

PART II
Chapter 3

**The United States: How Partnerships Can
Overcome Policy Gaps**

by
Randall W. Eberts

Partnerships are constantly evolving as they try to position themselves to meet the changing needs of businesses and workers in order to generate or retain jobs for their constituents. They can be powerful catalysts for improving workforce development and economic development programmes. In the United States, partnerships are formed vertically among the various levels of government and horizontally among government agencies and non-government entities. As a result, they devolve more responsibility for the design and provision of workforce services from central governments to local organisations, which can lead to service delivery systems that are more responsive. This chapter identifies key criteria for developing successful partnerships, and offers several examples in the United States that highlight the lessons learned and the challenges encountered.

Introduction

As competition in the global economy intensifies, countries – including the United States – increasingly realise that their future economic success rests with building a flexible and knowledgeable workforce. For 75 years the United States has provided labour exchange and job training services to targeted groups of the nation's workers. Most of these services have been funded and administered under separate programmes. At the same time, local economic development activities have been carried out mostly by local entities that are not affiliated with the workforce development organisations. During the past two decades, the deficiencies resulting from fragmented and overlapping programmes and the gap between these programmes and the needs of businesses have become increasingly evident. In response, all levels of government have placed greater emphasis on integrating workforce development with education and economic development policies and operations that provide a continuum of lifelong learning opportunities and work support. Since education and economic development activities are provided locally, much of the integration and co-ordination efforts take place among local partnership arrangements.

With workforce development seen by many to be synonymous with local economic development, the purpose of this chapter is to identify key drivers and challenges associated with developing successful partnerships that will enhance the development of workforce skills and the creation of employment. The experience of the United States is offered to highlight the lessons learned in that country. It is widely accepted that by devolving more responsibility for the design and provision of services from central governments to local organisations, service delivery can be more responsive to the needs of individuals, can better meet the demands of local businesses, can leverage community resources, and can take into account local economic conditions. In addition, well-functioning networks of local organisations can increase the capacity to meet the needs of local communities, not only with respect to employment services but also with respect to broader social and economic needs of local areas, thus improving the prospects for economic growth.

US experience has shown that the relationships needed to bring about effective partnerships involve both vertical hierarchies within the federal system of government and horizontal relationships across organisations at local levels and across state agencies. These relationships range from formal contractual arrangements to less formal memoranda of understanding, to

informal agreements. However, putting into practice effective partnerships entails many challenges. Issues regarding delegated authority, communication, performance monitoring, accountability and trust arise periodically among federal, state and local agencies. Issues regarding co-ordination, accountability and sustainability plague the ability to forge strong bonds and collaboration among local non-government entities.

While there is no universally accepted checklist of criteria that must be in place for successful partnerships and effective governmental relationships, organisations that are attempting to establish and improve such relationships are increasingly turning to the principles of good business management for guidelines. For this discussion, the author adopts a framework developed by the US Department of Commerce for determining successful organisational performance, one that has been increasingly used by private and public entities to promote performance excellence. That framework, which was designed for individual organisations, is here extended to partnerships of organisations; and examples are offered of local partnerships that have recognised and successfully addressed the challenges.

Local economic development

The United States has a strong tradition of local, decentralised initiatives that promote local economic development. Responsibility for planning and implementing local responses to economic development needs is shared by government and non-government entities. In some instances, municipalities and other local government entities, such as counties and states, assume the responsibility for administering certain programmes. In other cases, local non-profit organisations, such as chambers of commerce and economic development organisations, take on that role. These entities typically are not branches of state and federal agencies; rather, they partner with state and federal agencies to receive funding and to implement federal and state programmes, with varying degree of local discretion. In fact, many of these programmes encourage, if not require, operation through local partnerships.

One reason for the move toward decentralised, area-based approaches to economic development policies and the formation of partnerships is to bring decision making and implementation closer to those who are being served. Another is the anticipation that forming partnerships between the public sector and the private sector will help the public sector leverage its limited resources. A third reason is the reaction to the poor results attained by policies and programmes that did not have strong linkages to local stakeholders.

Considerable effort in recent years has been devoted to bringing together workforce development and economic development activities. One result has been the creation of Workforce Investment Boards (WIBs), under the Workforce Investment Act of 1998. While these were extensions of local administrative

entities under a previous federal workforce programme, they have been given more local discretion and have been encouraged to form partnerships at the local level. Charged with preparing individuals for work and matching workers with businesses, WIBs create and oversee a network of providers and customers. The 600 or so WIBs administer local workforce programmes and have the capacity to work closely with other organisations, including economic development organisations and educational institutions, at the local level.

Another development has been the emergence of workforce intermediaries. Usually non-profit organisations, they too aim to match workers with employers but are typically more focused than WIBs in that they target specific industries or population subgroups. To facilitate these matches, workforce intermediaries emphasise networking, integration of services, attention to the needs of business, active involvement of the business community, worker training that fits the labour needs of existing businesses, and identification of their region's strengths and then building on them. They also address the barriers facing their region's key and emerging industries, working collectively, not individually, with customers to solve the problems (NGA, 2004).

In most locales, WIBs and workforce intermediaries are seen as partners, not as competitors. In fact, many WIBs contract with workforce intermediaries to provide services, and many workforce intermediaries network with WIBs to gain access to publicly funded services for the specific businesses and workers they target. By forming partnerships, the two have the potential to deliver services in innovative and effective ways, which in many instances can better meet the needs of businesses and jobseekers.

The US workforce system

The Workforce Investment Act of 1998 (WIA) is the most recent of a long line of federal workforce programmes dating back to the early 1960s. The first programmes were centrally administered by the federal government, with little discretion given to states and local governments in providing services. As new programmes replaced older ones, they evolved toward a more decentralised approach, giving states and local governing boards more power. The WIA was designed to address deficiencies in its predecessor, the Job Training Partnership Act (JTPA). These included poor representation of business in local decision making, overlapping and redundant programmes, limited access to services, unnecessary use of expensive training programmes, and training programmes not targeted to the needs of businesses or workers. In response to these deficiencies, WIA incorporated the following guiding principles:

1. Universal access to services.
2. System integration and service co-ordination.

3. Customer focus and empowerment.
4. Increased accountability and efficiency through performance monitoring.
5. Strengthened local decision making through WIBs.
6. Enhanced state and local flexibility.

The attempts through WIA legislation to address these six areas are described briefly.

Universal access

Universal access is accommodated through establishing a hierarchy of services: Core, intensive, and training. Core services entail little, if any, staff assistance and include job-search assistance and preliminary employment counselling and assessment. These services are available to all adults, and WIA imposes no eligibility requirements on anyone using these core services. Intensive services are staff-assisted and are provided to individuals who experience difficulty finding a job that pays enough for them to be self-sufficient. These services include case management and assistance in developing an individual employment plan. Training, the final level, is reserved for those who lack marketable skills in demand in the local area, and who fail to get a job after receiving core and intensive services. Initially, WIA was quite strict on following the sequence of services from core to training, without allowing participants to jump directly to a more intensive, staff-assisted service. As the programme evolved, its sequential requirement was relaxed and individuals who obviously needed job training in order to qualify for decent employment were referred directly to job training services. Yet there are not enough funds to provide job training to all who could use it.

Training programmes under WIA are not targeted specifically and exclusively to low-wage workers, since they do not have an income requirement. However, WIA regulations stipulate that in the event funds allocated to a region for adult employment and training services are limited, priority for training services must be given to recipients of public assistance and other low-income persons. In addition, state and local programmes have targeted low-wage workers to help them overcome some of the barriers to receiving training services. Their activities include offering English as a second language in the workplace, helping to meet transportation and childcare needs, accommodating scheduling conflicts and financial constraints, and helping to overcome limited work maturity skills.

System integration and service co-ordination

WIA addresses system integration and service co-ordination primarily through the establishment of one-stop career centres. The programme

requires that all states and localities offer most training services through the one-stop system. The one-stop career centre is a physical location housing all the workforce programmes. In many cases, the centre encompasses up to 17 different employment programmes, offering a comprehensive array of services to meet the individual needs of jobseekers. Training and other services may actually be provided in other locations, such as technical centres, public schools or community colleges. It was anticipated that the co-location of staff from the various programmes to one physical location would encourage collaboration and integration of services. However, other factors that affect true integration and co-ordination were not addressed. The funding streams of the various programmes were still separate, and little money was provided to provide the “infrastructure” needed to bring them together, such as sharing common management information systems and coming up with common intake procedures.

Customer focus and empowerment

WIA has taken steps to focus more on the needs of customers and to empower them to take a more active role in determining the appropriate course to finding employment. These steps include customising programmes, introducing market mechanisms and bringing decision making closer to the customers. Customers that are eligible for intensive services develop a customised, individual employment plan that lays out the various services and activities that they have chosen to pursue in consultation with a counsellor. Individual training accounts (ITAs) offer flexibility so that customers can choose the courses they believe will give them the skills necessary to qualify for current vacancies and to advance in their careers. Choice is also achieved through the subcontracting of services to outside vendors instead of providing these in-house. It was anticipated that the arm’s-length relationship with providers would introduce market pressures, since WIBs could change providers if the latter were not responsive to customer and local business needs. To provide customers with the information needed to make informed decisions about training and other services, WIA offers them assessment tools and labour market information. In addition, the states are required to compile a list of eligible training providers, with sufficient information about course offerings and placement rates.

Performance measurement and accountability

System accountability is addressed by extending, with modifications, the performance measures created under the predecessor programme to WIA. After a few iterations of changes, the US Department of Labor (USDOL) settled on three measures for adult programmes and three measures for youth programmes. For adults and dislocated workers, these measures are: 1) entered employment rate, 2) retention rate after six months of entering

employment, and 3) average earnings after exiting the programme. For youth (ages 14-21), the measures include: 1) attainment of a degree or certificate, 2) literacy and numeracy gains, 3) and placement in employment or education.

Performance goals are negotiated between USDOL (through its regional administrators) and the states, and states in turn negotiate with the local WIBs. These goals were expected to hold states and WIBs accountable for their performance and to set high standards for the delivery of services.

Strengthening local decision making

Under WIA, the decentralisation of responsibilities and increase in local control are further advanced with the creation of WIBs. The extent to which WIA in fact achieves its objectives of greater system integration, customer empowerment and efficiency depends upon how the 600 local workforce areas implement these policies. The local WIB is comprised primarily of local business leaders so that it is responsive to the needs of businesses. The system is built on market mechanisms and is not a command and control system. The WIBs design programmes and implement them through contractual agreements with independent vendors.

Enhanced state and local flexibility

In addition to the greater role given to local workforce boards under WIA, states are also given more discretion. State-level workforce boards develop strategies and policies that govern the administration of workforce programmes within their states. Governors are given discretion to spend a small portion of the WIA dollars that flow through their states to the WIBs. These funds are used for a variety of workforce programmes, but many states earmark them for customised training requested by businesses. The flexibility afforded states also allows them to form partnerships across state-level agencies responsible for economic development and educational operations. Some states have forged partnerships with non-profit organisations, such as charitable foundations, to help finance special programmes.

How well these reforms have been implemented and have improved the areas of concern will be addressed in a later section, which looks at the results of a recent evaluation.

Partnerships

The workforce development system in the United States is characterised by two dimensions of partnerships. The first is a vertical dimension linking the different levels of government, from federal to state to local workforce investment boards. The federal government provides a large share of the

workforce programme funds and federal programmes provide the overarching structure for delivering employment services to workers. The federal government delivers these services through partnerships with state government agencies and local entities, specifically Workforce Investment Boards that have discretion (although with limits) on how the money is spent. The second dimension comprises the horizontal partnerships primarily at the local level, in which local workforce investment boards partner with local social service agencies, non-profit organisations within their local jurisdiction, and workforce intermediaries. Discussion of these two dimensions of partnerships will be included in descriptions of the key entities that comprise and catalyse these partnerships, and critical elements that bond them together.

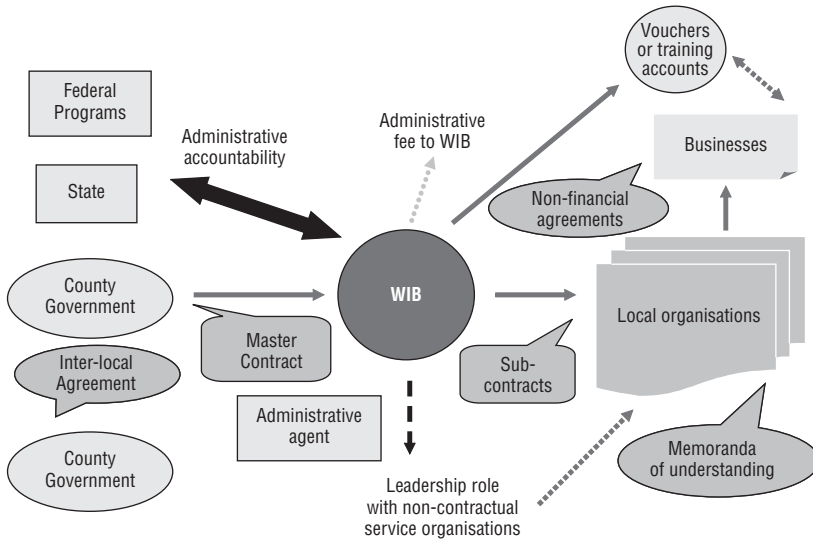
Workforce Investment Boards

As mentioned above, WIBs are responsible for providing labour exchange and workforce training services to workers and businesses within their local areas. Increasingly, the local WIBs have become more closely integrated with the economic development efforts within their jurisdictions, as businesses find it more difficult to find qualified workers to fill their vacancies. To do so, they subcontract with local providers, including government entities, non-profit organisations, and for-profit businesses. Each WIB is governed by a local board, the majority of whose members are representatives of local businesses. In many areas, the WIBs act as facilitators to bring together the various entities – businesses, social agencies, educational institutions, labour groups – to help address workforce issues in their areas. The extent to which the local WIBs are proactive in assuming this role varies. Nevertheless, they have emerged as significant catalysts for integrating workforce and economic development activities in various areas.

Figure 3.1 shows the web of relationships between WIBs and both government and non-government entities. The left side of the figure depicts relationships among the various levels of government, along with the lines of accountability and the flows of funding. Most funds come from the federal government through the state to local governments. Each WIB has a master contract with the sponsoring local government entity (in this case a county government) to administer the programmes. Local governments may form partnerships through inter-local agreements to have one WIB serve an area covered by several government entities.

The right side of the figure shows the subcontracting of services by the WIB to local agencies and organisations. The federal regulation that WIBs cannot provide direct services to customers opens up the field to a host of potential providers, including local government agencies – such as county government agencies or educational institutions – and private organisations, non-profit or in some cases even for-profit. The WIB contracts with those

Figure 3.1. **Schematic of partnership relationship with Workforce Investment Boards**



organisations to provide employment-related services to customers. In addition, WIBs serve as the conveners and facilitators of informal relationships among organisations within their jurisdictions (often through memoranda of understanding), which may include economic development organisations, educational institutions, and social service organisations.

Workforce intermediaries

Workforce intermediaries are also catalysts for forming partnerships. These are typically non-government entities and are quite diverse in their attempt to respond to the specific needs of businesses and workers within local communities. Because of this diverse and entrepreneurial nature, they are difficult to explain precisely. According to a leading authority on the topic, “they are fundamentally brokers, integrators, and learners who entrepreneurially enact workforce development rather than simply ‘meeting the market’ or conforming to a publicly mandated set of roles and responsibilities” (Gilothe, 2004, p. 7). They have grown out of a wide variety of organisations, including community organisations, employee unions, business associations, publicly supported community colleges and human service providers. They include WIBs in their network of partners, but try to avoid the restrictions placed upon WIBs by federal and state statutes. They seek to leverage funds from a variety of sources while focusing on the needs of employers and workers in their specific location. Workforce intermediaries pursue results for specific groups

via on-the-ground partnerships with WIBs, but constantly need to find sufficient funding sources to pursue their goals. Therefore, workforce intermediaries, represented in Figure 3.1 as local organisations, work with WIBs to bring together businesses, educational institutions, workforce development agencies, and economic development agencies to advocate the needs of certain subgroups of businesses and workers.

Many workforce intermediaries are formed around business sectors, such as metalworking or healthcare. According to a National Governors Association study, “The defining elements of sector initiatives include a focus on customised solutions for a specific industry at a regional level, a central role for a workforce intermediary in bringing the industry partnerships together, and the dual goals of promoting the competitiveness of industries and advancing partnerships of low- and middle-income workers” (NGA, 2006).

Some have expanded the definition of workforce intermediaries to include public and private organisations that receive funding from WIBs to serve WIA customers or perform WIA-related functions (Javar and Wandner, 2004). They operate one-stop career centres and provide employment and training programmes. Referring to Figure 3.1, workforce intermediaries are the entities that WIAs contract with to provide services.

Regardless of the inclusiveness of the definition, workforce intermediaries should be seen as partners, not competitors. Furthermore, according to Giloth (2004, p. 8), they have to be entrepreneurial, results oriented, and adaptive learners to be successful. These traits help to drive a focused approach to workforce and economic development at the local level.

The responsive and entrepreneurial nature of workforce intermediaries makes it difficult if not impossible to identify and quantify the number in operation. The National Network of Sector Partners (NNSP), a national support centre for sectoral workforce development initiatives, used four criteria to identify organisations to survey. They: 1) operate programmes with a focus on two primary customers – those whose skills are being built and the employers/industries in which the workers work or will work; 2) expressly work with low-income individuals and low-wage workers; 3) provide a menu of services; and 4) invest in longer-term career advancement (Marano and Tarr, 2004). The second criterion of working with low-income individuals may be too restrictive for defining the workforce intermediaries that focus on broader local economic development issues.

Nonetheless, the survey provides some perspective on the nature and size of these organisations. It found 243 organisations across the United States that met the criteria listed above. Nearly three-quarters were located in non-profit organisations, with 22% in community-based organisations, 23% in WIBs, 15% in educational institutions, 10% in economic development

organisations, and 4% in business organisations (Marano and Tarr, 2004). They provided a multiple of services, including job-readiness services, occupational skills training; career counselling and job placement, with percentages ranging from 81% to 79%. Sixty-eight per cent of the organisations reported providing incumbent worker training. Seventy-five per cent of the respondents reported providing services directly to employers, such as technical assistance and supervisor training and human resource services. Over half of the intermediaries responded that they target specific industries for their services (Marano and Tarr, 2004). The majority of financial support came from government programmes, with WIA and welfare funds at the top of the list. Two-thirds of the organisations received WIA funds and nearly half received welfare funds. Next on the list were foundation funds and fees for service, with 43% and 29%, respectively.

Partnerships with state and federal agencies

In addition to their relationship with WIBs, state and federal workforce agencies have initiated other partnerships. Most of those initiatives involve both WIBs and non-profit workforce intermediaries. Their purpose is to provide resources and technical assistance to help local areas forge partnerships with workforce development, education and economic development organisations. Their goal is to provide a workforce that meets the needs of local businesses and creates jobs and careers for local workers. Many of these initiatives are more targeted than the WIA programme. Instead of trying to provide employment services and training to anyone who needs it, they target specific sectors and subgroups of workers. Because of their ability to be more exclusive, the more targeted initiatives deal directly with workforce intermediaries, which in turn partner with WIBs for access to public dollars for worker training and other services. The chapter will highlight a few examples of such partnerships in order to provide more details on how they work.

Criteria for successful partnerships

Before offering examples of various partnerships that bring together workforce development and economic development interests and activities, it is important to establish criteria for successful partnerships. To evaluate the success of specific programmes or interventions, one would typically turn to net impact analysis. However, the effects of partnerships on worker and business outcomes are much more subtle than the effects of the services they provide – such as training and employment services – which confounds the use of such methodologies. Therefore, it is necessary to look to other approaches.

One that has been widely used to identify “best practice” among organisations is a set of criteria established by the US Department of Commerce to aid businesses, government organisations, and non-profit organisations in

improving their performance. Since its inception in 1988, the Malcolm Baldrige National Quality Award has been a tool used by thousands of US organisations to stay current with ever increasing competition and to improve performance. Each year the Department of Commerce confers the highly coveted award on a handful of businesses and organisations, each of which has gone through a gruelling process of self-evaluation and external evaluation of their management and workforce practices. While it was designed for single organisations, it is easily extended to networks or partnerships of organisations.

While not explicitly citing the Baldrige criteria as their framework, several studies of best practice among partnerships espouse similar principles. The International Economic Development Council, for example, has adopted similar criteria to gauge the performance of local economic development agencies and help them improve their organisations. The National Governors Association has also endorsed criteria similar to Baldrige that workforce intermediaries should follow to be most effective. In many ways, the areas of reform addressed by WIA are also consistent with the Baldrige criteria.

Lessons learned from evaluations of various partnerships are also consistent with the principles laid out in the Baldrige Award criteria. While most of these evaluations are primarily process evaluations as opposed to net impact analysis with proper comparison groups, it is still instructive to note the consistency in conclusions across the various studies. Some of these studies will be mentioned in the section that gives examples of selective partnerships. Therefore, Baldrige offers a convenient framework to summarise effective practice.

The Baldrige criteria can be used as a self-assessment tool to help: 1) improve organisational improvement practices, capabilities and results, 2) facilitate communication and sharing of best practices information among organisations of all types, and 3) serve as a working tool for understanding and managing performance and for guiding planning and opportunities. For those organisations pursuing the award itself, the criteria become the basis for an independent Board of Examiners to evaluate an applicant's written response to these questions. The Baldrige Award is sponsored by the US Department of Commerce and administered by the National Institute of Standards and Technology. Since 1988, only 71 recipients have been named as Baldrige recipients among the thousands that have started the process.

Boxes 3.1 and 3.2 list the core values and criteria. The values espoused by the Baldrige Award focus on customer-driven excellence, which places the customer at the centre of strategic planning and decision making. The pursuit of excellence depends on an organisation's top leaders creating a customer focus, setting direction, and championing values and expectations that balance the needs of customers with those of other identified stakeholders, including employees and partners. Other attributes, as listed in Box 3.1, emphasise

Box 3.1. **Malcolm Baldrige National Quality Award**

Core values:

Visionary leadership

- Organisation's leadership should set directions and create a customer focus, clear and visible values, and high expectations.
- Leaders should ensure the creation of strategies, systems, and methods of achieving excellence, stimulating innovation, and building knowledge and capabilities.
- Leaders should inspire and motivate the entire workforce (and network) and should encourage all employees to contribute, to develop and learn, and to be innovative and creative.

Customer-driven excellence

- Organisation's customers judge the organisation's quality and performance.
- Customer-driven excellence is a strategic concept. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer satisfaction and retention. It also has both current and future components: understanding today's customer desires, and anticipating future customer needs.

Valuing employees and partners

- Organisations need to ensure their employees' satisfaction, development, and wellbeing.
- External partnerships are critical to better accomplish goals. Partnerships encourage the blending of an organisation's core competences or leadership capabilities with the complementary strengths and capabilities of partners.

Agility

- A capacity for rapid change and flexibility.

Managing for innovation

- Innovation means meaningful change to improve an organisation's services and processes and to create new value for the organisation's stakeholders.

Management-by-fact

- Organisations should be driven by facts, and that depends on measurement and analysis of performance. Such measurements should derive from business needs and strategy and they should provide critical data and information about key processes, outputs and results.
- Measures and indicators should best represent the factors that lead to improved customer, operational and financial performance.

Box 3.1. Malcolm Baldrige National Quality Award (cont.)

Focus on results and creating value

- An organisation’s performance measurements should focus on key results. Results should be used to create and balance value for key stakeholders – customers, employees, partners, the public and the community.

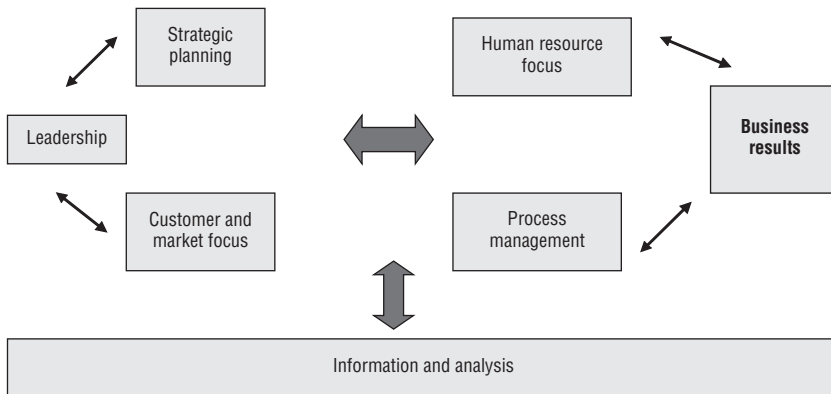
Systems perspective

- The organisation should be managed from a systems perspective, and the Baldrige criteria should provide the building blocks and the integrating mechanism for that system.

innovation, agility, and managing-by-fact based on well-established performance measures.

Baldrige criteria promote a systems approach to organisational excellence. By extending the notion of “system” to include a network of organisations within a partnership arrangement, it is easy to see how the Baldrige criteria are pertinent to assessing the effectiveness of partnerships. The criteria are summarised in Figure 3.2. The first three criteria listed in Box 3.2 – leadership, strategic planning, and customer and market focus – represent the leadership triad. According to the Baldrige manual, these categories are placed together to drive home the importance of leadership in focusing on customers and shaping strategy. The second triad of categories represents the emphasis on results and the importance of employees and key processes in producing those results. The horizontal arrow in the middle of the figure links leadership to results and the vertical arrow toward the bottom

Figure 3.2. **Baldrige criteria: A systems approach**



Source: Baldrige, 2001.

Box 3.2. Baldrige's seven criteria for a successful organisation**Leadership**

- Addresses how the organisation's or network's leaders address values, directions, performance expectations while focusing on customers and other stakeholders, empowerment, innovation and learning.

Strategic planning

- Addresses how the organisation develops strategic objectives and action plans. It also asks the organisation to examine how it chooses strategic objectives and how action plans are deployed and how progress is measured.

Customer and market focus

- Describes how the organisation builds relationships to acquire, satisfy and retain customers and to develop new opportunities. Describes how the organisation determines customer satisfaction.

Information and analysis

- Examines the organisation's information management and performance measurement systems and how the organisation analyses performance data and information.
- Performance measurement is used in fact-based decision making for setting and aligning organisational directions and resource use at the work unit, key process, departmental, and whole organisation levels.
- Benchmarking refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside the organisation's industry.
- This information should feed back to the leadership's organisational leadership review and strategic planning.

Human resource focus

- Examines how organisation motivates and enables employees to develop and utilise their full potential in alignment with the organisation's overall objectives and action plans. Also examines efforts to build and maintain a work environment and an employee support climate conducive to performance excellence and to personal and organisational growth.

Process management

- Examines the key aspects of the organisation's process management, including customer-focused design, product and service delivery, key business and support processes. This category encompasses all key processes and partnering organisations.

Box 3.2. Baldrige's seven criteria for a successful organisation
(cont.)

Business results

- Examines the organisation's performance and improvement in key business areas – customer satisfaction, product and service performance, financial and marketplace performance, human resource results, and operational performance. Also examined are performance levels relative to other similar organisations.

indicates the importance of information feedback in an effective performance management system (Baldrige, 2001).

One can easily see how these criteria for a single organisation can be extended to a partnership of organisations. This will be discussed in a later section on the requisites for effective leadership.

Examples of partnerships

Vertical partnerships among governmental entities within the WIA system

The federal-state-local partnership within the WIA system has already been described in an earlier section. WIBs are, as previously mentioned, the centrepiece of this system, in which federal and state resources and overall programme goals are administered at the local level. Assessment of the effectiveness of the partnering arrangements of the WIA system requires an examination of both the vertical government relations and the horizontal public-private partnerships. The vertical relationships will be examined first.

A few years after WIA was put into operation, the US Department of Labor sponsored a process evaluation of WIA to determine how well the new features of the system were working. The process evaluation was conducted by observing the operations of 30 one-stop career centres in 16 local areas in eight states (Barnow and King, 2005).

The evaluation identified a number of challenges; at the time it was conducted these were still unresolved and for the most part they are still ongoing concerns. They involve leadership, accountability, performance monitoring, flexibility, co-operation and partner engagement. The study came to the following conclusions.

1. Balancing accountability and flexibility under a broad-based federal grant-in-aid programme such as WIA is critical for success. The challenge is finding the right mix of flexibility and accountability so that an accountability system

tailored to achieve federal goals does not thwart state and local government efforts to address what they see as their own needs. Unless the states and local WIBs are free to innovate, the system will not respond effectively to the needs of workers and businesses or promote improvements in the system.

2. Co-operation among federal, state and local government relationships must be maintained on an ongoing basis. Under WIA, most funds flow from the federal government to the states to the local workforce boards. The challenge is to achieve the appropriate mix of authority so that each level of government has an appropriate voice, federal and state requirements are harmonised, and local entities have sufficient autonomy in the design and delivery of services.
3. Reporting and performance requirements should not adversely affect customer selection, the provision of services or outcomes. However, under pressure to meet increasingly higher goals, there is a tendency for local WIBs to enrol those whom they believe are more likely to succeed, leaving the harder-to-serve without needed services. Revamping the performance measurement system to take into account the employability of participants could reduce this tendency.
4. Strong leadership at the local and state levels is necessary to provide a proper balance within this hierarchical system, and to ensure that business plays an active role.
5. Determining how to engage business entities in workforce programmes and how to sustain their participation is critical, but is still a major issue for many WIBs.

WIBs and workforce intermediaries

Workforce Investment Boards and workforce intermediaries are instrumental in forming partnerships. They partner together, through contractual arrangements, to provide training and other employment-related services. They also, together or separately, form networks with other organisations, including local economic development entities, educational institutions, businesses and social service organisations.

With respect to WIBs, the 600 or so that administer workforce services across the United States vary considerably in their effectiveness in forging partnerships with workforce intermediaries. The more exemplary partnerships strive to follow many of the Baldrige criteria, without necessarily pursuing Baldrige principles explicitly. This section presents a description of the workforce system in the City of Chicago as an example of a WIB that works with a large network of providers and community-based organisations. While other WIBs may be more exemplary in achieving their goals, Chicago provides an instructive case study of a WIB that has formed an extensive network of partners and has addressed many of the key issues necessary to achieve best practice.¹

There are many workforce intermediaries operating in the US, and any number could be used as examples of partnerships. To illustrate the relationship of a workforce intermediary with manufacturing, a state economic development organisation, and educational institutions, the “Make It Happen” project in Minneapolis is briefly described.

The City of Chicago’s Mayor’s Office of Workforce Development

The Chicago Mayor’s Office of Workforce Development (MOWD) partners with private business, community organisations and other government bodies to provide re-employment services to people in Chicago. MOWD focuses equally on business and individual needs to provide job placement services that benefit the city. These services are beneficial in that they reduce the incidence and associated costs of unemployment, and offer savings to the businesses of Chicago by providing qualified, pre-screened candidates who can fill their immediate openings. MOWD contracts with providers to offer services mandated by WIA through one-stop career centres. The centres provide job training for displaced workers and employment services for jobseekers in conjunction with the Illinois Employment Training Center. MOWD also offers the Quantum Opportunities programme, which provides basic vocational skills training and job/college placement services to 16- to 24-year-olds from disadvantaged areas in an attempt to improve the employability of participating members.

MOWD works through WorkNet Chicago, a network of over 130 community-based, citywide organisations that helps businesses find qualified workers and assists workers in obtaining the skills and receiving appropriate re-employment services. Included among these organisations are five WIA-funded Chicago Workforce Centers and 33 community-based affiliates. At the centres and affiliate agencies, customers attend service orientations, visit resource rooms to search the Internet for job openings, use the fax machines and printers to send resumes to employers, and receive assistance from front-line staff. In addition to these core services, local jobseekers – approximately 11 000 in 2003 – participated in intensive services, such as workshops covering job-readiness skills, job-search techniques, resume writing, English as a second language and basic skills. Nearly 2 600 received vocational training vouchers to upgrade their skills, choosing from nearly 600 training classes offered through 135 state-certified training organisations. These services helped more than 6 400 local residents get full-time jobs.²

The MOWD staff supports a network of partnerships. Part of their motivation stems from the lack of adequate funding to accomplish the goals set out by the local workforce system. Staff members contend that partnerships offer an opportunity to leverage their public funds. Another

reason to form partnerships is that the WIA legislation, which most of MOWD's programmes come under, requires staff to spend more time forging partnerships among organisations and working with those organisations in their role as customers. One staff member offered that "partnerships are crucial to making things work for everyone; we need to have everyone moving in the same direction and need to work on partnerships in which each party will bring something to the table, particularly when funds are decreasing". Under the umbrella of programmes administered by the workforce board, staff co-ordinates services with regular meetings with caseworkers from several departments and agencies.

Partnerships are also crucial for gathering information about the needs of employers. Market-driven or demand-driven services are the current focus of state- and federally funded workforce systems. Assessing the needs of businesses starts with the composition of the local workforce boards. WIA legislation requires that local boards include a majority representation of local area employers, so that broader input can be brought to the decisions on what type of training to provide. Many local boards also focus on sectoral issues, providing services to companies and workers within designated sectors, many of which are high-tech or health industries where severe worker shortages exist. This approach follows the federal lead, in which the US Department of Labor has targeted a handful of sectors for special attention. Even with the federal government taking the lead in this initiative, the funds available for training are relatively small.

MOWD appears to have achieved several of the Baldrige criteria and recognises deficiencies in others. On the positive side, their leadership and staff focus on their customers, develop strategic objectives and action plans, and support the development of partnerships. Identified deficiencies and challenges relate to information and the use of performance monitoring and standards, and to the sharing of common values among partners. Staff acknowledged that one of the barriers to more effective integration of services is the lack of a single management information system that can track common outcomes across agencies; each has its own system. They have implemented an innovative system using "swipe cards" to record who uses core services, but this falls short of being able to share information across departments. Another difficulty is the inherent problem of aligning goals and standards among the various partners. While they may buy into a common goal, turf issues still remain and can get in the way of effective collaborations. A complicating factor is that under WIA legislation, workforce investment boards must subcontract with third-party providers to offer services. Even though these relationships are governed by contracts that specifically state performance standards, they are still arm's-length arrangements and it is not always possible to monitor the approach that subcontractors take in dealing

with customers or in offering the necessary level of customer service and satisfaction.

Another issue is that partners may not share the same values. For instance, some educational institutions see a conflict between their mission of providing educational services and WIA's narrower mission of assisting jobseekers in finding employment. To offer an illustration, many training programmes are provided by community colleges, which often fit them into their regular schedules and in a format designed for regular students – not for students who are trying to balance work and home responsibilities with their educational pursuits. Even though the workforce board understands that this approach may not be what employers and employees prefer, they find it difficult to change the culture of community colleges to provide a more customised service.

According to MOWD staff, another barrier facing local workforce boards is that federally mandated performance standards may be unnecessarily rigorous and restrictive relative to their mission. Each WIB must meet performance standards imposed by federal regulations under WIA. The state can waive some requirements, such as the money that flows through the state's economic development agency for customised training to retain or attract companies. But for the regular WIA programmes, participants must satisfy specific eligibility requirements and providers must meet performance standards. As one staff person put it, "If we miss one performance standard, we could lose financially".

Staff also point out that their public status may diffuse their mission. One problem MOWD faces, along with other workforce investment boards, is that as a public agency it is in the position of trying to satisfy everyone, whereas non-government organisations can target whom they serve. Consequently, even with the focus on partnerships and strong business representation on local boards, companies still express concern that their needs are not met.

Minneapolis's Make It Happen Project

The Precision Metalforming Association, with initial funding from the National Manufacturing Association and private foundations, has brought together 37 precision manufacturing employers and a number of community organisations. The idea behind this sector initiative is to help manufacturers in the industry find the workers they need to meet production goals and expand their businesses. The initiative focuses on training employees, and has brought together several educational institutions within the Minnesota state colleges and university system to provide the training. A local non-profit organisation also offers customised training and counselling to workers from all backgrounds and experience. In addition, the partnership includes the state economic development organisation and the local WIB. At first it focused

only on workers only in the precision metalforming industry. In a short time training was expanded to workers in other sectors. The state department for employment and economic development stepped in to create and fund a new “academy” to train state employees on how to better serve the industry. The success of the partnership rested on the leadership of key businesses in the local economy, the ability to identify the need, share a common vision, develop a workable strategy, and monitor performance. The result has been an increase in the number of qualified workers entering the precision metalforming industry and other key manufacturing sectors within the Minneapolis economy.

State and regional skill alliances

Several states have implemented programmes to provide technical assistance and financial incentives to help WIBs do a better job of bringing together into effective partnerships business, education, and workforce development. This section examines efforts by states and the federal government to encourage and nurture partnerships among state-level departments, WIBs and non-governmental entities, including economic development organisations. Highlighted in this section are an effort by the State of California to catalyse regional collaboration, a multi-state consortium spearheaded by the National Governors Association to assist states with partnerships, and a federal programme that provides funding for partnerships with specific regions.

Regional Workforce Preparation and Economic Development Act of California

One of the earliest state programmes to attempt regional collaboration of this sort was initiated by the State of California. Faced with a growing concern that the workforce development system was not responding to emerging workforce education and training needs, the state legislature passed the Regional Workforce Preparation and Economic Development Act (RWPEDA) in 1998. It was a unique effort designed to bring education, workforce preparation, and economic development partners together at the state and regional levels. The goal was to create an integrated, effective and responsive workforce development system that would better meet the needs of employers and jobseekers and improved the quality of life for all Californians.

In its attempt to integrate education, workforce development and economic development programmes and activities, RWPEDA formed partnerships at both the state and local levels. The act had three components.

1. The Act directed the four state agencies with responsibilities for public K-12 education, community colleges, workforce development and economic

- development to enter into a memorandum of understanding (MOU) and develop a unified workforce development strategy for the state. To ensure effective implementation of RWPEDA and the MOU a Joint Management Team (JMT) was formed, consisting of executive staff from each of the four agencies.
2. The Act instructed the four state-level partner agencies to select and fund at least five regional collaboratives to participate in economic development strategies, and to deliver services to clients in a more responsive, integrated and effective manner. The JMT, operating under the MOU, funded a total of six pilot regional collaboratives. Each pilot developed its own unique strategy for addressing the needs within its region and for implementing regional economic development strategies.
 3. The Act required the partner agencies to create an integrated state workforce development plan. This plan was to guide the development of an integrated workforce development system at the state and local levels. The JMT developed a policy framework document by soliciting input from a 37-member advisory group.

Regional collaborations – The RWPEDA legislation supported the creation of locally initiated regional collaboratives in order to bring together workforce development partners to test strategies for integrating and improving both service delivery and workforce development systems at the regional level. Six regional collaboratives were awarded funding. They represented a diverse range of geographic, economic, and proposed programme characteristics, including single and multiple county regions, rural and urban areas, industrial and agricultural economies, and direct service and system-based activities.

The Los Angeles County Workforce Preparation and Economic Development Collaborative is an example of one of the more diverse but successful collaboratives. It encompasses Los Angeles County, which is home to 10 million people and stretches across a large geographic area. It is served by multiple community college districts, K-12 public school districts and workforce development entities – including eight separate Workforce Investment Boards – and also includes enormous county agencies that manage the CalWORKs and employment programmes. Despite being a large county with multiple stakeholders and wide-ranging needs and interests, the collaborating partners succeeded in developing countywide projects to support employers and jobseekers, according to the evaluation. Some of the activities initiated by RWPEDA have been sustained beyond the project period; this was made possible by securing additional funding as well as also securing the continuing interest and support of the partners (BPA, 2002).

State-level collaborations – These mirrored the regional collaborative by bringing together the state agencies responsible for education (both K-12 and community colleges), workforce preparation, and economic development for

California. Historically, the disconnect between these partners has stemmed from differences in missions, priorities and cultures as well as real and perceived turf battles and competition for funds (BPA, 2002). However, in the 1990s policy makers began to encourage these agencies to work together through initiatives such as the federal School-to-Work Opportunities Act and the One-Stop Career Centers Initiative. The goal of RWPEDA was not to develop partnerships to improve a particular type of service, but rather to improve the delivery of all workforce development services through collaboration, leveraging of resources, and system building. The legislation mandated that the four agencies come together to establish an MOU, select and fund at least five regional collaboratives, and develop and implement an integrated state workforce development plan. According to the evaluation, the state-level collaborative was able to overcome several significant barriers, including the layer of bureaucracy established by the enactment of WIA in 1998, and to achieve successful collaboration. The Joint Management Team, established by the four agencies, was able to develop an integrated strategic workforce development plan that served to guide the state agencies and regional collaboratives (BPA, 2002).

The evaluation of RWPEDA, conducted by an independent consulting firm, found that successful collaborations at both the regional and state levels depended upon strong leadership, the involvement and support of key stakeholders, consensus decision making, a strong focus on the goal of system change, timely and consistent funding streams, and formal communication networks – all consistent with the Baldrige criteria. The state-level collaboration also benefited from developing a memorandum of understanding among the agencies. The more successful regional collaborations grew out of new collaborations instead of relying on existing ones, and they found that the process of applying to become a collaborative promoted collaboration (BPA, 2002).

National Governors Association's Policy Academy Initiative

Other states followed California's example to implement similar types of partnerships. For example, the National Governors Association (NGA) brought together six states committed to forging partnerships among workforce, economic development and education initiatives. The purpose of the year-long project was to assist governors in developing strategies for a global economy. The agenda included: 1) connecting workforce development to economic needs, 2) building a stronger educational pipeline to produce skilled workers, 3) expanding opportunities for continuous learning, 4) enhancing workers' abilities to manage their careers, 5) strengthening work supports to promote employment retention and career advancement, and 6) strengthening governance and accountability in the workforce system. Each of the six states approached these tasks in different ways, building upon their existing

strengths and ongoing initiatives. For example, to connect workforce development to economic needs, Ohio has formed regional councils throughout the state to evaluate and address important workforce issues for key sectors in specific regions of the state. As another example, Missouri's Division of Workforce Development has collaborated with various private sector companies to develop career ladders for workers. The partnership with the private sector has been critical in helping the state identify the specific technical skills needed by businesses in the key sectors of biotech, healthcare, and information technology.

The lessons learned from the six-state project are similar to those from California. Partnerships must share a common vision, have strong leadership, develop trust among the partners through consensus building, develop and assign defined tasks and deliverables, maintain a focus on desired outcomes, develop measures to track the outcomes, and communicate the outcomes to all partners (NGA, 2004).

Federal initiatives promoting regional partnerships

The federal government has also initiated programmes to encourage effective partnerships among local businesses, workforce development, economic development and educational institutions. Specifically, the US Department of Labor has sponsored the Workforce Innovation in Regional Economic Development (WIRED) to support the development of a regional, integrated approach to workforce and economic development and education. The ultimate goal of WIRED is to expand employment and advancement opportunities for workers and catalyse the creation of high-skill and high-wage opportunities. Currently, the WIRED initiative consists of three generations of regional collaborations. The first generation of WIRED, which includes 13 regions, was announced in February 2006. Each first-generation WIRED region received USD 15 million over a three-year period. An additional 13 regions – the second generation of WIRED – followed in January 2007. After receiving a small planning grant, these regions will now receive an additional USD 5 million over the next three years, bringing the total investment to more than USD 260 million for the first and second generations.

Given that one of the significant goals for WIRED is to fully align the public workforce investments with a regional economic growth agenda, WIBs are integral to the programme's success. They are encouraged to work with governors on the application process and on implementation of the WIRED initiative. Regional partnership teams must include a senior representative of the workforce investment system within the region as the lead, or co-lead, with at least one other regional partner, for the region's WIRED grant activities.

Grand Rapids, Michigan received one of the first-generation WIRED grants. The collaborative comprises more than a dozen partners within a seven-county area of over 1.2 million people and focuses on developing and managing an innovations lab concept designed to spawn a wide range of innovations in the regional workforce development system. The collaborative pursues four categories of innovations.

1. Market intelligence initiatives are under way to understand better the detailed structure of regional employment clusters and the new requirements for the innovation economy. These include an analysis of the skill development needs of emerging life sciences, alternative energy and sustainable manufacturing sectors; analysis of the evolution of the global supply chains in the region's industries and how they affect the demand for workforce skill development; development of a strategy for attracting and retaining knowledge workers through new workplace designs; and a system for regional outreach and engagement.
2. The collaborative is also bringing together all of the region's other initiatives in order to focus on building awareness and knowledge about innovation and developing innovation skills in the current and emerging workforce.
3. An integrated workforce system for the emerging industries and their skill needs is another component of the initiative. Collaboratives are working to transform the workforce system by providing performance-based credentialing, developing a model global school, accelerating engineering programmes, implementing the manufacturing skills standards system, and other region-wide workforce development programmes.
4. The collaborative focuses on initiatives designed to stimulate entrepreneurship and new business creation in key sectors of the innovation economy.

The WIRED initiative is too new for evaluation, but it includes many of the features of the other programmes listed above with the addition of federal funds to help sustain the effort. Applicants who were successful in receiving funds had to demonstrate that their proposed regional initiative had the commitment of key leaders in the region; focused on the needs of businesses; integrated workforce development, education, and economic development efforts; established clear goals and objectives; aligned resources with those goals; developed and tracked performance measures; and set in motion ways to meld the cultures of the various organisations.

Local economic development organisations

Strategic planning and implementation for local economic development take place primarily at the local level, while much of the funding for economic development efforts originates at the national or state levels. In most

instances, higher levels of government have more taxing authority and are better able to spread the financial burden across a broader population base. Yet, local organisations are closer to local businesses and residents in their areas and better able to assess their needs and direct resources to meet them. They can best determine the combinations of programmes that are best suited to target the needs of businesses and residents within their geographical area of concern.

The responsibility of designing and implementing local responses to economic development needs is shared by both government and non-government entities. In some instances, municipalities and other local government entities, such as counties and states, assume sole responsibility for administering certain programmes. Local elected officials see promoting economic development in their areas as one of their primary responsibilities.

Partnerships between economic development and workforce development organisations face the typical challenges of sharing common goals and objectives, aligning resources according to their goals, and tracking outcomes. For workforce development and economic development entities, an even more vexing challenge is the melding of two cultures. Workforce development organisations are accustomed to working with state and federal governments, which require strict accountability, transparent accounting and programmatic practices that are scrutinised closely by funding agencies. They have also fostered a paternalistic culture; they view their customers as needing assistance in understanding what is in their best interests. Economic development organisations, on the other hand – particularly the non-governmental ones – work behind closed doors in order to strike deals with private business entities. Businesses do not appreciate public scrutiny.

Thus, economic development organisations, which deal directly with businesses, are not accustomed to transparency and resist the oversight and accountability of government. They also have a culture of responding to the needs of business without question. In addition to cultural differences, they may have different goals from workforce development entities and may work at cross-purposes. For example, economic development efforts typically take a posture of reducing labour costs to attract and retain businesses. At the same time, lower labour costs may mean pursuing labour-saving strategies and opting for jobs with fewer worker benefits, and workforce development organisations strive to find workers jobs with decent pay and benefits. Obviously, a region's economic vitality is essential for a stable and healthy labour market, and *vice versa* .

An example of an economic development organisation that has successfully partnered with other local agencies is the Right Place Program in Grand Rapids, Michigan. It is a private, non-profit organisation focused on

promoting economic growth in the urban core of a metropolitan area with a population of more than a million people. The Right Place provides the standard set of economic development services (*e.g.* information on industrial sites, tax abatements, statewide business incentives) and works closely with businesses to help them connect with the proper government agencies to receive the appropriate incentives and assistance. In addition, it has partnered with other organisations to offer several unique programmes. One such initiative, partnered with the City of Grand Rapids, is to redevelop abandoned industrial land in the inner city. Such a venture is risky, since companies looking to locate in an area are more attracted to undeveloped “greenspace” than to urban locations with uncertain payoffs.

The International Economic Development Council (IEDC), in collaboration with Georgia Tech University, recently conducted a survey of accredited economic development organisations (AEDOs) to assess their effectiveness, using a slightly expanded list of Baldrige criteria. In addition to the seven principles listed in Box 3.2, IEDC added partnerships and relationships. Each respondent self-assesses their organisation with a score between 0 and 5, with 5 the top rating. Results show that the highest-rated category is customer and market focus, receiving an average score of 4.4. The partnerships and relationships category tied for second (with the results category) with an average score of 4.3. Leadership and performance tracking systems are the two lowest-scored categories, receiving 3.9 and 3.3, respectively (Georgia Tech Enterprise Innovation Institute, 2006).

Within the partnership and relationship category, the top responses were related to the active involvement of board members in other community groups (4.6), the economic development organisation’s effective relationship with local government which could include WIBs (4.6), and its effective relationship with state/regional partners (4.6). Its three lowest-ranked categories were its collaboration with other community-based organisations (4.1), its ability to expand resources through relationships (4.0), and its effective collaboration with other economic development organisations (3.9).

Requisites for effective partnerships

Observations of partnerships among workforce development, economic development and educational institutions point to several important lessons and challenges. These insights are listed according to the relevant Baldrige criteria.

Leadership

The first requirement for effective partnerships is strong leadership. Leaders must define the common purpose of the partnership and educate partners on the importance of cutting across the various boundaries that may

separate their efforts. The benefit of turning disconnected specialised organisations into cross-functional teams is to create a system that serves workers and businesses holistically, cost-effectively, and creatively. It adds value that exceeds the capacity of each partner working alone.

Strong leadership is also required to mobilise resources within the community and within the partnering organisations in order to achieve the desired outcomes. Simply following formal procedures or interventions that have been adopted in other areas or that have been prescribed by higher levels of authority may not be sufficient for an effective delivery of services. It may take the abilities of a leader to motivate workers and other partnering organisations to make it all work. The need for strong leadership is particularly important for informal partnerships, in which the relationship is not based on a contract arrangement or a memorandum of understanding, but solely on the shared vision between the organisations.

Partnering organisations must also be advocates for their causes, such as workforce development agencies for workers and economic development agencies for businesses. This advocacy must be ongoing. Implementing a programme or set of programmes, which at the time are shown to be effective in serving the needs of workers, does not guarantee that the programme will continue to achieve the same desired outcomes in the same cost-effective manner. The circumstances of workers, the demand for their skills, and general economic conditions affecting the demand for workers with various qualifications all change over time. Unlike the case with businesses, there is no ongoing market test to indicate the benefit-to-cost ratio of these social programmes.

Leaders of partnering organisations should also be “cheerleaders” for one another, encouraging their organisation to pursue sound procedures and to adhere to rigorous performance goals. Each must recognise that the success of their partners enhances their own performance. With each organisation monitoring the performance of the other partners, a system of mutual accountability can be achieved, in which no central organisation would act as “principal”, but rather a community of organisations that hold each other accountable for their actions and progress.

Shared vision of customers and their needs

Partnerships need to establish a shared vision of the customers they serve and the reason for serving them. Since each member may come to the alliance with a different customer base and purpose, it may be difficult to reach agreement on a shared set of objectives. For instance, even though workforce development and economic development organisations share a common vision of job creation and economic growth, their objectives may

differ. Finding and retaining a job is a well accepted and desired outcome of employment policy. Yet, the dual objectives become less absolute when one adds to the outcome metric the goal of achieving relatively high wages. Economic principles dictate that the pursuit of high wages can compromise the goal of gaining employment for broad groups of workers. High wages may also discourage businesses from remaining in the area and new businesses from coming into a region. However, adding education to the partnership and setting as a goal the pursuit of a highly qualified workforce may help to harmonise the goals of these three entities.

Strategic planning and analysis

Once a shared vision has been established, local partnering organisations need to become problem-solvers. The first step in this process is to conduct research regarding the needs of the customers and the circumstances that account for such needs. This analysis should be based on accurate and objective information, and the research should be conducted in a rigorous and systematic manner. The next step is to use the information obtained to design a plan that serves the customers. The plan needs input and then endorsement from all parties in the partnership. It also needs explicit steps that attract, satisfy and retain partnering organisations. Proper metrics should be identified to track the progress of the initiatives; these include information on how customers are progressing in meeting their identified needs, and on the cohesion and effectiveness of the partnerships.

Human resource focus

Effective problem solving and advocacy requires an engaged and motivated set of stakeholders. These stakeholders – regardless of whether they represent business, social organisations, labour groups, or educational institutions – must be given sufficient authority to make “real” decisions. If decision making is only ritualistic and has little significant bearing on the type of services and the manner of delivering them, then the value of these partnerships are drastically diminished and the partnership is in danger of disintegrating. For example, Workforce Investment Boards risk losing qualified business leaders that assume active roles as members of boards unless the boards consider their input to be integral to the decision-making process. The same is true for the boards of non-profit organisations that partner in these efforts.

Process management

To be effective partners, organisations must also have competent staff who understand how the organisation fits within the goals and objectives of the partnership and then carry out their responsibility in that partnership. It

is increasingly difficult to attract qualified workers as funding from the federal and state governments is cut and local organisations depend more and more on volunteers and part-time workers. Staff must therefore be trained not only in providing the services their particular organisation specialises in, but also in understanding how to be meaningful participants in a partnership arrangement. The “academy” established by the Minnesota Department of Employment and Economic Development to train state employees to provide better assistance to targeted industries is one example of a formal approach to educating staff to be better partners.

Information and ongoing analysis

Information is the glue that helps bond partnerships. Once obtained and validated, this information must be shared across partnering organisations, which means that these organisations must speak the same language in terms of purpose and performance outcomes, and must trust their partners in accepting their information to be accurate and their experience relevant. Establishing a common basis for defining purpose and objectives is not always easy, since different organisations may focus on different aspects of the challenges facing an individual who is pursuing employment options. Therefore, partnerships must continuously monitor the wellbeing of their respective constituents to assure that the programmes are meeting their needs. The monitoring should include rigorous and independent evaluations. There is a tendency for some service delivery organisations and even advocacy groups to get caught up in their own self-promotion, blindly accepting that the programme is effective without actually evaluating its merits.

Conclusion

Partnerships are constantly evolving as they try to position themselves to meet the changing needs of businesses and workers in order to generate or retain jobs for their constituents. Although there are few rigorous evaluations of the effectiveness of partnerships *per se*, it is widely accepted that bringing together key stakeholders and leveraging resources can be powerful catalysts for improved performance of local workforce development and economic development organisations, which in turn promotes local economic development.

Several lessons for successful partnerships have been gleaned from case studies of workforce development, economic development and educational institutions within the United States. The more pertinent ones for promoting economic development are: 1) business and workers, as customers, should be the common focus; 2) outcomes must be agreed upon, quantified, and tracked, 3) local organisations must become entrepreneurial and problem solvers, and

form strong networks among the stakeholders; and 4) strong leadership is required to help define and advocate the common purpose and to mobilise community resources.

Achieving effective partnerships is a long, transformational journey. It involves increasing the ability to commingle individual funding sources, reducing programme restrictions, overcoming turf issues, collapsing hierarchies in order to empower those making decisions and providing the services, and providing continual feedback on the effectiveness of efforts. The reward for successful partnerships and the integration of the three functions of workforce development, economic development, and education is developing a workforce that is better prepared to meet the needs of local businesses and workers, and thus to meet the challenges of an increasingly competitive global economy that all local economies face.

Notes

1. The description of MOWD that follows is based upon a site visit by an OECD study tour that examined training programmes to upgrade the skills of low-qualified workers. This description appears in Eberts, 2006.
2. Statistics taken from a prepared statement by Jackie Edens, Commissioner of the Mayor's Office of Workforce Development, and transmitted to members of the Chicago City Council, 27 October 2003.

Bibliography

- Baldrige National Quality Program (2001), "Criteria for Performance Excellence", US Department of Commerce, Washington, DC.
- Barnow, Burt S. and Christopher T. King (2005), *The Workforce Investment Act in Eight States*, US Department of Labor Employment and Training Administration Occasional Paper 2005-01, Washington, DC, February.
- Bauer, Paul W., Mark E. Schweitzer and Scott Shane (2006), "State Growth Empirics: The Long-run Determinants of State Income Growth", Federal Reserve Bank of Cleveland Working Paper 0606, May.
- BPA (Berkeley Policy Associates) (2002), "Evaluation of the Regional Workforce Preparation and Economic Development Act: Final Report", June.
- Briggs, Xavier de Souza (2001), "The Will and the Way: Local Partnerships, Political Strategy, and the Well-Being of America's Children and Youth", Working Paper, John F. Kennedy School of Government, Harvard University, November.
- Eberts, Randall W. and George A. Erickcek (2001), "The Role of Partnerships in Economic Development and Labour Markets in the United States", *Local Partnerships for Better Governance*, OECD, Paris.
- Eberts, Randall W. (2006), "Sectoral Initiatives to Train Low-qualified Incumbent Workers in the United States: Two Case Studies", *Skills Upgrading: New Policy Perspective*, OECD, Paris.

- Georgia Tech Enterprise Innovation Institute (2006), "Benchmarking Survey of AEDOs" (Accredited Economic Development Organizations), Atlanta, GA.
- Giloth, Robert (2004), *Workforce Intermediaries for the Twenty-first Century* (ed.), Temple University Press, Philadelphia.
- Grubb, W. Norton (1996), *Working in the Middle: Strengthening Education and Training for the Mid-Skilled Labor Force*, Jossey-Bass Publishers, San Francisco.
- Javar, Janet and Stephen Wandner (2004), "The Use of Service Providers and Brokers/Consultants in Employment and Training Programs" in Christopher O'Leary, Robert Straits and Stephen Wandner (eds.), *Job Training Policy in the United States*, W.E. Upjohn Institute for Employment Research, Kalamazoo, MI.
- Kanter, Rossabeth Moss (1994), "Collaborative Advantage: The Art of Alliances", *Harvard Business Review*, July, pp. 1-13.
- Macro, Bronwen, Sherry Almandsmith and Megan Hague (2003), *Creating Partnerships for Workforce Investment: How Services are Provided under WIA*, Berkeley Policy Associates, Oakland, CA.
- Marano, C. and K. Tarr (2004), "The Workforce Intermediary: Profiling the Field of Practice and Its Challenges" in R. Giloth (ed.), *Workforce Intermediaries for the 21st Century*, Temple University Press, Philadelphia, pp. 93-123.
- NGA (National Governors Association) (2004), "The Next Generation of Workforce Development Project: A Six-State Policy Academy to Enhance Connections Between Workforce and Economic Development Policy", Final Project Report, Washington, DC, December.
- National Governors Association Center for Best Practices (2006), "State Sector Strategies: Regional Solutions to Worker and Employer Needs", Washington, DC, November.

About the Authors

Petra Bouché studied Education and Sociology in Dresden and Berlin. Her work has focused on the transformation of science and technology systems in Eastern Europe and, more recently, on implementation issues in labour market policy at the state and local level. She is currently collaborating with Hugh Mosley on the ongoing evaluation of the Hartz IV reforms in Germany undertaken by the Social Research Centre (WZB) in Berlin.

Randall Eberts is Executive Director of the W.E. Upjohn Institute for Employment Research, an independent non-profit research organisation that conducts and supports research on policy-relevant employment and regional economic issues. His current research examines the role of local partnerships in workforce and economic development. Mr. Eberts also works closely with the federal and state governments to develop management tools that use statistical analysis to help improve the performance of workforce programmes. He received his Ph.D. in economics from Northwestern University.

Sylvain Giguère is Deputy Head of Local Economic and Employment Development (LEED) at the OECD. As part of his responsibilities he leads a multi-disciplinary work programme on employment and governance which seeks to improve policies and practices on labour markets, skills, migration and economic development in the context of globalisation and policy interdependence. Sylvain co-ordinates LEED's programme of work, oversees the LEED Directing Committee sessions, and heads the OECD Forum on Partnerships and Local Governance. He studied economics at UQAM and Queens' University in Canada and holds a PhD (econ.) from Université Paris I (Sorbonne).

Xavier Greffe is Professor and Director of Doctoral Studies in Economics at the Université de Paris I (Panthéon-Sorbonne). He is an expert for the European Commission and the OECD on issues related to decentralisation, local development, the social economy and the economic impact of culture. He held various high-level positions in the French administration, chaired a European association for local development (LEDA Partenariat) and is currently the co-ordinator of the OECD LEED Scientific Advisory Group on Local Governance, based in Trento, Italy.

Yoshio Higuchi is Professor of Labor Economics at Keio University in Japan. His research interests include the employment policy and employment practices in Japanese firms from the viewpoint of human capital theory. Professor Higuchi is a member of Science Council of Japan. He is currently also Executive Director of National Life Finance Corporation. Professor Higuchi received his B.A., M.A. and Ph.D. in Business and Commerce from Keio University in 1976, 1977, and 1991.

Hyo-Soo Lee is Professor of Economics and Labour Relations at Yeungnam University. He was President of the Korea Industrial Relations Association from 2006-07 and President of the Korean Labour Economics Association from 2004-06. He currently serves as Commissioner of the Presidential Committee on Government Innovation and Decentralisation, Korea. He is President of the Job and Human Resource Forum, and chairperson of the Regional Human Resource Development Association, Daegu-Gyeongbuk province. He obtained a Ph.D. degree in economics from the Seoul National University in 1984 and has been a visiting scholar at UC Berkeley, Harvard University and MIT.

Cristina Martinez-Fernandez is Senior Research Fellow at the University of Western Sydney's Urban Research Centre, which is specialised in the study of cities. Previously, she was a Senior Research Fellow in AEGIS – an UWS research centre specialised in industry innovation and policy analysis. Cristina is an expert on local economic development and strategic planning. She leads the research programme of Urban and Regional Dynamics at the Urban Research Centre, which include the analysis of industry, skills and innovation processes of growth and shrinkage, and policies and strategies related to urban life.

Hugh Mosley is Senior Research Fellow in the Labour Market and Employment Research Unit at the Social Research Centre (WZB) in Berlin where he has worked since 1986. His recent work has been on implementation issues, especially on public employment service reforms, and on policy evaluation. Hugh has published extensively in specialised journals and advises the European Commission and the OECD on labour market policy. His current work focuses on the evaluation of the Hartz labour market reforms in Germany for the German Ministry of Labour.

Dave Simmonds OBE is the co-founder and Chief Executive of the Centre for Economic and Social Inclusion. Dave has been involved in social exclusion, labour market and regeneration policy for the last 22 years, both in policy formulation and practical implementation. He has advised government and social partners on welfare reform and the delivery of support to unemployed people. He previously worked as Director of Policy for the UK National Council for Voluntary Organisations.

Andy Westwood is currently a Special Advisor to the UK Government's Secretary of State for Innovation, Universities and Skills. Previously he worked in HM Treasury on a review of the United Kingdom's skills targets and delivery. Andy was a Director of the Centre for Economic and Social Inclusion and previously Head of Policy at the Work Foundation. He has published extensively on skills and employment policy and has been an advisor to a wide range of independent and government bodies.

Table of Contents

Executive Summary	11
--------------------------------	----

Part I

Introduction and Findings

Chapter 1. A Broader Agenda for Workforce Development

by Sylvain Giguère	17
Introduction	18
A governance challenge	22
Reforming institutional structures	26
Case examples	30
Conclusion	36
Bibliography	38

Chapter 2. The Governance of Workforce Development: Lessons Learned from the OECD Experience

by Sylvain Giguère	39
Introduction	40
United States: Building partnerships to overcome policy gaps	41
France: Doing what is possible given the limits of decentralisation	42
Germany: Making employment services more effective	43
United Kingdom: Empowering the cities	44
Australia: Localised responses to regional diversity	46
Japan: Building local capacity	47
Korea: Proposal for a new paradigm	48
Driving change: Recommendations	49
Bibliography	51

Part II

Country Studies

Chapter 3. The United States: How Partnerships Can Overcome Policy Gaps

by Randall W. Eberts	55
Introduction	56
Local economic development	57

The US workforce system	58
Partnerships	61
Criteria for successful partnerships	65
Examples of partnerships	70
Requisites for effective partnerships	81
Conclusion	84
Notes	85
Bibliography	85
Chapter 4. France: Bridging Regional Training and Local Employment	
by <i>Xavier Greffe</i>	87
Regional mobilisation: The need for strategic management of the regions	89
Local mobilisation: The need for a local governance of the labour market	94
Bridging regional development and local employment: the issue of training	97
New competencies and instruments at the regional level	99
New competences and instruments at the local level	102
First results, main issues	105
Conclusion	107
Bibliography	109
Chapter 5. Germany: The Local Impact of Labour Market Reforms	
by <i>Hugh Mosley and Petra Bouché</i>	111
The German economy and labour market	112
The institutional framework for economic development and labour market policy	113
“Hartz IV”: Establishing local Job Centres for the long-term unemployed	117
Capacity building at the regional level: the role of intermediary organisations in implementing and integrating policies in Germany’s federal states	121
Integrating regional labour market policy in North Rhine-Westphalia	128
Conclusion	137
Notes	140
Bibliography	141
Chapter 6. The United Kingdom: Boosting the Role of Cities in Workforce Development	
by <i>Dave Simmonds and Andy Westwood</i>	145
Introduction	146
How policy is currently developed and delivered	147

The UK policy context: What has – and has not – worked for cities? . . .	156
Skills strategy	160
What is changing in the United Kingdom?	164
What will happen next?	170
Notes	171
Bibliography	171
Annex 6.A1. Glossary of UK Institutions	174
Chapter 7. Australia: Local Employment Strategies that Address Diversity	
<i>by Cristina Martinez-Fernandez</i>	179
The Australian context	180
Scenarios for Strategic Employment Planning (SEP)	183
Lessons for local employment policy and governance	195
Notes	197
Bibliography	197
Chapter 8. Japan: Rural Areas' Need for Local Employment Strategies	
<i>by Yoshio Higuchi</i>	199
Growing regional differences in employment	200
The impact of public works reduction on regional employment	202
The impact of economic globalisation on regional employment	216
The impact of declining birth rate and ageing population on regional employment.	222
Local municipalities need to adopt endogenous measures for job creation	224
Bibliography	225
Chapter 9. Korea: Proposal for a New Type of Partnership	
<i>by Hyo-Soo Lee</i>	227
Introduction	228
The changing economic environment and a paradigm shift in economic policies	229
RESAP model: Strategic choices for the knowledge economy	232
Mission of RESAP: Building DHLM	233
HRD per life cycle and strategies for knowledge workforce	237
Importance of the innovation cluster and its HRD	239
HRD for the vulnerable and socially excluded	242
Conclusion	245
Notes	246
Bibliography	246
About the Authors	249

Boxes

1.1. Human resources and the local drivers of growth	23
2.1. Recommendations for enhancing the governance of workforce development.	50
3.1. Malcolm Baldrige National Quality Award	67
3.2. Baldrige's seven criteria for a successful organisation	69
5.1. "Improvement of the Regional Economy" – programme activities . .	115

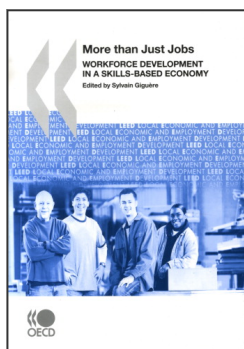
Tables

4.1. Regional gross product, 2002	90
4.2. Rate of unemployment per region	91
4.3. Definition of the axes	92
4.4. Table of correlation.	92
4.5. French TEPs' employment impacts	96
5.1. Intermediary organisations as actors of labour market policy in Germany's federal states, 1991-2006	125
6.1. Jobcentre Plus district job outcomes	160
8.1. Percentage of workers in the construction industry	204
8.2. Workers employed in jobs created by public works as percentage of all workers in each prefecture	208
8.3. Workers employed in jobs created by the rise in consumption from payment of public pension and employment insurance (as percentage of all workers in each prefecture)	213
8.4. Workers employed in jobs created by the civil service (as percentage of all workers in each prefecture)	215
8.5. Workers employed in jobs created by the civil service, public works, public pensions and employment insurance benefits (as percentage of all workers in each prefecture)	217
8.6. Changes in Japan's foreign direct and inward direct investment (investments reported or notified)	219
8.7. Changes in the number of persons employed by Japanese firms overseas and by foreign firms in Japan	220
9.1. Paradigm shift in economic policies	230
9.2. Characteristics of a dynamic and healthy labour market (DHLM). . .	234
9.3. Functions of the RESAP organisation	236
9.4. The GALIC model for innovation clusters	240

Figures

3.1. Schematic of partnership relationship with Workforce Investment Boards	63
3.2. Baldrige criteria: A systems approach	68
4.1. Results of the factor analysis	93

5.1. The multi-level governance with Job Centre as joint operative agency of PES and local authority	120
5.2. Services of the GIB by goals and levels of action, 2004-2006	133
6.1. Employment rise required in selected cities	157
8.1. Percentage change in the unemployment rate (1997-2006)	201
8.2. Percentage change in the number of workers (1997-2006)	201
8.3. Changes in advanced countries' public works spending as a percentage of GDP	204
8.4. Changes in construction and non farm/non forestry payrolls (1985 = 100)	205
8.5. Per capita public sector investment (thousands JPY)	206
8.6. TFP growth through an increase in infrastructure investments (¥ 1 million per capita, real) by prefecture (1975)	210
8.7. TFP growth through an increase in infrastructure investments (¥ 1 million per capita, real) by prefecture (1998)	211
8.8. Percentage of persons who lived in a different prefecture five years ago (men)	223
8.9. Percentage of persons who lived in the same municipality five years ago (men)	223
9.1. RESAP model: Vision and strategies for the knowledge economy	234
9.2. Governance of RESAP: Regional initiatives	236
9.3. Four stages of human resource development for the life cycle	238
9.4. New company creation model	241
9.5. Conceptual framework of job skills development for irregular workers	243
9.6. Functions of LJIC	244



From:
More Than Just Jobs
Workforce Development in a Skills-Based Economy

Access the complete publication at:
<https://doi.org/10.1787/9789264043282-en>

Please cite this chapter as:

Eberts, Randall W. (2008), "The United States: How Partnerships Can Overcome Policy Gaps", in Sylvain Giguère (ed.), *More Than Just Jobs: Workforce Development in a Skills-Based Economy*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264043282-5-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.