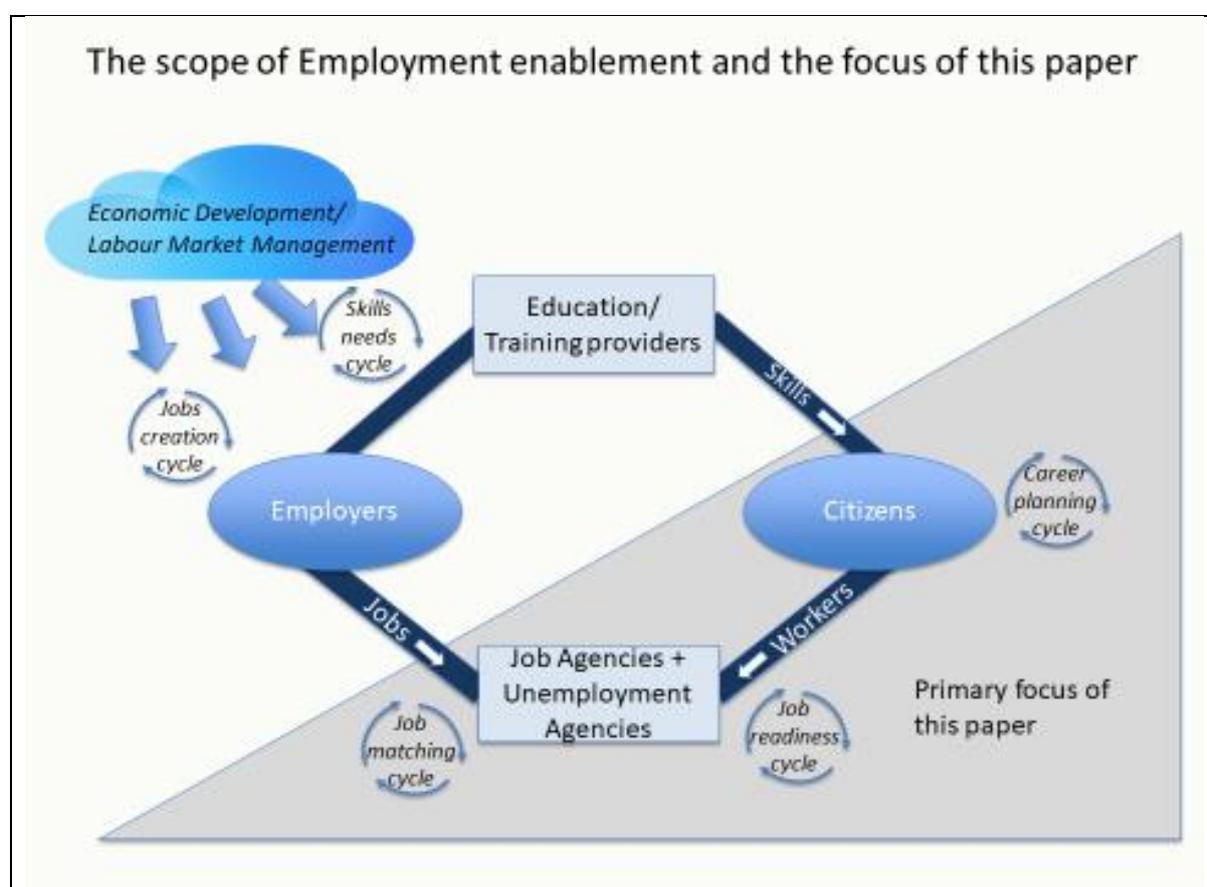


Figure 1: Aspects of employment enablement and the focus of this paper

One challenge when considering the aspects described above is that in the vast majority of countries there are multiple organisations involved in supporting the different aspects – in each country we are talking about an ecosystem of different organisations. Further, even amongst similar types of organisations, in different countries there is a great deal of variability in the organisational responsibilities – responsibilities and activities are discharged very differently from country to country. And the organisations involved may have very different constitutions from country to country – they may be public, private (or

quasi private) or public-private partnerships. Each of these models has different implications. This organisational variability between countries means that there can be no single 'one size fits all' answer to how improvements or developments can be implemented. However, as we have mentioned, it certainly is possible to identify key issues at the level of principles and also to identify relevant good practices and improvements from which there can be learnings that can be applied across the variety of different local contexts.

The paper aims to highlight some of the key implications that need to underpin the way that employment services and functions in the ecosystem need to be enhanced to ensure they are fit for purpose and able to support ongoing success for the coming years.

## The context for employment – the key challenges

It is a given that the world is a fast changing place with rapid changes in technology and globalisation of trade and the need to respond to economic shocks - in recent years the Financial Crisis and the COVID pandemic . These changes have deep consequences for Employment. In considering this backdrop for Employment, we fully recognise that many of the issues are well discussed and documented - some of the challenges for employment are longstanding, but still important. However, others are more recent. Both are important parts of the context and it is useful to briefly review the key challenges before going on to consider their implications.

The seven key challenges are:

1. The demands of securing effective labour markets are becoming more complex and exacerbated by external shocks (such as COVID)
2. Globalisation places acute pressures on the need to be competitive and drives a demand for skilled workers
3. Technological advances and environmental issues give rise to new types of jobs with older ones disappearing
4. The nature of work and working patterns is undergoing change
5. Meeting the future demand for skilled workers is critical
6. There is permanent pressure on public and social spending
7. The ecosystem for supporting Employment is complex, involving multiple organisations

### **The seven key challenges in employment**

*Key challenge 1: The demands of securing effective labour markets are becoming more complex and exacerbated by external shocks (such as COVID)*

Effective labour markets underpin the maintenance of prosperity which is vital for all countries around the world. They provide the foundation for the goal of social inclusion through which individuals are contributors to and beneficiaries of being fully engaged working members of society. And they contribute to the establishment of a sense of wellbeing for individuals and communities. Accordingly, the stakes could not be higher – employment has a key role in the maintenance of an orderly functioning society. However, in recent times we have witnessed multiple new challenges, compared with the historical context, making harder the challenge of managing labour markets effectively, including:

- Demographic challenges and changes, notably aging populations
- The exclusion or risk of exclusion from the labour market of certain groups, such as women, young people, older people, people with disadvantages or from particular racial or social backgrounds.
- Movement of people within and between countries
- External shocks, such as the COVID Pandemic
- Digitalization and automation
- Climate change and environmental consciousness

The need for effective labour markets is not new, but securing success has become more difficult as a result of the dynamic nature of these challenges. As we have said, some of the challenges highlighted are not new. Maintaining older workers in the workforce has been an issue for approaching a generation but it is still not ‘solved’ (see the various OECD statistics on “Ageing and Employment Policies”)<sup>3 4</sup>.

Some of the challenges have emerged more recently. Since the financial crisis the rate of youth unemployment has become a key policy consideration with, in Europe, the EU Youth Guarantee<sup>5</sup> providing a framework for action. Worldwide, there are many countries with a very large portion of young people, some well-educated, but without access to appropriate jobs.

Another recent challenge is the COVID pandemic whose consequences are yet to be fully realised, though it is likely that one of the longer term impacts will also be on younger people.

Whilst these latter examples may be classified as sudden ‘shocks’, the implications are likely to be far reaching - not only for the short term but some impacts are certainly bound to stay in the long run. And there is a widespread consensus that there will be future, as yet unpredictable events – presenting often acute challenges for the functioning of the labour market and demanding both systemic resilience and, as a result, the ability to respond effectively.

There are other growing challenges which evolve more continuously, but nevertheless have to be addressed with equal urgency. The ongoing wave of migration into Europe and the USA presents a set of challenges that demand responses if we are to be successful in maintaining social inclusion and societal stability. This holds true for the consequences of digitalization and automation as well as for the impact of climate change.

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<sup>3</sup> <https://www.oecd.org/economy/ageing-inclusive-growth/>

<sup>4</sup> <https://www.oecd.org/employment/ageingandemploymentpolicies.htm>

<sup>5</sup> <http://ec.europa.eu/social/main.jsp?catid=1079>

Organisations involved in the system in individual countries have to respond to each new demand as they emerge, developing policies and processes in response. The key point here is that in a developing world there is a dynamic flow of new demands, with new issues to be resolved in order to maintain the goal of effective labour markets.

*Key Challenge 2: Globalisation places acute pressures on the demand to be competitive and drives a demand for skilled workers*

A second key challenge comes from globalisation of trade and the consequent need to maintain a competitive position in the context of the availability of cheaper goods and services from emerging economies. In the developed world one key plank of the response has been to seek to ensure the maintenance of ongoing economic success through fostering high value, high skill enterprises.<sup>6</sup> We have seen the emergence of a new skills agenda, including providing for:

- The development of new skills required for new jobs and industries;
- The enhancement of relevant skills as existing industries develop and evolve (for example, the impact of new technology on car maintenance and repair, or even in farming with GPS and satellite coverage to help manage crops);
- The creation of a better educated workforce – with the flexible intellectual skills needed to be able to develop and adapt to new demands over a career – capabilities such as analysis and evaluation, problem solving and ‘design thinking;’
- Skills that enable people to be flexible and adaptable to the demands of the working environment – the so called ‘soft skills’ around, for example, the abilities to listen, communicate, co-operate and work as a team.

In adopting a long term sustainable approach countries will need to assess and evaluate the skills required to compete on a global scale and to optimise their workforces to be competitive.

*Key Challenge 3: Technological advances and environmental issues give rise to new types of jobs with older ones disappearing*

There is a constant and ongoing development of technologies which drive improvements and progress for us all. This in itself necessitates a continuous enhancement of skills – a commonplace truth for generations.

The emergence of new technologies along with new business models (e.g., E-Commerce, technology enabled services such as home delivery services) creates new jobs and therefore the need for people with the skills to carry out those jobs. For example in

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<sup>6</sup> A Skilled Workforce for Strong, Sustainable and Balanced Growth: A G20 Training Strategy *International Labour Office – Geneva, 2010* ISBN 978-92-2-124277-2 (print) ISBN 978-92-2-124278-9 (Web pdf)

relatively recent years we have seen the emergence of App Developers, Data Miners, Robotic Engineers, Cloud Specialists and Data Security Specialists.

And the process is ongoing with innovations such as Artificial Intelligence and gene editing in relative infancy. But this is still considered to be the 'Fourth Industrial Revolution.'

In fact, change commentators are already talking of the fifth industrial revolution. For example quoted in the [Business Reporter on the Future of Work - April 2021](#)<sup>7</sup>, Marina Ruggieri, Professor of Telecommunications at Tor Vergata University of Rome, 'the fifth industrial revolution envisages high-performance connectivity between humans and robots, as well as objects from the surrounding and operational industrial environment.'

A considerable amount of the discourse focuses on the skills needed to drive this innovation and the consequent need for new rather highly skilled workers as the technologies become embedded in everyday applications. In truth though it is not all about higher skilled workers. We have also seen the emergence of many somewhat lower skilled jobs in the services sector and elsewhere, for example, home delivery services, and nail bars. The other side of the coin is the disappearance of jobs, again often as a result of new or progressing technologies. For example, once, there were data entry typists (largely no longer needed since the advance of personal computers). Travel agents are an endangered species due to the internet. And, observed over a much longer period, is the situation for historically traditional crafts like bookbinders or shoemakers, which are largely redundant due to industrial production (though with some highly skilled practitioners having a good future as highly demanded niche specialists).

One of the major contemporary issues is the move towards digitalization and automation (including in decision automation or decision support, enabled by Artificial Intelligence). Understanding the likely impact of automation on current jobs is a key emergent issue. The German research institute IAB (part of the Bundesagentur fuer Arbeit) has developed a helpful tool 'Futuromat' through which the likely impact of automation of a wide range of job types and families is estimated. Users can search for a job type and the tool reports the likely/potential impact of automation on that job.<sup>8</sup>

An equally big move in technology arises from climate change (or rather the efforts to constrain it) and the ensuing environmental consciousness. Already, in many parts of the world there is a new emergent set of behaviours (or at least a different mindset) amongst citizens, voters, politicians, and customers<sup>9</sup>. Therefore, either by law or changing demands, new products and services will emerge, requiring new skills to produce or deliver e.g., turning from fossil fuel powered to electric or hydrogen-powered engines requires different skills in engineering, production and maintenance services for these products. But, electric engines need fewer parts which means a smaller workforce is needed in production and maintenance. Add to that the whole energy sector, moving from coal, gas, and oil to wind

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<sup>7</sup> [https://issuu.com/lyonsdown/docs/br\\_24\\_04\\_online](https://issuu.com/lyonsdown/docs/br_24_04_online)

<sup>8</sup> <https://job-futuromat.iab.de/en/#top>

<sup>9</sup> Brussels, 24.2.2021 COM(2021) 82 Final Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Forging a climate-resilient Europe -the new EU Strategy on Adaptation to Climate Change{SEC(2021)89final}-{SWD(2021)25

power and hydrogen, resulting in the closure of coal mines and fossil powered power stations, a huge need in the transition of skill development is obvious.

In overall terms we can probably classify the future nature of jobs and the skills required to fulfil them in three broad categories:

- Jobs with high qualification profiles (developers, researchers, critical decision makers, innovators), which are there in relative abundance, whereas the number of people with the right skills to do them is not. With the right mindset, there is ample space for personal advancement;
- Jobs with low qualification profiles will still be offered in great quantities, but are likely to be different from the past. Service personnel of all kind, e.g., drivers, delivery people will be in demand, unless, in the longer term, they too are replaced by autonomous devices. But given how important work is to most people from a personal fulfilment and social perspective, quite apart from the economic importance, it is difficult to envisage that there will not be an ongoing demand from workers for lower skilled roles, especially in the service sector. Nonetheless a recent report by McKinsey<sup>10</sup> highlighted the likely negative impact of COVID on some lower paid sectors especially in the food industry and argued that it will be difficult for sufficient new lower paid jobs to be created in other sectors to offset the expected declines;
- Jobs which require a medium qualification (having special knowledge and experience but doing recurrent standard tasks) are in the current wave of being under threat. The impact is on jobs which have been formerly considered ‘good jobs’ requiring knowledge and skills. For example, doing tax declarations can be increasingly highly automated, leaving only tricky cases to be dealt with by specialized experts. So, people in that segment may have to choose between improving qualifications and developing more niche skills or moving to other areas. The implication though is that within such occupational segments what will be needed is a smaller number of more highly qualified people. In many ways this issue – the ‘hollowed out middle’ may be the most challenging one for policy makers – with considerable risks for the current view on the way that societies function.

And these processes will certainly continue in all of the mentioned ways - it is now a familiar argument that many of the children currently at school will end up working in jobs that have not yet been invented. Essentially workforce development activity needs to be highly flexible and responsive to ongoing change in the nature of jobs.

*Key Challenge 4: The nature of work and working patterns is undergoing dramatic change.*

Also important is the dramatic change in working patterns. In the modern world of work the idea of a ‘job for life’ is largely a matter of a historical curiosity. The emergence of new jobs, coupled with factors such as mobility (inter and intra region or country), changes in employment law and changes in pensions means that most people expect to have much

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<sup>10</sup> <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-COVID-19>

more diverse career paths. Societal and demographic changes mean that for many people, career breaks are an increasing feature of individuals' working age life – whether to train, perhaps to undertake a caring role or for unpaid work.

In practice all of these factors mean that for most people their working careers will involve more changes, will be more diverse and less linear. So, for example, associated with more skilled individuals, the notion of 'portfolio careers' has emerged, in which individuals exploit skills, knowledge or experience in a variety of contexts (for instance in writing or blogging, education or consultancy). At a less skilled level the growth of part time working and part time jobs means that some individuals experience what might be called 'patchwork' employment – which in some case might be a positive thing but which in others is an economic necessity in order to make ends meet.

We are also seeing still newer forms of 'work' such as micro jobs in which, for instance, convertible 'reward points' can be earned (rather than payment in money) through social media and mobile enabled tasks such as experience feedback or the reporting of real time information.

Whereas the above mentioned items evolved along with the changes in society as a whole, as noted earlier there are sometimes unanticipated sudden shocks. During the recent COVID pandemic, there was (thanks to developed communications infrastructure) a rush to Work from Home (WFH). It is of course not feasible for all kinds of work, but the pandemic showed it dramatically more applicable than ever thought before.

Though there is a debate about the 'shape' of the post pandemic world – what the 'new normal' looks like - there is a large body of opinion that WFH will persist in some form, either full or part time. Workers have valued the flexibility it offers and to a degree has wider potential benefits (e.g. enabling care and work at the same time – though this may not be without risk, especially in the longer term...). But, for WFH to be effective, in addition to their normal job related skills, people need additional ones such as working efficiently and having personal stability. Furthermore, it might be a model that has greater applicability at certain stages – for instance when workers have developed a greater range of skills and knowledge compared with, for example, new employees needing to acquire skills.

Nonetheless, it is clear that this diversity and variety in employment patterns is a feature that is established and is here to stay. The scholarly notion of Transitional Labour Markets (TLM)<sup>11</sup> has emerged and is useful in understanding the implications of this variability. TLM recognises the reality that, for many people, labour transition does not mean simply from unemployment to employment as might have been true historically. Rather taking account of all of the employment patterns described above, we need to have a more sophisticated view that recognises many more transitions (e.g., between any combination of work (including single or multiple jobs), training, career breaks, caring responsibilities) - each with different characteristics and, crucially, with different implications and consequences. The logic of the TLM perspective is that organisations which support people in their employment careers need a more sophisticated view of individuals' real life scenarios, the

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<sup>11</sup> Schmid <http://www.econstor.eu/bitstream/10419/43955/1/252814134.pdf>

consequences and differing needs that arise and a more sophisticated set of tools to manage them.

### *Key Challenge 5: Meeting the future demand for skills is critical*

The emergence of new jobs, the development of existing jobs and the need to compete in a global economy all contribute to the criticality of the skills agenda. Meeting the demand for skills on an ongoing and timely basis will be a critical issue for successful economies. This can involve a number of different strategies.

One traditional mechanism for securing skills has been to import skilled workers through migration. This has been an option for a number of economies. But across Europe and in other parts of the world not all of the economies are equally attractive to migrant workers, especially highly skilled workers. There may be practical barriers around language or a lack of historical connections so that, for instance, attracting high tech, high skilled workers from India might be feasible for the UK but much harder for other countries. In such cases filling skills gaps through migration may not be an option. (Even when it is, this potential solution may receive substantial opposition from current populations).

In most countries, even where migration may be a partial solution, there needs to be a focus on ensuring that home grown skills are developed to meet labour market needs, including:

- A renewed focus on initial and ongoing training and skills development programmes;
- More active management of the nature of university courses and the numbers who study them including, perhaps, greater incentivisation of individuals to undertake study relevant to labour market needs. (For example, governments may publish data on the career progress of graduates to provide insight for decision making of prospective students, as done in Austria);<sup>12</sup>
- The development (or re-establishment) of alternative educational pathways including a renewed emphasis on vocational apprenticeships rather than a reliance solely on 'academic' routes, such as in Germany.

The issue of planning for the development of skills including the identification of needs and the provision of pathways is an Economic Policy Development consideration and, as such, not the core focus of this paper. Nonetheless, this strategic part of the overall picture is critical in providing the detailed context for job related citizen focused services – job seekers can only be provided with relevant training opportunities if the training needs have been specified and relevant learning programmes developed. The topic, including how job seekers can maintain ongoing access to appropriate learning opportunities is a very current issue in many countries, not least in the UK with the recently announced 'Lifetime Skills Guarantee'<sup>13</sup> which aims to address some of the systemic inhibitors to the more flexible

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<sup>12</sup>[http://www.statistik.at/web\\_en/statistics/PeopleSociety/education\\_culture/monitoring\\_education\\_related\\_employment\\_behaviour/index.html](http://www.statistik.at/web_en/statistics/PeopleSociety/education_culture/monitoring_education_related_employment_behaviour/index.html)

<sup>13</sup> <https://www.gov.uk/government/news/major-expansion-of-post-18-education-and-training-to-level-up-and-prepare-workers-for-post-COVID-economy>

thinking needed – for example adjusting the balance of prestige between traditional ‘academic’ educational pathways vis a vis vocationally oriented options.

The COVID situation is also instructive. As well as creating the need for a short term financial response, the COVID crisis has also exacerbated challenges or fragilities in labour supply with many countries experiencing challenges in finding workers to fill particular roles in certain sectors as, for instance, workers have returned to their home countries.

So, turmoil in job supply and skills availability is a risk associated with short term shocks. These effects may in many cases be temporary. For instance in Australia there was a very strong response to COVID with the borders being effectively closed. As a result, migration, notably of students – who also provided a pool of labour in some sectors such as hospitality – dried up, creating a job vacancy and skills challenge. There is nonetheless a reasonable degree of confidence that this situation will resolve itself reasonably quickly as the world emerges from the pandemic. A key issue and real problem will emerge in cases where the return to normality scenario doesn’t happen, which could occur as a result of short term changes in habits becoming embedded, or perhaps where there are concurrent policy changes affecting people’s willingness or ability to ‘return to normal.’

#### *Key Challenge 6: There is permanent pressure on public and social spending*

There has always been pressure on public spending including on one of the big areas, social security. Efficiency in the delivery of programmes (as in other areas of public spending) remains a priority with, for example, increasing use of technology to drive efficiency in administrative processes. Effectiveness in the actual amount of money spent on programmes is also an ongoing and increasing priority, especially in those aspects involving collection and distribution of resources (i.e. tax authorities, social security agencies, agricultural programmes etc). So efforts to reduce fraud and error will continue to be significant. And using data and evidence based approaches to evaluate the effectiveness of policies and programmes, thus avoiding ‘waste’ or unplanned impacts is also an increasing concern in many countries.

A case in point for managing pressure on public finances, observed all around the world, and which directly relates to the EmploymentAbility agenda concerns the affordability of pension payments. To safeguard pension systems against financial collapse there has in many countries been a tendency to raise the age from which people are entitled to pensions. To make that work, people have to have jobs at an increasing older age. In consequence, even older people need to attend to their skills needs, to develop them further, and of course as a result to sustain or get offered corresponding new employment opportunities by their employer or in other institutions.

However, COVID has brought a substantial new challenge. To manage the economic implications of the COVID pandemic the measures adopted by governments all over the world included spending great amounts of money to mitigate the effects on businesses and individuals. It will take decades, not years, to pay the accrued debts. Hence, it is a challenge for governments to manage this financial ‘black hole’ and at the same time

stimulate the economy and invest in infrastructure and education. We believe non-investment in education or skill development is not a solution. The argument in this paper is that in the medium to longer term this will damage a country's economic performance because it will not be able keep up with the contemporary challenges and demands. In this case the consequence will be an ongoing waste of resources on unproductive unemployment compensation – and at a level far greater than the costs of the investment required to avoid this situation. Our argument is that the EmploymentAbility approach is an imperative even allowing for the competing pressures on spending.

In summary, money shortage on the public or social security side, should not be an obstacle but, on the contrary, an inducement to invest in skill development.

In the long run, even the financing of the complete social security system (pension, unemployment, health, industrial injuries insurance) has to be analysed in the light of the challenges we have set out. With advancing automation more and more activities may be performed by machines and not by persons. Though this might result in similar (or even greater) total earnings of national income, contributions to taxes and social insurance systems are likely to decrease because they are based on collections arising from people's employment. To maintain the required level of revenues social security collections (and, in some cases tax raising) needs new thinking on which contributions should be based (for example on companies' total output instead of person level contributions)

*Key Challenge 7: The ecosystem for supporting and enabling Employment is complex, involving multiple organisations*

As we described in Section 1, enabling 'Employment' has a variety of facets including:

- Financial support, for example through unemployment insurance;
- Jobseeker support (including Public Employment Services and private agencies);
- Education and skills development;
- Economic Strategy and Development and Labour Market Management plan.

The ownership of these responsibilities varies between different countries, but in all countries there is an ecosystem of organisations and agencies involved. These organisations may exist at national, regional or local levels and may include public, private and not for profit enterprises. Coupled with the range of actors involved, is the fact that they often have overlapping responsibilities. This means there is a need to effectively co-ordinate activities in a very complex ecosystem, which inevitably presents a significant challenge and, in fact, later we go on to suggest that the whole ecosystem is too diverse for a single end to end view and co-ordination. Rather we suggest a series of managed sub domains with a partnership model 'connecting the dots' as necessary.

However, even within this smaller scope there is often considerable variety in nature and roles of organisations involved and their relative responsibilities. In many countries a key role is played by a Public Employment Service (PES). But the scope of functions carried out by PES's includes those where it has a greater scope to those where its' remit is narrower. The Public Employment Services in Germany (Bundesagentur fuer Arbeit) and Austria (ArbeitsmarktService) have the 'traditional' benefits assessment and payments and job

counselling duties. But they also have a wider role in Labour Market (LM) management compared with some other countries where LM responsibilities are more widely dispersed (for example France, the UK and many central European countries). Furthermore, in many countries where such PES's exist there are often complex arrangements for delivering services involving public, private and not for profit partners.

The bottom line is that the ecosystem is always complex and aligning it towards achieving success will always be a challenge. In terms of the future development of the system and responding to the challenges we have discussed the clear implication of this organisational variety and variation is that there can be no universal operating model; to seek to provide one is a fool's errand. However, we believe that it is possible to identify what needs to happen at the level of 'change principles' and the EmploymentAbility enablers which need to be examined and worked on in different local contexts with the relevant local actors.

### **Compelling Reason to Act**

In considering these key challenges, especially paying attention to the fact that they are not static but dynamic and in many cases intensifying, we believe it is possible to define a number of contemporary employment risks. These risks are much broader than the traditional social risk of lack of income for individuals during periods of unemployment, which is the fundamental basis of current systems. The risks that we consider can be defined as:

- Short and long term unaffordability of unemployment compensation;
- Short and long term failure of the labour market;
  - Loss of critical skills especially at the point of a shock;
  - Insufficient skills to secure and maintain economic competitiveness over a period of time;
  - Long term unemployment leading to unemployability;
- Social risks for individuals, groups and society;
  - Social exclusion as a result of the labour market's failure to deliver for all parts of society e.g. young people;
  - Individual poverty or financial hardship as a result of unemployment.

We need to manage these contemporary employment risks in order to avoid the consequences of failure, which could be:

- Unsustainable public debt;
- Economic stagnation;
- Social instability.

These are not trivial concerns. The implications of these conditions are potentially catastrophic for societies. It is our proposition that the need to address these risks in order to avoid these consequences provides a compelling reason to act. We need to refocus on the risks of today and do things differently from before.

## EmploymentAbility - a new paradigm for employment

In the previous section we described the key challenges impacting 'Employment', reflecting that these challenges are much more complex and long term, especially when compared to that time when the current systems for managing the Employment challenges were designed. We argued that we need to recognise that these challenges result in new risks which impact at a collective, societal level rather than just on individuals. In this section we describe what needs to be done about it, proposing and describing a new paradigm based on managing for success, which we term EmploymentAbility. We also describe the key principles that underpin the EmploymentAbility concept – what delivering on an EmploymentAbility looks like in terms of the services design principles. In section 4 we then go on to discuss what we term 'enablers' of EmploymentAbility, in other words the very practical things that need to be in place to operationalise services that meet the key design principles.

### Why EmploymentAbility?

At the time when Bismarck first introduced unemployment insurance the conditions were very different from today, i.e.:

- Many people could expect jobs for life;
- Types of jobs were relatively stable with well understood and stable skills requirements;
- Many people didn't change careers;
- People didn't have multiple careers;
- Many workers didn't really have a great need to develop skills (after completing an initial apprenticeship).

Under these circumstances identifying unemployment of individuals and consequent loss of income as the key risk was appropriate to the time and it was right for the system to be fundamentally designed to manage this risk. The outcome was a system designed primarily to provide compensation for brief periods of unemployment. It was about managing a risk to the individual. However, this set of conditions no longer describes the reality today.

The EmploymentAbility paradigm is designed to acknowledge a need to manage both the traditional risk but also the contemporary employment risks set out in the previous Section. It is also founded on the hypothesis that the impacts of the contemporary risks are as much on society as a whole as on individuals.

Our hypothesis is that we need to extend from a historical focus on fundamentally individual level risk (i.e. income loss) to encompass broader collective risks (i.e. market and societal failures). This shift in the problem we are trying to manage inevitably has implications for the things we do and the way that we do them.

In providing a framework for the effective management of these collective level risks, the EmploymentAbility paradigm is founded on the notion that we need to adopt *active and ongoing* strategies to systematically maximise employment over a whole working lifetime and not simply a responsive approach to the occurrence of unemployment.

In a sense it may be argued that the traditional approach was one of ‘fixing the failure’ (i.e. unemployment) by compensating periods of unemployment. EmploymentAbility is about ‘managing for success.’ By managing for success we mean the optimisation of sustainable full employment. Furthermore, our efforts to bring about the optimisation of sustainable full employment need to be informed by the nature of the contemporary challenges as described in the previous section. These challenges define the context in which success will be secured:

- The demands of securing effective labour markets are becoming more complex and exacerbated by external shocks (such as COVID);
- Globalisation places acute pressures on the need to be competitive and drives a demand for skilled workers;
- Driven largely by technological advances new types of jobs are emerging with older ones disappearing;
- The nature of work and working patterns is undergoing change;
- Meeting the future demand for skilled workers is critical;
- There is acute ongoing pressure on the costs of social spending;
- The ecosystem for supporting Employment is complex, involving multiple organisations.

### What is EmploymentAbility?

EmploymentAbility as we discuss it in this paper is primarily concerned with enabling the successful interaction of individual citizens with the labour market, *taking account of the issues we have just described as ‘key challenges.’* Importantly, and the substantive difference from the historical position is that in meeting the contemporary challenges, EmploymentAbility recognises the long term and ongoing nature of the effort and interventions required to ensure success across a working lifetime. EmploymentAbility takes the notion that citizens need to be able to adapt to ongoing changes in demand arising from, for example, changes in technologies. It takes the view that services to support citizens need to be citizen centric – reflecting the greater range of circumstances that citizens start from. It implies new services being made available to citizens to enable them to plan and manage their careers over their working lives. It also anticipates modernised ways of working with employers to optimise worker engagement with the labour market, especially during short term shocks to the economy.

As we go on to illustrate, EmploymentAbility involves a systematic effort – it becomes a key focus for the design of the system and services provided to citizens and employers. It also recognises the importance of sustainability - because of the dynamic nature of modern labour markets, EmploymentAbility doesn’t just take a point in time view, rather, it takes a forward view - actively anticipating, planning for and responding to changes as they occur.

As we have described earlier the range of agencies and organisations involved in the delivery of services to citizens and employers is diverse and often very broad. Whatever

structure and arrangements exist in a particular local context, all of the involved players have roles in executing on the EmploymentAbility principles discussed in the next section.

### Key EmploymentAbility Principles

There are three critical principles involved in the EmploymentAbility paradigm, which are described below.

1. Ensure optimal Employability for all
2. Maintain citizens' proximity to the labour market
3. Adopt a preventive and proactive approach

#### *Ensure optimal Employability for all*

As noted, contemporary careers and working experiences are much more dynamic than historically – most people will have much more diverse careers and working age lives. In the context of EmploymentAbility, employability is essentially about ensuring the ongoing development and refreshment of an individual's skills so that they are able to be employable *over a whole working lifetime*, including as the nature of jobs and their individual circumstances change.

As is widely recognised, there are a number of aspects to this:

- 'Vocational or job skills' related to a particular job, enabling the individual to fulfil the job role and demands;
- 'Learning skills' through which individuals have acquired the ongoing capability (or learning mentality) to inquire and develop new skills in the light of changing needs, for example as jobs change;
- So called 'soft skills', the ability to work effectively with other people and in teams. This aspect has been well understood and documented in recent years. However, the recent change towards more remote working and working from home (WFH) is likely to place even more of a premium on being able to work successfully with co-workers including when there is limited face to face contact – not least since, as mentioned in the previous section, there seems to be a wide consensus amongst commentators that WFH is likely to be an ongoing feature, if not full time, as part of a hybrid office/remote work pattern.

A temporal dimension is also clearly important. Given the ongoing and rapid change in jobs there is a well-documented argument that learning can no longer be regarded as 'once and done'. Instead there is an imperative for a lifelong approach to learning and skills acquisition, as noted in the OECD's Skills outlook 2021<sup>14</sup>.

Against this backdrop of ongoing change over a working lifetime the concept of a 'sustainable career' (i.e., one with no unintended breaks) over a working lifetime is the right vision for EmploymentAbility. A series of independent reactive interventions to individual

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<sup>14</sup> <https://www.oecd.org/education/oecd-skills-outlook-e11c1c2d-en.htm>

crises (ie job loss) will not meet the demands of the modern world. A longer term view is required. Designing services and interventions for a long term sustainable career has very different implications from job placement. For example, a sustainable career for a construction worker needs to consider and plan for what happens as the worker gets older and may be less able to manage the level of physical tasks required. We frequently see this type of sustainable career in professional sports where an athlete transitions to coaching, broadcasting, or team management after they are no longer able to perform on the field.

Our argument is that we need to have the vision to be able to apply this kind of thinking to potential career routes much more broadly than these few examples – in the future the drivers will include the changing nature of jobs as well as the physical capabilities of workers.

The kind of lifelong learning and lifelong career management that result from this focus on employability have been at the heart of a change in approach in Europe (for example the Flemish Employment Service, VDAB) and Singapore (Workforce Agency). In both of these cases personal career planning is at the heart of the process – taking a medium and longer term view as well as meeting short term needs.

### *Maintain citizens' proximity to the labour market*

By proximity to the labour market we mean actively adopting strategies and practices that optimise sustainable employment and avoid or minimise unintended unemployment through maintaining citizens' 'work readiness'. The time dimension is an important consideration here as well. The fact is that employees are not robots who happen to breathe and who can be simply programmed to fulfil a role by training at the appropriate point in time. Effective workers cannot be enabled at the flick of a switch. Rather, it has been well observed that 'work orientation' in a potential employee is vital, and well observed also that work orientation can decay and fade with extended periods away from a working environment. Many governments and agencies recognise the importance of actively intervening to ensure that workers stay 'work ready' through not being disengaged from working life for extended periods. For individuals this can involve training, skills development and coaching in a general way or work orientation programmes on employers' sites. Such schemes are supported (also financially), for example, in Germany by the PES Bundesagentur fuer Arbeit (BA).

Another example is the Short Term Work initiative. This Short Term Work or work subsidy approach has of course been recently deployed in many countries around the world, albeit with different designs, in response to the COVID pandemic in 2020/21. In each case the costs, though extensive have been judged to be well outweighed by the benefits of avoiding the long term scarring through the collapse of employment and employment sectors together with the potential risk of citizens losing work orientation or readiness.

Interestingly, a dozen years earlier during response to the Financial Crisis such programmes were not as widespread. One of few examples occurred in Germany. Essentially the PES (Bundesagentur fuer Arbeit, BA) devised a policy response that provided subsidies for employers to keep workers in short time work rather than lay them

off (and then for the BA to make unemployment payments). Subsequently, when the economy started to recover normal work and pay arrangements were resumed. The key thing is that the workers had remained close to their core occupational employment keeping them work ready in the jobs with which they were already skilled, whilst companies were also able to gain momentum quickly, speeding economic recovery and avoiding the disruption of substantial dislocation in the availability of labour in particular sectors of the economy.

A further 'proximity' example involves changing the timing when job placement related activity starts. In some countries citizens are not considered eligible to be customers in the job placement process until they are actually out of work. But if we were aware that a company was in trouble and there was a risk of many redundancies, would it not be sensible to start the job seeking and placement processes before redundancy actually occurred – maintaining employment as well as avoiding costs of unemployment benefits? This is similar to the approach taken within the UK Armed Services where significant support is given to career transition approaching the end of the military career (through for example their 'Transition to Civilian Life' program<sup>15</sup>), and is another example of maintaining proximity to the labour market, this time through avoiding unintended unemployment.

In legislation passed in July 2015 the Dutch government recognised the importance of managing job transitions effectively through the introduction of a new benefit, job transition allowance, designed to support training and professional development during transitions.<sup>16</sup>

A final example from Germany is the concept of 'Job-to-Job' placement, meaning, a person having received a notice of dismissal has to register with the PES as job seeker - either immediately or (if there is a longer notice period) 3 months before termination of the job contract. The rationale behind the model is that it is easier to place people who are officially still in work and are regarded as labour market 'ready.' There is a 'stick' as well, since not fulfilling the obligation to register results in the loss of one week's unemployment benefit.

### *Adopt a preventative and proactive approach*

Both of the previous points place a great emphasis on being proactive. In emphasising the characteristic of being 'active' in the EmploymentAbility paradigm we are reflecting experience in other branches of social policy. One of the features of social security and related social programmes (including medicine) is a move towards proactivity and prevention rather than reaction. For example, in the field of labour accident there has been a dramatic shift toward driving workplace safety to avoid accidents rather than reactively paying for the costs of treatment and rehabilitation. And in medicine similarly, a key part of the approach is about promoting healthy living and wellness rather than treating the consequences of often chronic conditions resulting from unhealthy lifestyles.

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<sup>15</sup> <http://www.army.mod.uk/structure/32877.aspx>

<sup>16</sup> <http://www.uvw.nl/particulieren/overige-onderwerpen/wet-werk-en-zekerheid/detail/ik-word-ontslagen/veranderingen-vanaf-1-juli-2015-bij-ontslag/bij-ontslag-transitievergoeding>

We believe that those responsible for enabling citizen success in the labour market need, drawing on the arguments we present in this paper, to consider how they can be more proactive and preventative in driving successful outcomes. The Short Term Work policies described in the previous section are, of course, also examples of proactivity – managing for success, rather than fixing failure.

But we consider there are other areas where proactivity can be an important part of the EmploymentAbility agenda. One of the challenges we have highlighted concerns the more complex nature of a working life. Hitherto, a working life might have been characterised as a journey of initial education leading to a job, or in many cases a sequence of jobs until the point of retirement. In the contemporary world for many people this is no longer the experience. Instead, after initial education there may be a number of parts to the working age experience including the following (and combinations of them...)

- More than one job simultaneously;
- A period on further part time or full time education or training;
- A period spent in a caring role;
- A career break;
- Maternity leave;
- ‘Extended’ childcare leave;
- A moment of ‘turmoil’ for example a relocation from/to another region or country;
- A flexible retirement with ongoing engagement in work.

The key point here is that during a working life many people will have both many *more* work transitions but also *different* work transitions – not just from job to job. And the requirements for advising on and supporting these more complex job transitions are inevitably quite different. Agencies with responsibilities in this area need, in our view, to be proactive in understanding the implications of the more complex transitions including developing as required, products and services designed to reflect these differences. Being proactive has been shown to be successful. For example, there is some evidence relating to the way that employers have dealt with women taking extended childcare leave. It has been the experience of some employers that by proactively maintaining active engagement with these workers through the extended childcare leave, the outcomes in terms of their ability and effectiveness to later re-integrate them into the workforce was substantially enhanced.

And another proactive measure that we consider important is the very idea of longer term career planning for individuals reflecting and being informed by the changing nature of jobs. The idea may be more or less applicable in different occupational groupings but especially where there is a high degree of change, supporting individual workers by providing information and guidance to navigate through these changes makes a lot of sense. But also in this more dynamic and forward looking approach, it makes sense (if we are to optimise successful employment) to provide such services not only to people who are unemployed or even at immediate risk of unemployment (as we have noted earlier) - which is the typical ‘fix a problem’ situation - to people who are employed in a rapidly changing sector and who are therefore ‘at risk’ at a sector level. In other words actively managing for ongoing success.

So, the proposition of this paper is that there is a clear need for those with responsibility for managing employment to move towards a more proactive and preventative approach. In EmploymentAbility key examples of proactivity include taking early steps to recognise the contemporary challenges described in the previous section to take steps to:

- Avoid unemployment where possible;
- Support and enable planning for sustainable careers by planning for the future changes and equipping citizens with the skills to be successful over their working lifetime.

The need to effectively deal with citizens experiencing more, and more diverse, labour market transitions and the associated need to develop relevant proactive and preventive services implies a potentially significant change to business operations and services. We believe a very helpful first step in meeting to address these needs is to develop a modernised 'Work-Life' model. Historically the work life model was basically education, job or a sequence of jobs, retirement. A modernised Work-Life model would recognise all of the job transitions listed earlier, thus defining the variety of needs for which services need to be designed.

One of the challenges we highlighted in the previous section is the fact that the ecosystem for managing the related demands, activities and services for effective EmploymentAbility is highly variable from country to country.

Our purpose here is not to prescribe a particular organisation model. The EmploymentAbility principles are organisationally agnostic. In many countries there are so called Public Employment Services (PES). It is a somewhat common feature – with over 80 organisations around the world involved in the World Association of Public Employment Services (WAPES). But this PES term is a high level definition – the details of roles, responsibilities and operating models are also highly variable. Nonetheless, in thinking about the challenges implied by the EmploymentAbility agenda our assumption is that in many countries the PES would naturally take a substantial role in driving the response. (Indeed in many cases they already do).

In some cases where there is not a PES, per se, there may be other central agencies that fulfil a similar role, whilst in some countries the range of actors is rather more dispersed with rather little tradition of 'central' coordination. Our key argument about EmploymentAbility is that as an approach it is aiming in the right direction. But we are not prescriptive about the delivery model, so even in cases where the responsibilities are more dispersed, there is inevitably an existing ecosystem of actors who should, through whatever governance arrangements they have in place, consider the issues raised and how to respond in their local context. In taking pains to emphasise that there is no single ideal model for managing EmploymentAbility at an overall level or even managing delivery within constituent components such as delivery of job related services to citizens, we have nonetheless highlighted that there needs to be alignment of the participants involved. There are responsibilities on all of the participants - from those government and other agencies involved in analysing and planning strategy to those agencies involved in delivering services - but also to employers and individual citizens themselves in terms of the need to engage and participate in programmes.

## Implications for adopting the EmploymentAbility paradigm – the enablers

We have defined EmploymentAbility as a new paradigm, with our focus primarily concerned with the interaction of individual citizens with the labour market. Importantly, and the key difference from the historical position, is that in meeting the contemporary challenges, EmploymentAbility recognises the long term and ongoing nature of the effort and interventions required to respond to the challenges and ensure success across a working lifetime. Here we define the critical enabling characteristics of any systematic effort seeking to deploy the concept. For each enabler, approaches to practical implementations are discussed and examples are given.

The enablers described here provide a ‘helicopter view’ of the *totality* of approaches to be implemented across the ecosystem which support the effective interaction of individual citizens with the labour market. We use the term *totality* deliberately. As will be seen in the descriptions in the section many of the enablers are not new. Indeed, there are examples that we quote to demonstrate that we are not talking ‘pie in the sky’. These things are happening. Our argument though is that to meet the EmploymentAbility challenge *all* of these things need to happen as part of a new operating model.

The 6 key enablers are:

1. Implement segmentation of customers, facilitating differentiated services and interventions
2. Introduce a citizen-centric approach to managing interventions based on customer relationships not simply transactions
3. Introduce a new concept of ‘sustainable careers’ delivered through a lifetime
4. Provide flexible support for career transitions including access to meaningful training and job matching
5. Implement close coordination and partnerships across the ecosystem
6. Exploit new technology and data management capabilities while supporting citizens who struggle with e-services.

As we have described, one of the implications, especially of the more proactive approach to securing EmploymentAbility success is that a greater range of services will need to be provided to a much larger group of customers – it’s not about fixing a failure or problem but proactively managing for success. This will include the traditional category of job seekers but also, potentially, people in work whose jobs will undergo substantial change as a result of changes in the whole sector driven, for example and most obviously, by technology. We are arguing that there will be a much larger future customer base for services. The enablers we describe here are in considerable measure about efficiently managing this larger and more complex base on customers, delivering both efficient and effective outcomes for them and society.

## *Enabler 1 - Implement segmentation of customers, facilitating differentiated services and interventions*

A key requirement in the new paradigm is to address the needs of specific groups of citizens with services tailored for them. In most countries there is already often a focus on particular groups often including youth, women, people with disadvantages and high barriers to work, people with disabilities, older people and migrants.

Focussing on the specific needs of particular target groups is helpful since it recognises that these groups have distinctive needs. However, more sophistication is needed; the current approach might specify target groups and focus on their needs, but our argument, especially with a wider customer base, is that it does not go far enough. Implicit in the simple identification of target groups is that the individuals in these groups are relatively homogeneous. This is not the case. For example, the barriers to labour market entry are not the same for all youth, all women or all people with disabilities. Given the complexity of EmploymentAbility situation we need to get to at least a level below where we typically operate needs identification and intervention design – based not on what broad group but what are the different characteristics of the sub groups within that overall group.

It is possible to learn from other more commercial practices, particularly for ‘real’ customer segmentation and the development of evidence-based service offerings for different segments. In more commercial contexts, for example retail, using analytical tools and models to undertake customer segmentation can result in the identification of many more customer segments – up to a hundred is not uncommon. In retail this enables more targeted marketing. In EmploymentAbility it enables the development of more specific service offerings or intervention packages which are more relevant to the needs of these sub segments. (Though in practice, however, service elements that are developed to meet the needs of one segment may end up being relevant for several segments – there can be a good deal of re-use).

The point can be illustrated through a real example. Many countries have implemented services targeted at the so-called NEETS (young people between 18 and 30 years of age who are not in education, employment or training). In Belgium the PES Actiris recognised the needs of all NEETS may not be the same and that different support may be needed for different sub segments. They launched a project with new forms of cooperation between partners who offer a variety of innovative approaches targeted at specific subgroups of NEETS in different contexts. For example:

- Young people who may have problems at home;
- Young people who may have been a victim of discrimination;
- Young people with a troubled relationship with official institutions such as school or the police;
- Young people with mental health issues.

The partners in the programme were NGOs, youth organisations, social economy organisations, coaching and career development agencies, sports clubs and ethnical-cultural associations. Although the partner projects only started in 2019 approximately 1,000 young people have been supported with positive results in the number of young people returning to education, training or employment.

Segmentation can involve defining both very broad groups as well as very narrow groups with common needs. The segmentation should be regularly reviewed to determine its effectiveness and appropriate modifications introduced. In other words *effective* segmentation is not a once and done static activity but a more dynamic ongoing service delivery improvement approach

The approach to segmentation we are describing in an EmploymentAbility context is unlikely to be 'owned' by one agency but will be shared - segmentation be deployed for service delivery across organisational boundaries and may well involve both businesses and policymakers in collaboration to actually develop the analysis. An example below illustrates businesses and policy makers working together to apply a segmentation approach to meet the needs of particular a segment, in this case black workers with earnings below a defined value.

In a recently announced initiative the companies IBM and Merck will form the core of a national (US) hiring and training network created by OneTen, a coalition of major U.S. employers that has promised to help hire and promote 1 million black workers into higher-paying jobs over the next decade.

The new OneTen virtual network is designed to allow employers, employees, and training groups to collaborate on career development, job postings and recruitment as part of the initiative to get Black workers without 4-year degrees into higher-skilled and higher paid jobs.<sup>17</sup>

Enhancing approaches to customer segmentation will improve efficiency through better targeting of services, which will be critical given the wider range of customers and services implied in the EmploymentAbility paradigm. Otherwise, it will be a significant challenge to manage the increased workload. The value of segmentation though is not just about managing workloads and improving efficiency. Even more importantly it is about effectiveness. Segmentation is a prerequisite for the development of analytical approaches to better plan and manage more effective interventions that support better outcomes, based on deeper insight into what works best for different segments. Certainly, if we accept that there are indeed different segments with different needs we should address the 'what is the most effective approach' question at that more granular level.

Whilst segmentation is essentially a 'local level' activity and may result in different models in different countries or regions, we nonetheless recognise that there are similarities in the nature of individuals and their needs between countries. We see an opportunity for international sharing of information to improve service effectiveness, including the possibility of international benchmarks.

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<sup>17</sup> <https://www.oneten.org>

## *Enabler 2 – Introduce a citizen-centric approach to managing interventions based on customer relationships not simply transactions*

We have argued that most of us will experience many more career transitions in our lifetimes compared the era of ‘a job for life’. These transitions can involve moving between a variety of states (eg job to job (or jobs), job to training, training to job, career break to training etc). The challenges faced will vary from case to case. It is critical that the services provided reflect these challenges and this can only really be achieved if the approach based on the individual’s needs and circumstances. This is what we mean by the citizen-centric approach - putting the citizen at the centre, considering all the relevant factors and dimensions and planning interventions across these dimensions as needed. And given the reality that we have already mentioned, that there are normally a range of organisations involved in the totality of working with job seekers, it is about involving the right range of organisations in a seamless manner to deliver the aspects they provide in order to contribute to a whole solution and not just to deliver their ‘product’. It implies a more holistic approach.

This is not a new concept though it is still by no means dominant – many agencies still organise their thinking around a ‘programme view’, which can be characterised as ‘these are the offerings we have, so now which box does the customer sit in.’ This style is effectively inconsistent with the EmploymentAbility paradigm which demands a citizen centric view based on an individual employment / career plan.

As noted the citizen centric approach will typically mean providing services and support from a wide range of agencies. Having this wider range of service providers implies strong coordination across the ecosystem so that case workers have a comprehensive view of what is available and mechanisms for enabling citizens to easily access such support.

For example, many commentators are predicting that following the pandemic an increasing number of workers will struggle in employment due to mental health disorders. The World Economic Forum projected that mental health disorders will cost nations \$16.3 trillion between 2011 and 2030, which represents a staggering potential loss in economic output.<sup>18</sup> Our argument is that this is just one real world example of the complexity of support some job seekers may require to effectively re-enter the workplace. And there is nowhere where all the skills required to meet the needs resides in a single organisation. So solving the challenges at an individual level will require support tailored to the individual citizen and may well involve engagement with a new set of service providers. In some cases cross agency working will be ‘relatively’ straightforward, clarifying the service offerings, planning and delivering largely ‘packaged’ interventions and maintaining good communications and co-ordination. In some cases the challenges of co-ordination may be much harder. The European Social Network (ESN) has coined the term ‘Inclusive Activation’ to the need for a more holistic, citizen centric approach to managing employment activation based on needs, sometimes at the individual level.<sup>19</sup>

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<sup>18</sup> [http://www3.weforum.org/docs/WEF\\_Harvard\\_HE\\_GlobalEconomicBurdenNonCommunicableDiseases\\_2011.pdf](http://www3.weforum.org/docs/WEF_Harvard_HE_GlobalEconomicBurdenNonCommunicableDiseases_2011.pdf)

<sup>19</sup> <https://www.esn-eu.org/policy/inclusive-activation>

Also in the context of aligning partners to work together at the level of actual service delivery to individual customers the European Social Network argues for the creation of Integrated Pathways across service providers.<sup>20</sup>

The support required to enable a citizen to successfully manage a job transition as part of a sustainable career may also have a time dimension, for example, building a longer term skills plan based on previous experiences and training. Information will typically be captured and maintained over a period of time and across different agencies. This requires a shift from a 'Transaction Based' to a 'Relationship Based' approach to interacting with customers (as has been seen in other industries such as retail). It means capturing and using information over a period and not just at a point in time. At a very practical level this means a re-thinking of case management systems. There is considerable variety in case management practices from very simple, transaction focused tools to platforms that provide a basis for the more sophisticated relationship model that is required. A relationship-based case management system will provide support for relevant EmploymentAbility processes such as customer segmentation (and the closely related risk assessment), the management of career planning and interventions, outcome evaluation and the marshalling of data to support evidence based predictive techniques and, for policy makers, 'what if' modelling.

### *Enabler 3 – Introduce a new concept of 'sustainable careers' delivered through a lifetime*

We have discussed our expectation that workers will experience a significant increase in workforce transitions over the coming period. The McKinsey study, *The Future of Work after COVID-19*<sup>21</sup>, found that the scale and nature of workforce transitions will be challenging over the coming years. In fact, the study found that 800 senior executives across eight countries anticipated that more than 100 million workers will need to find a different occupation by 2030. This is 12% more than McKinsey had estimated before the pandemic, and up to 25% more in advanced economies. Our proposition is that dealing with this change will require a much longer term view than simply getting a job placement. The idea of a *sustainable career* takes a view, over an extended period, around changes in jobs performed as individual circumstances change (for example getting older) but also as jobs available in the labour market evolve and change. It takes account of the need for skills refreshment. It acknowledges the changing labour market and the multiple potential transitions including periods of non-employment for a variety of legitimate reasons (eg career breaks, caring, non-paid work). The concept of a sustainable career implies the need for lifelong career and skills management and the management for successful outcomes within an overall career, including whilst in work but also at moments of transitions.

What does operationalising the concept mean in practice? Clearly the concept brings responsibilities for multiple organisations within the ecosystem. For example, whilst a PES needs to understand specific career paths, the career paths need to be defined and documented in the first place. (Their definition should be informed by a strategic Economic Development and Industrial Plan based on an analysis of needs which typically draws on

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<sup>20</sup> <https://www.esn-eu.org/news/improving-service-integration-and-coordination-those-furthest-labour-market>

<sup>21</sup> <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-COVID-19>

insights from employers, their organisations, relevant Governmental Departments, researchers and academics and others). The concept also brings responsibilities for individuals to manage their own careers with support from across the ecosystem.

Organisations will need to work closely together on both forward planning and implementation of programmes to support the consequences identified by the planning. For example, the impacts of the green agenda will involve new kinds of jobs requiring new skills as well as causing major disruptions to some existing industries. From the strategic analysis relevant education and training programmes will flow and ultimately access to the programmes for new skills will be required to support career transitions for individuals.

In emphasising the importance of a career long view, we acknowledge that it is not entirely new. There are already examples. Ambitious economies such as Singapore have been implementing national skills programmes for some years. Singapore's SkillsFuture is a comprehensive skills programme driven across agencies from the Ministries of Education and Manpower whose objective is 'to provide Singaporeans with the opportunity to develop their fullest potential throughout life, regardless of their starting points.' The movement is very wide including government, industry, unions, and educational and training institutions. As part of the movement, The Future Economy Council aims to drive the growth and transformation of Singapore's economy for the future. It has defined areas of economic growth and associated industry transformation roadmaps including skills frameworks for individuals, employers and training providers. Skills frameworks are developed for different sectors and includes roles right across the sector at all levels. Such skills frameworks are critical in determining appropriate interventions to enable citizens to build sustainable careers.<sup>22</sup>

Another example is from New York City.' The Pathways Pledge' is a project for New York State employers to create more inclusive workforces and provide more workforce development opportunities as part of the 2021 'State of the State' initiative. The pledge commits both public and private-sector employers to reforming their talent recruitment, investment, and promotion policies to foster more equitable workforces after the COVID-19 pandemic. As part of the Workforce Development Initiative, NYSERDA has launched the Career Pathway Training Partnerships program in high efficiency heating, ventilation and air conditioning, and electric heat pump technologies, investing \$8.5M in hands-on, entry level, technical training programs to develop a talent pipeline of new workers for the growing number of job opportunities in New York State's green energy industry.<sup>23</sup>

The examples above also illustrate that, despite the crucial importance of new skills, a sustainable career is not just a concept for the higher skilled worker. The McKinsey research found that 'not only that a larger share of workers will likely need to transition out

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<sup>22</sup> <https://www.ssg.gov.sg/skillsfuture.html>

<sup>23</sup> <https://www.governor.ny.gov/news/governor-cuomo-announces-proposal-create-pathways-pledge-new-york-state-employers-part-2021>

of the bottom two wage brackets but also that roughly half of them overall will need new, more advanced skills to move to occupations one or even two wage brackets higher'

#### *Enabler 4 - Provide flexible support for career transitions including access to better job matching and meaningful training*

We have discussed the importance of developing a forward looking view of the services needed to support sustainable careers. The delivery of these services in a timely fashion that meets the needs of the individual is critical. This does not only refer to the longer term aspects (eg career planning) though. We believe there are opportunities also to improve current 'point in time' transactional services as well. Job matching is a good example (but there are many others where speed, timeliness and accuracy in citizen focussed processes (eg case management and e-services) are often found wanting). In job matching we must not forget that the outcome for the job seeker must also result in a satisfied employer. This process, often aided by job matching software, is not new - though we think it can be improved and that the 'outcomes focus' of the EmploymentAbility paradigm offers the stimulus to do so. One key concern is that a purely *output* driven approach (ie a job placement) risks a lack of attention to the quality of the job match and therefore, ultimately, an unsuccessful *outcome*. If the matching of an individual to a job is poor the resultant inappropriate job is often very short lived. This certainly doesn't meet the EmploymentAbility objective. Neither is it particularly financially sound since the risk is that the citizen re-registers for benefits very quickly.

Job matching software is well established and there are certainly some very useful tools, though many are limited. EmploymentAbility emphasises the growing need for capabilities beyond simple vacancy matching, including taking account of career paths and job families, individuals' aspirations and their soft skills. However, we have a concern that even where there are good tools, their use is not optimised. A couple of different points can be made, by way of example.

##### Job classification schemes

One issue is that there is a high dependence on job classification schemes that may not always drive the most effective outcome. We have already understood that new types of jobs are coming about and will continue to do so. Job classification schemes are inevitably struggling to keep up. Are they fit for purpose in the contemporary real world if, by using them, poor job matches are achieved? Poor matches are much more at risk of failure and also cause frustration amongst employers who may be presented with inappropriate candidates. We think that job classifications need to be regularly reviewed and updated, and their application needs to be supplemented with other data including analysis of trends in the job matching process to enhance outcomes.

##### Matching candidates and jobs on the things that matter

Typically job matching tends to rely on a limited range of data – particularly around specific job related skills. Yet we know that often there are other factors that are critical to successful employment outcomes – so called soft skills such as

motivation, team working as well as personality attributes and aspiration. New skills related to working at home may have increasing relevance, for example. The tools exist to introduce more sophistication into the matching process but they are often not used.

Supporting effective career transitions for individuals will also often involve access to training which is both high quality *and relevant*. The Croatian PES has been rolling out a one stop shop model for lifelong career guidance, including training. The model is delivered in partnership with NGOs, youth organisations, local bodies/municipalities, schools, universities and employer organisations including the provision of citizen centric face to face and online support. Denmark has an interesting model for encouraging employers to offer training whilst also offering work experience to job seekers. The Job Rotation Scheme offers subsidies to companies to strengthen the qualifications of their employees whilst their roles are fulfilled by jobseekers who gain working experience.

Programmes that tackle specific skills shortages can be effective, especially when supported in partnership with employers. The Spanish PES launched free online training in digital skills at the end of 2019. The training was defined in collaboration with industry and delivered through partnerships with employers, demonstrating the importance of the ecosystem.

#### *Enabler 5 -Implement close coordination and partnerships across the ecosystem*

Supporting ‘employment’ whether today or under the EmploymentAbility paradigm involves multiple organisations within a complex and changing overall ecosystem, encompassing economic and industrial strategy and development, through to skills and training needs and planning and on to the provision of services to citizens to enable them to participate as part of the developed strategy. In our earlier paper we argued for a conductor role to manage this overall co-ordination challenge. In fact, we were not alone in this suggestion. In the EU’s ‘PES 2020 Strategy Output Paper’ this ecosystem issue is clearly acknowledged, and it implies that Public Employment Services (PES) should have a leadership role as a ‘conductor’ orchestrating the contributions of the various actors to meet the challenge of delivering high quality services<sup>24</sup>.

In our earlier paper we saw the challenge of the Conductor role at two levels. Firstly, there is the orchestration of the change required to deliver an EmploymentAbility approach. Secondly, there is the operational orchestration of actors in the ecosystem to deliver the outcome-oriented services that EmploymentAbility requires. In respect of the first, which is essentially a change leadership role, it could be the PES that acts as Conductor, though it is perfectly feasible that another entity could take the leadership role – for instance, a relevant Ministry or another agent of a Ministry.

As far as operational orchestration of the ecosystem is concerned, following the global pandemic the demands have become and will continue to grow even more complex. Many more career transitions are expected, some jobs are expected to disappear altogether, and

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<sup>24</sup> [ec.europa.eu/social/BlobServlet?docId=9690&langId=en](https://ec.europa.eu/social/BlobServlet?docId=9690&langId=en)

new ones will emerge. Skills and training have become even more critical. We are currently inclined to the view that the totality of the entire Employment ecosystem is too broad and complex for a single conductor to be effective across the whole. We are also cautious of the need for flexibility and innovation in the ecosystem, which might be constrained by the presence of such a single conductor. We are therefore proposing consideration of a model of coordinated co-operations and partnerships. One possibility is that the coordination could be organised around a small number of sub domains of the ecosystem which actively collaborate together for example:

- Economic Development and Innovation Domain;
- Skills planning Domain;
- Job related Citizen Services Domain.

On a not dissimilar line of an ecosystem based on a collaborative model, the European Commission launched the EU Pact for Skills, a shared engagement model for skills development in Europe, in November 2020.<sup>25</sup> A number of dedicated services to facilitate sharing were announced in 2021. These are,

1. Networking hub, including: support in finding partners and first meetings of the partnerships; linking with existing EU tools, and the promotion of the activities of the Pact members
2. Knowledge hub, including: webinars, seminars peer learning activities; updates on EU policies and instruments; information on projects, tools instruments and best practices
3. Guidance and resources hub, including: access to information on relevant EU funding; guidance to identify financial possibilities; facilitation of exchange between the Pact members and national/regional authorities

As we have previously noted there is a variety of different structures through which these activities are organised and delivered. This may involve private as well as public organisations being engaged in promoting public understanding of the challenges we describe and highlighting proven solutions. For example, WorkingNation<sup>26</sup> in the US is a not for profit campaign focussed on such activities, founded in 2016 to ‘expose hard truths about the looming unemployment crisis and bring the country together to create and amplify solutions for a changing economy.’

At the more operational ‘job related citizen services’ level we acknowledge, as the EU suggests, that in many cases PES’s are likely to have a substantial role in executing the conductor role within this sub domain. At this level, the conductor role involves ensuring the development and maintenance of complementary programmes and services from across the players in this sub domain ecosystem, targeted at achieving agreed outcomes.

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<sup>25</sup> <https://ec.europa.eu/social/main.jsp?catId=1517&langId=en>

<sup>26</sup> <https://workingnation.com>

In addition, at the very operational level it involves the delivery of seamless services to customers.

However, as we have stressed, EmploymentAbility is not about a prescribed organisational delivery model. In situations where the current landscape involves a network of more distributed responsibilities it would be for this network to determine ways of working to achieve the EmploymentAbility outcomes. In other words, in overall terms the imperative is about ensuring that the programmes and services to support EmploymentAbility are designed and developed and that operational service delivery from across the ecosystem is aligned to provide seamless, high quality and value added experiences for customers – whatever the organisational construct through which it is achieved.

A related US example demonstrates the importance of the ecosystem partners working together. The CoLAB project <sup>27</sup> in the Capital Region of the USA has as its mission: ‘build the capital region’s diverse digital tech ecosystem by partnering with employers and educators to build industry-aligned digital tech pathways that ensure inclusive growth.’ Its objectives are that by 2025, CoLAB will:

- Have engaged over 45,000 students and adult learners in digital tech pathways;
- Ensure at least 50 percent of the people we engage are from underrepresented populations;
- Double the number of partner organizations working to scale CoLAB initiatives.

#### *Enabler 6 – Exploit new technology and data management capabilities while supporting citizens who struggle with e-services*

We should also draw attention to the importance of technology and the availability and better use of data. Over past two years this topic has been critical for continuation of many people’s working lives. As the OECD reported in their paper of April 2021<sup>28</sup> ‘those Public Employment Services that already offered comprehensive e-services for clients prior to the pandemic were well placed to service their clients during the crisis.’ In the previous sections we have highlighted the need for new and improved business capabilities for which technology will have a substantial role to play, such as:

- Better job matching systems that take a complete view of the jobs and the skills of the individual to provide better matches, and as a result, better sustainability;
- E- learning tools that provide effective access to skills programmes and support working people to manage their skills and skills development as they plan a sustainable career, as well as by unemployed people;

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<sup>27</sup> <https://capitalcolab.com>

<sup>28</sup> <https://www.oecd.org/coronavirus/policy-responses/scaling-up-policies-that-connect-people-with-jobs-in-the-recovery-from-COVID-19-a91d2087/>

- Analytical and segmentation technologies that include real time evaluation of personal, professional and environmental data;
- Case management technologies that go beyond transactional aspects such as the payment of benefits. EmploymentAbility case management needs to underpin an ongoing customer relationship and support the capabilities to have individual plans, differentiated service delivery, outcome management and analysis and evaluation of what works;
- Client communication technologies such as CRM tools and mobile tools that improve the speed, efficiency and effectiveness of the interaction with customers, both citizens and employers;
- Availability of e-services to enable citizens to gain relevant information and complete processes in a convenient and timely manner;
- Collaboration tools for the various professionals in the ecosystem who need to coordinate benefits and services;
- Capabilities to enhance the sharing of data across the ecosystem (where appropriate and consistent with data privacy regulations).

From our own work with public sector administrations we have seen that one common technology related issue is that data (not necessarily personal data, but labour market data, for example) which would help with service delivery often does exist – but that it is not shared effectively enough to support efficient and effective working amongst the involved players.

Another aspect of the data question is, ‘what do we use it for?’ Our point can be illustrated by considering the example of job matching. As well as the purely transactional process of job matching, we also believe that there is scope to use data from the job matching processes to improve the fact and evidence base. In other words, to aggregate and deploy data from the transactional level at an analytical level. Consider the point that an individual job matching transaction will result in a match (or not). But at the aggregate level - from millions of individual job matching transactions there is a wealth of potential insights into one of the problems of a fast changing labour market – ensuring insights in to real world relationships and transitions between jobs – existing and new. Exploiting the aggregate data could be used to maintain a real time, fact-based view of job titles, descriptions and synergies – including new jobs as they emerge.

In the context of EmploymentAbility, understanding better what new jobs are related and how, has the potential to improve the ability of job seekers and job counsellors to consider new and alternatives jobs. Aggregate level data based on evidence about what job seekers have actually ended up doing after considering the alternatives and how successfully (i.e., did the job sustain) can support the development of these insights.

And again, there is a potential extension of this by taking a longitudinal view. We consider there are possibilities to analyse and identify successful career progressions and pathways – adding to the evidence based approach to improving outcomes on the path to sustainable careers.

In summary, we think there exist important opportunities to derive relevant insights from data by using the data not just at the transactional level.

Technology clearly has a huge role to play in the implementation of EmploymentAbility. Technology itself is evolving with an increasing number of organisations taking advantage of the benefits that cloud technology brings, adopting new technologies such as Artificial Intelligence, automating processes and revolutionising the way they interact with their customers. We therefore believe an ambitious and effective digital strategy is an essential foundation for EmploymentAbility.

## Call to action and framework for implementation

Both public and private organisations across the world are assessing their future strategies against the impacts of the COVID pandemic. Governments have implemented extraordinary measures to deal with these impacts, many of which affect labour markets. For most organisations, simply carrying on as before is not an option. We have argued for a new paradigm we called EmploymentAbility to shape the interaction of individuals with the labour market. But for those organisations who play a role in providing support and services to individuals, how should they begin their adoption of EmploymentAbility?

One important observation is that adopting EmploymentAbility will not be once and done task but a journey which must remain grounded in the needs of complex and changing labour markets. An agile approach will be imperative involving repeated phases of discovery, envisioning, implementation and learning. As ever, it is best to start what you know. Each of the phases below could be addressed with a workshop or series of workshops. But the starting point needs to be firmly grounded in the needs of the individual organisation.

### Discover

- Where do we fit in the ecosystem?
- What does EmploymentAbility mean for us?
- Where are we today, compared to that model?

### Envision

- How do we articulate our future vision?
- How can we communicate our vision?

### Implement

- What do we need to change?
- How should we do it?

### Learn

- What's been our progress?
- What went well, what didn't, what next?

As with any transformation, it is important to ensure that all the elements support an integrated end to end outcome. However, we do not prescribe a model transformation journey - not least because of the diversity of organisations involved in the ecosystem in different countries. We suggest an approach based on agile principles combined with an overall framework for change which we describe below. Our overall framework for the journey to implementing the EmploymentAbility paradigm has five elements and is as set out in the diagram below.

Element 1 - Establish organisation's Vision for EmploymentAbility

Element 2 - Develop a Business Model for the delivery of EmploymentAbility

Element 3 - Create an Operational Model including service offerings

Element 4 - Review and align with ecosystem partners

Element 5 - Optimise Service Delivery for outcomes

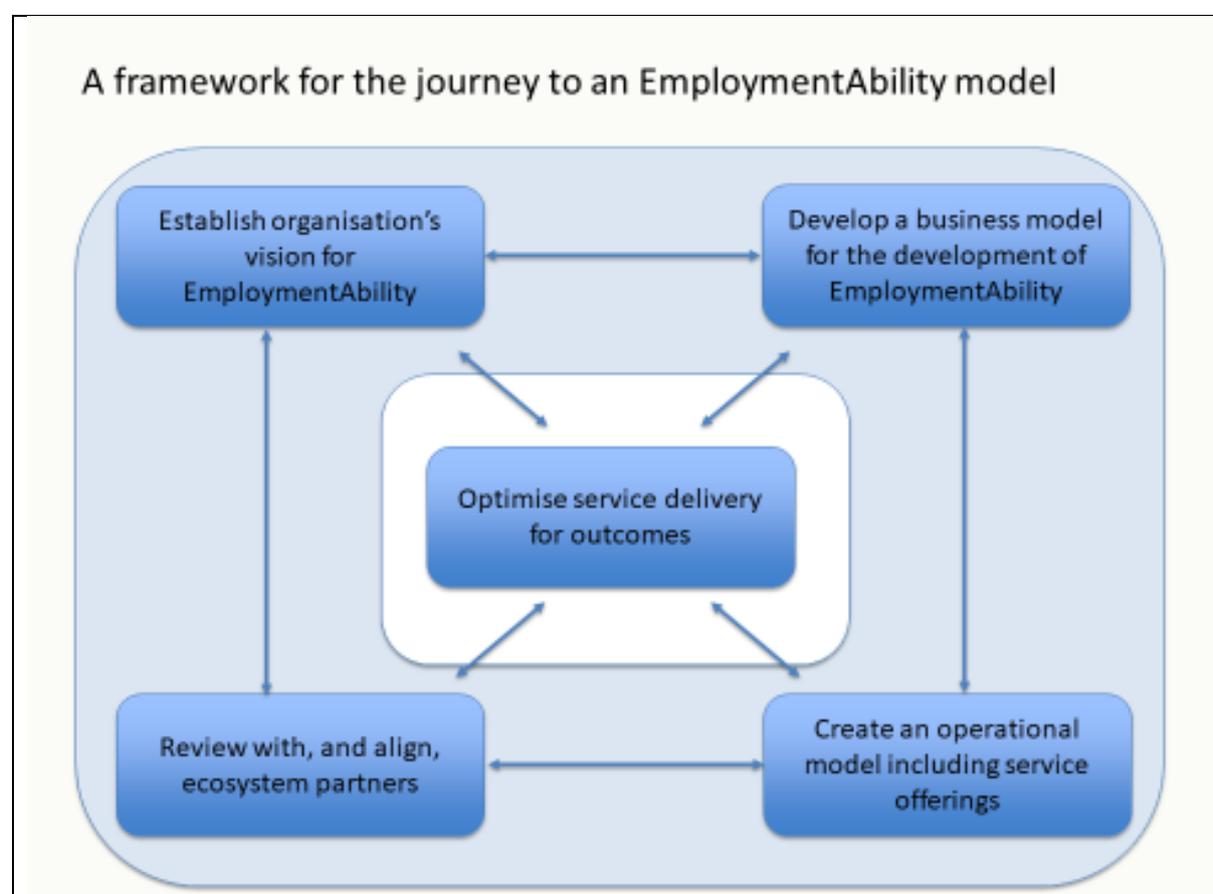


Figure 2: A framework for implementing EmploymentAbility

Before going on to elaborate the 5 elements in the framework two points are worth highlighting.

- Firstly, we have drawn particular attention to the improvement of service delivery by highlighting it at the centre. In the end, improvement of service delivery is what will

make a difference for individual customers in terms of both their experience but also their outcomes;

- The diagram shows 5 elements. Whilst there may apparently be a logical natural sequence of steps our view is that in practice there is much more likely to be a great deal of iteration of these elements, given the ecosystem nature of the overall challenge and the potential range of stakeholders involved in the evolution of new approaches. It will also require a partnership approach, co-ordinating with those agencies with complementary responsibilities.

### **Using the framework for EmploymentAbility.**

Moving towards an EmploymentAbility model implies far reaching change for most organisations – even those where some of the approaches have already been adopted. It is not a question of tinkering at the edges. Accordingly, the 5 elements in the framework are strategic and not tactical in nature. We recognise that the situation in different places will vary and as a result the detailed actions required will vary and will need to be determined at the local level. Nonetheless we believe the elements we have identified will generally be valid.

#### *Element 1 - Establish organisation's Vision for EmploymentAbility*

Clearly the EmploymentAbility paradigm will have different implications in different organisations across the ecosystem. The first key requirement therefore is to build a high level vision for EmploymentAbility in your organisation a vision firmly grounded in your own organisation's role and responsibilities. The following actions are proposed:

- Review your role in the local ecosystem;
- Articulate a relevant vision for an EmploymentAbility based model (using the enablers) including the definition of success;
- Review existing capabilities to determine the extent to which EmploymentAbility concepts are already reflected and prioritised (e.g. via a 'heat map');
- Articulate the key EmploymentAbility outcomes that underpin the vision;
- Commit to a strategic leadership plan for delivering the vision for EmploymentAbility.

#### *Element 2 – Develop a Business Model for the delivery of EmploymentAbility*

There are many ways to approach business modelling and organisations may have their own starting points. We suggest that a useful additional perspective can be achieved from defining a new Work-Life model. A locally relevant new Work-Life model based on the broader concept of Labour Market Transitions provides a common framework for the development of appropriate services offerings. Using a Work-Life model based on Labour Market Transitions provides a sharper focus for identifying the range and nature of the transitions that need to be managed. The following actions are proposed:

- Create a foundational local model for Work – Life, based on the 'Transitional Labour Markets' concepts and EmploymentAbility objectives; clarify the

transition points and pathways e.g. employment, unemployment (all reasons), training, career break, caring responsibilities, maternity leave, unpaid work etc. This effectively confirming your scope in terms of a Service Delivery Model;

- Identify the social risks in the new Work-Life model (for individuals and enterprises). This effectively forms your services design objectives;
- Identify risk mitigation principles for the identified risks which will therefore support the achievement of successful outcomes. This is effectively service design principles;
- Consider and evaluate the potential accountability for the management of the identified social risks.

*Element 3 - Create an Operational Model including service offerings*

Understanding the EmploymentAbility vision and developing a new Work-Life model including the risks that need to be managed provides the basis for proposing service offerings to meet the vision and manage the risks. The development of service offerings needs to recognise that there are both citizen and employer customers. The key requirements, which will inevitably involve iteration, are to:

- Propose service offerings for citizen and employer customers;
- Map service offerings to the identified social risks and validate coverage;
- Propose a model of ownership and accountability for risks and service offerings;
- Consider alternative service delivery strategies including funding mechanisms, risk models, incentives and penalties and propose approaches to optimise success;
- Create detailed designs for service offerings.

The development of services offerings will involve existing services which may not change substantially in terms of the nature of the service and accountability as well as the potential development of newer EmploymentAbility services. They will cover both citizen and employer customers. Whilst not intended to be exhaustive, the table below highlights some of the potential service offerings that have been discussed in this paper. The list is neither prescriptive nor exhaustive but illustrative and is focussed, as we have detailed before, on job related citizen services.

	Citizens	Employers
Example EmploymentAbility service offerings	<ul style="list-style-type: none"> <li>• Vocational apprenticeships</li> <li>• Skills development courses (job skills)</li> <li>• Job orientation</li> <li>• Job matching</li> <li>• Specific LM Transition products (eg Redundancy risk early intervention)</li> <li>• Lifelong Personal Career Development plans</li> <li>• Skills development courses (employability skills)</li> <li>• CV builder</li> <li>• Current skills assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Short time working support</li> <li>• Candidate screening</li> <li>• Training Needs Analysis</li> <li>• Job related and other vocational skills enhancement</li> <li>• Skills forecaster</li> </ul>

Table: Example EmploymentAbility service offerings

#### *Element 4 - Review and align with ecosystem partners*

The model for the EmploymentAbility paradigm needs alignment of the relevant local ecosystem. As already noted EmploymentAbility will increase the range of services to be provided. There is the opportunity for changes in responsibilities for services and risks between actors as well as defining ownership of the new services. The changes also provide the opportunity to re-evaluate and change the way that actors are incentivised for performance. The Work Life model provides a vehicle for articulating proposals in each of these dimensions. Subsequently there will be a need to formally align the ecosystem with the proposals developed in previous elements, including:

- The Work Life Model, including risks and outcomes;
- The Services Model;
- The Services delivery strategy (including ownership).

To reiterate a point mentioned earlier, labelling this as element 4 should not be taken to imply a sequencing here. In practice ongoing alignment with ecosystem partners will be a feature throughout each of the three previous activities.

#### *Element 5 - Optimise Service Delivery for outcomes*

The EmploymentAbility paradigm demands a huge extension of the customer base and a range of new services and tools. In the paper we have proposed a number of features and capabilities through which the delivery of both old and new services can be optimised to better support achievement of desired outcomes. In the paper we have highlighted the following:

- Establish a relationship-based customer interaction model;
- Adopt a citizen-centric design for supporting citizen customers;
- Undertake a meaningful segmentation of the client base for major services;
- Carry out analysis to develop intervention strategies for each segment;
- Develop differentiated service provision for the identified segments;
- Establish capabilities to evaluate on an ongoing basis what works for segments;
- Invest in branding services and offers for new customers (engaging the greater range of customers who have not previously been associated with, for example, a Public Employment Service can present a challenge. They may be reluctant to engage based on existing perceptions of the agencies involved and their previous customer base);
- Establish data driven, evidence based approaches including the role of different type of skills and attributes (e.g. job skills, soft skills, personality, design thinking) in supporting successful employment and ongoing employability. Identify job linkages and map contemporarily relevant pathways;
- Review Digital Strategy and implementation and identify improvement projects including, for example, e-services across multi channels, enhancing

job matching tools and processes, exploring analytics for segmentation and development of relationship based case management;

- Implement individual Lifelong Learning Personal Career plans including relevant risks (maintaining employability, decay of occupations, age related changes in fitness other Labour Market Transitions);
- Exploit e- learning tools which provide effective access to skills programmes. This can be both to support working people to manage their skills and skills development as they plan a sustainable career, and unemployed people re-entering the labour market;
- Implement a management system for all services that is based on the management and measurement of outcomes.

### *An ecosystem wide view*

The above framework is geared towards organisations who have responsibilities which include delivering services to individuals. In some geographies some organisations will have an oversight responsibility across the ecosystem (whether it be country, state or local level). For such organisations we would recommend using the enablers to:

- Review and identify existing players and roles in the local ecosystem;
- Articulate a locally relevant vision for an EmploymentAbility based model including the definition of success;
- Review existing arrangements to determine the extent to which EmploymentAbility concepts are already reflected and prioritised in individual organisations and in organisations' working arrangements;
- Articulate the key EmploymentAbility outcomes that underpin the vision.

Commit to a strategic leadership plan for delivering the vision for EmploymentAbility, working with the organisations across the ecosystem.

## **About the authors**

Chris Gibbon has over 30 years' experience as a consultant with the Public Sector, most of which has been spent working with social security and employment organisations across the world. He is Visiting Professor in Social Security Management at Leuven University, Belgium. He has worked with International bodies in social security such as the European Institute of Social Security and the International Social Security Association. . He has published many papers on social security administration specialising in issues associated with change and the implementation of new technologies. He is a mathematician by training.

Chris Brailey is a management consultant with over 25 years' experience, gained in blue chip consulting organisations. From a consulting domain perspective Chris has specialised in business change, including business design and management of change – typically in the context of IT enabled change. From an industry perspective the overwhelming majority of his experience has been with Public Sector clients and, for some 15 years, more specifically in the Social Security area. He has written papers on social security related issues and has organised and run events for senior social security leaders. His experience extends to many countries around the world.

Manfred Schnitzler worked for more than 20 years in management positions in the software and services industry. He then joined the headquarters of the German Public Employment Service Bundesagentur fuer Arbeit (BA). Up to his retirement he held a role as a nationwide Divisional Director with responsibilities for unemployment benefits, short term working schemes, insolvency payments and employment permits for non-EU residents, including interpretation of the law as well as for efficient operational processes. He was particularly involved as the key business leader in a major projects to establish digitalisation (an electronic file system) and introducing and enhancing e-services. He is a mathematician by education and received a PhD in Computer Science.

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