

**SECTOR
BRIEF**

Workforce Development



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1. INTRODUCTION TO THE WORKFORCE DEVELOPMENT SECTOR BRIEF

Supporting Student Innovators Around the Globe

Welcome! You've likely picked up this sector brief because you're curious about entrepreneurship and you want to learn how to build a business that can change the world for the better. The Rockefeller Foundation and Acumen want to support you.

We designed this sector brief for student innovators who want to create a social enterprise in the workforce development sector. It will help you understand where business model innovation is needed to help more people around the world access and grow in high

quality jobs, with a focus on supporting people who are unemployed and underemployed.

As funders and investors, The Rockefeller Foundation and Acumen have supported many social enterprises that provide workforce development solutions to people who face barriers to finding and holding quality jobs. While the workforce development sector will vary by country and region, we believe there are universal workforce development challenges that social entrepreneurs are well positioned to tackle.



1. INTRODUCTION TO THE WORKFORCE DEVELOPMENT SECTOR BRIEF

Supporting Student Innovators Around the Globe

This sector brief is designed to package critical lessons we have seen social entrepreneurs encounter so that you can build upon the work done by other entrepreneurs across geographies. It features advice from a variety of investors, entrepreneurs, and other experts across the workforce development sector including:

- + Allison Salisbury, Partner & Head of Innovation, Entangled Group
- + Danielle Goonan, Associate Director, Economic Opportunity Investments, The Rockefeller Foundation
- + Eliza Golden, Portfolio Manager, Acumen America
- + Girish Singhania, Founder and Chief Executive Officer, EduBridge
- + Jessica Bammer Banaim, Co-Founder and Chief Executive Officer, Programa Valentina
- + Misan Rewane, Founder and Chief Executive Officer, WAVE (West Africa Vocational Education)

- + Nicole Trimble, Executive Director, Talent ReWire with FSG
- + Rishi Razdan, Program Lead for Workforce Development, Acumen India
- + Ryan Craig, Managing Director with University Ventures
- + Sanjay Gupta, Chief Executive Officer, EnglishHelper
- + Trooper Sanders, Rockefeller Foundation Fellow, The Rockefeller Foundation
- + Virginia Hamilton, Senior Lead for Design Thinking and Innovation, American Institutes for Research and Strategic Advisor for the Partnership for Public Service

Whether you have an idea for a business already or are just looking for inspiration, we hope the lessons contained in this brief help on your journey of entrepreneurship.

1. INTRODUCTION TO THE WORKFORCE DEVELOPMENT SECTOR BRIEF

How to Use this Sector Brief

This sector brief will give you an overview of the key trends and opportunities in the workforce development sector that we think can be most effectively tackled by social entrepreneurs. It is designed as a workbook so that, as you go through it, you can actively take notes and apply the information to the business model you're developing. Then, as you begin to create a pitch deck for your new enterprise, you may find it helpful to go back and reference some of the statistics and insights in this sector brief.

Here's what you can expect to walk away with after having gone through this sector brief and workbook:

- + Understand the challenges to accessing quality jobs and the types of customers who could most significantly benefit from innovative workforce development solutions
- + Identify the unique market opportunities where social enterprises can make a significant difference in expanding access to quality jobs
- + Gain best practices from other real and innovative social enterprises in the workforce development sector
- + Glean practical tips from experts about how to build impactful business models that help low-income adults find work that provides economic security and mobility

Do you have a pen and paper ready?



+ REFLECT

STOP

Take a minute to reflect on your own experience with the workforce development sector. Whether you are just getting started or you have been working on workforce challenges for many years, it can be helpful to reflect on your passions and motivations for getting involved. Reflecting on your passions, motivations, and experiences will help you evaluate what makes you well-positioned to launch a social enterprise in this sector. It will also be an important part of telling the story of your social enterprise and pitching it to investors.

Ground yourself in your authentic reasons for wanting to tackle this issue, assess your knowledge of the sector, and try to identify what biases you might hold as you answer the following questions:

- + What is your current understanding of the challenges facing the workforce development sector?
- + How have you been involved in the formal or informal workforce?
- + What role has education played in preparing you for the workforce?
- + What has your experience been with finding quality work?
- + Why do you care about helping others gain access to quality jobs?
- + What past experiences might have prepared you to work on addressing this challenge?

Lastly, write down any critical questions you hope to have answered by this sector brief to guide your reading.

2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

Imagine the last time you looked for a job. At its best, looking for a job can feel like the start of an exciting journey. However, at its worst, looking for a job can be a stressful and vulnerable endeavor. If you don't have a job while you're pursuing a new one, each day of unemployment means no income to pay for food, housing, and other important expenses.

Unfortunately, finding a job doesn't guarantee economic security for millions of people. According to the International Labour Organization (ILO), 300 million

workers live in extreme poverty, and 1 in 4 workers in low- and middle-income countries live below \$3.20 a day.¹ The ILO also estimates that 2 billion people—over 60% of the world's workforce—work in the informal economy, where employment often doesn't provide benefits beyond income, and there are no regulations to ensure fair treatment of workers.²

¹ The International Labour Organization; [World Employment and Social Outlook: Trends 2018](#)

² The International Labour Organization; [Women and men in the informal economy: A statistical picture. Third edition](#)



2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

For a number of reasons, finding and growing in a quality job is more challenging than ever. Consider the following labor market trends and dynamics:³

+ Limited formal job opportunities and increased competition

for jobs: The size of the global workforce is growing, but job growth is not keeping pace. New generations are entering the workforce in record numbers and people are retiring at an older age.⁴ The United Nations estimates that 470 million new jobs are needed globally between 2016 and 2030 just to keep pace with the growth of the global working age population.⁵ However, in many parts of the world, growth in the economy creates fewer jobs than it used to. In India, for example, 3% GDP growth created 2% job growth in the 1970s and 80s. In 2018, 10% GDP growth resulted

in less than 1% job growth.⁶ A growing workforce and slowing job growth means there is increased competition for jobs, and many people are forced to look for work in the informal sector.

+ Broken pathways between education and employment:

According to The Global Talent Shortage Survey, 45% of employers struggled to fill open positions in 2018.⁷ However, in many parts of the world, education enrollment rates are higher than ever. Unfortunately, increased access to education does not always translate into increased employment rates or stable career trajectories.

The size of the global talent shortage suggests there is a disconnect between the skills being taught in schools and the skills that employers are seeking. Consider that 27% of employers say applicants lack the hard skills (such as numeracy or digital skills) or soft skills (like communication and problem solving) that they

³ Labor market dynamics vary by country so it is important that you understand how these trends and other factors impact the workforce development sector in your region. For example, in some regions, the working age population might actually be shrinking, making the talent shortage even worse.

⁴ World Economic Forum; [How Africa's women can drive the 4IR forward](#)

⁵ United Nations; [Promote inclusive and sustainable economic growth, employment and decent work for all](#)

⁶ Azim Premji, Centre for Sustainable Employment; [State of Work in India 2018](#)

⁷ ManPower Group; [2018 Talent Shortage Survey](#)

2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

need.⁸ Well-intentioned mandatory education laws have also put a strain on education infrastructure, resulting in poorer education outcomes in primary and secondary school. As employers struggle to hire, they've added unrealistic qualifications and credentials to even the most entry-level jobs, making it even harder for people without an education pedigree to find quality jobs.

+ **Changing nature of work:** We're in the middle of the [Fourth Industrial Revolution](#), meaning massive innovations in technology have changed the way we work and live. The World Economic Forum reports that 65% of today's children will work in new job types that don't yet exist and 57% of jobs are at risk of automation.⁹ Employers, employees, and educators are struggling to identify the skills that are needed for this new economy, and no one is sure of the jobs that will withstand technology innovations and industry shifts.

The nature of employment is also changing: a growing number of workers are employed on a contract or part-time basis. In some countries, like in the United States, it's estimated that half of the workforce will be independent contractors by 2027.¹⁰ In many parts of the world, access to healthcare is connected to full-time employment, so many people working part-time or on a contract basis are without such benefits.

There's no simple solution to these challenging labor market trends, but they present an opportunity for social entrepreneurs to find innovative workforce development solutions.

The role of the **workforce development sector** is to help people access quality jobs and succeed in building lifelong careers. **Workforce development solutions** democratize education and training so that all people have the skills needed to find and grow in quality jobs that provide economic mobility, especially in a rapidly changing and increasingly competitive labor market.

⁸ ManPower Group; [2018 Talent Shortage Survey](#)

⁹ The World Economic Forum; [How can we build a workforce for our digital future?](#)

¹⁰ Nation1099; [Ultimate Guide to Gig Economy Data](#)

2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

While the role of the workforce development sector has historically been to support future and current workers, we believe there is a need to expand the scope of the sector and its solutions to include support for employers. Given the growing independent labor force and slowing job growth from large companies, there is an opportunity for workforce development practitioners to support independent contractors, micro-entrepreneurs, and small business owners to build stable careers for themselves and their employees.

As such, this sector brief will explore how social entrepreneurs can create workforce development solutions that support workers *as well as* employers so that all people—particularly those historically underserved by education and labor markets—have access to quality jobs that provide pathways out of poverty.

WHAT IS A SOCIAL ENTERPRISE?

If you're thinking about starting a non-profit and are worried that the lessons in this brief won't apply to you, you should know that Acumen defines social enterprises as any enterprise that prioritizes transformative social impact while striving for financial sustainability. Note that this definition does not specify the type of governance structure that a social enterprise needs to have (non-profit, for-profit, hybrid). All of the companies Acumen invests in have a for-profit structure, but we believe that a social enterprise can be incorporated as a non-profit if it strives to be financially sustainable and support its own operating costs.

2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

How can social entrepreneurs support workforce development?

The workforce development sector aims to support a variety of workers' needs throughout their careers. Note that when we talk about “workers,” we mean people currently employed and people actively seeking employment. We’ve evaluated how social entrepreneurs can serve workers’ needs across three main categories, explained below:

1. **Access:** Providing the education, training, and support to prepare people to enter the workforce with good wages and benefits
2. **Stability:** Improving the quality of jobs available by helping employees and employers create a more stable work environment, for example through better benefits or more consistent schedules
3. **Mobility:** Supporting workers to progress through their careers, which includes building the hard skills and soft skills needed to navigate and grow in the workplace

*Acumen and the experts we interviewed for this brief believe that social entrepreneurs are well positioned to accelerate **access** to quality work and support career **mobility** for people who are unemployed or underemployed.*

“When you think of ways to accelerate **access** to quality work and career **mobility**, what comes to mind? You probably envision training and education programs, which makes sense—these can be impactful workforce development *programs*. There’s also a need for *platforms and services* that help create a more transparent, less biased labor force for adults.

Here are a few examples of what we mean when we talk about workforce development solutions that help accelerate access and mobility:”

+ **BrightHive** created a platform that helps workforce development practitioners share data securely and transparently, so that practitioners can more powerfully evaluate how to address skills gaps and prepare the workforce for new types of jobs.

+ **Skillist** is a job application platform designed to take bias out of hiring. Its platform translates job descriptions into

2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

a simple list of skills, so that employers evaluate applicants for competency, not pedigree.

- + **Climb Credit** evaluates career-building education programs, such as web development, truck driving, and welding programs, and offers student loans based on the quality of education programs.

We also think that, given the changing nature of work and slowing job growth, there is an opportunity for workforce development professionals to support independent contractors, micro-enterprises, and small business owners with training programs that help them thrive in the new economy. For example, LabourNet is a company in India that started by offering training programs to workers in the informal economy, and in 2016, it developed a training program for micro-entrepreneurs. LabourNet helps micro-entrepreneurs with finances, legal registrations, marketing, and capacity-building, and many trainees have expanded to the point of employing more people.

A NOTE ON INTERSECTIONS BETWEEN WORKFORCE DEVELOPMENT, HEALTHCARE AND FINANCIAL INCLUSION

The workforce development, financial inclusion, and healthcare sectors are deeply interconnected.

We see opportunities for social entrepreneurs to support the “stability” of workers through financial inclusion and healthcare innovations. For example, social entrepreneurs have created solutions that help employees access earned wages ahead of payday so they are better able to address financial emergencies as they arise. Social entrepreneurs have also created new benefits for employees, such as offering credit to employees based on tenure and good standing at an employer, as opposed to a credit score.

If you want to learn more about opportunities to help create more stability for low-income workers, explore our Financial Inclusion and Healthcare sector briefs.

2. UNDERSTANDING THE CHALLENGE OF WORKFORCE DEVELOPMENT AND THE ROLE OF SOCIAL ENTREPRENEURS

This brief will largely focus on training programs for adults and youth over the age of 15, but we believe workforce development is a challenge that needs to be tackled holistically across the education lifecycle. As Eliza Golden, Portfolio Manager at Acumen America, explained, “Post-secondary education is typically the focus of workforce development efforts, but primary and secondary schooling has to be included in this system redesign as well. We need to expose high school students to different types of career pathways and how to access them, and we need to give students the right information to evaluate which training opportunities are right for them.” We think it’s valuable and necessary to reevaluate

the connection between workforce development and primary and secondary education, it just won’t be the primary focus of this sector brief.

Throughout this brief, we will explore opportunities for social entrepreneurs to build workforce development solutions that reflect a new learning ecosystem for adults: one that is more equitable, transparent, and holistic. These innovations could be programs, platforms, and services that assess people’s skills and fit with career opportunities, train future and current workers with critical job and life skills, and match people to quality jobs that provide economic mobility.





The Role of Government in Workforce Development

Every expert that we interviewed spoke about the important role government plays in the workforce development sector. Government advances policy that supports the new labor force with benefits, social protections, and employment services and monitors workforce development program outcomes. Virginia Hamilton—who has 40 years of experience in workforce development at the local, state and federal level, most recently with the US Department of Labor—said:

“The government needs to ensure that we’re helping the most vulnerable people get access to economic opportunity. It plays an important role in setting laws around minimum wages and fair treatment of workers. The government also has a role to play in measuring outcomes—deciding what and how we measure—and in making data easier to work with and more transparent. Government can function as a convener of stakeholders and can act as a voice for vulnerable populations. The government is going to be involved in the workforce development sector, and it has a responsibility to be better for the people who need its help.”

This brief will not present frameworks for policy or government innovations; however, we will highlight opportunities for social entrepreneurs to work closely with government. You will likely need to work closely with the government, as it plays a large role in funding, monitoring, and evaluating workforce development programs and services.

Danielle Goonan, Associate Director of Economic Opportunity Investments at The Rockefeller Foundation, advised students to spend time getting to know your government—and even recommended spending time working for the government—in order to collaborate more effectively with stakeholders. Danielle advised, “There are lots of myths about government but until you’re inside of it, it’s hard to tell myth from truth. I would encourage everyone to spend at least one year working inside of—or at least working as close as possible to—the government to understand how it works. The government will function differently at a national, state, local, and county level. Talk to as many government officials as possible and to as many people who hold government jobs to understand the difference between myths and truths.”

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Why is it important for all people to have access to quality jobs?

Workforce development and poverty reduction are deeply connected. As the United Nations states in Sustainable Development Goal #8, “Poverty eradication is only possible through stable and well-paid jobs.”¹¹

Disparities in accessing employment impact individuals and communities in the following ways:

+ **Economic well-being:** Without a quality job, a person’s economic well-being suffers. For example, women are historically underrepresented and underpaid in the workforce, but if women were paid the same as men for comparable work, nearly 60% of women around the world would see a pay increase and the global women’s poverty rate would be halved.¹² It’s not just women that are underrepresented and underpaid in the workforce: biases and discrimination keep other historically marginalized communities from accessing quality jobs, making it even harder to break intergenerational cycles of poverty.

+ **Health and safety:** According to the World Economic Forum, “most pension, healthcare and welfare schemes are in some way connected to formal, stable employment.”¹³ People who are unemployed often pay more for worse healthcare and become completely reliant on the government for other welfare benefits. There’s also a global trend of employers offering less healthcare and benefits, even for well-paying jobs. This creates an important opportunity to separate benefits from employment, which could make accessing benefits more inclusive; however, in the short-term, this decoupling of employers and benefits has left many in vulnerable and costly health situations.

The economic well-being and political stability of entire countries is also deeply connected to fair and quality employment. According to The United Nations, “as labor productivity decreases and unemployment rates rise, standards of living begin to decline due to lower wages,” which could lead to economic and political instability as people spend less and demand more of government programs.¹⁴ Social entrepreneurs have urgent opportunities to develop workforce development solutions that make quality jobs accessible to everyone.

¹¹ United Nations; [Decent Work and Economic Growth: Why it Matters](#)

¹² Institute for Women’s Policy Research; [The Gender Wage Gap: 2018 Earnings Differences by Race and Ethnicity](#)

¹³ World Economic Forum; [The opportunities of the changing workforce](#)

¹⁴ United Nations; [Decent Work and Economic Growth: Why it Matters](#)

+ REFLECT

STOP

Based on what you've read, what part of the workforce development challenge are you most excited to address? Jot down a few ideas below.

- + What dimension of the workforce development challenge are you most excited to address?
- + Who do you think your target customer might be?
- + What problem do you want to solve for customers?
- + What geographic market do you think you will start in?

These themes can form the foundation of your business: the problem you want to solve and the customers you want to serve. These themes should eventually be incorporated into your business model, theory of change, and final pitch deck.

3. UNDERSTANDING THE WORKFORCE DEVELOPMENT MARKET AND POTENTIAL CUSTOMERS

What is the market opportunity for workforce development solutions?

“What is the size of your target market?” is a question that many investors will ask. So, how should you start to wrap your head around the number of people who lack access to decent work that could benefit from your eventual social enterprise?

There are a few key terms that are important to understand before you can size your market. Note that the exact definition of these terms may change from market to market, but the concepts are applicable globally:¹⁵

Global working-age population

The total number of people over the age of 15 that could participate in the workforce.

→ The global working-age population is 5.7 billion people.

Global workforce

The total number of working-age people who are either employed or actively seeking work. Some people who are of a working age choose not to participate in the workforce, either because they are pursuing education, unpaid care work, or are retired.

→ The global workforce is 3.5 billion people, meaning nearly 40% of the working-age population is not actively pursuing work.

Unemployed

People who are of a working age and are looking for work while not employed.

→ 172 million people were unemployed in 2018, which represents nearly 5% of the global workforce (this is called the unemployment rate). The ILO anticipates that the unemployed population will grow by 2 million people by 2020.

¹⁵ Unless otherwise cited, definitions from this section are from The International Labour Organization; [Labour force](#) and statistics are from The International Labour Organization; [World Employment and Social Outlook: Trends 2019](#)

3. UNDERSTANDING THE WORKFORCE DEVELOPMENT MARKET AND POTENTIAL CUSTOMERS

Underemployed

Definitions of underemployment may vary by region, but one clear example is that the U.S. Bureau of Labor Statics describes underemployment as “people who spent at least 27 weeks in the labor force, working or looking for work, but whose incomes still fell below the official poverty level.”¹⁶

→ The United Nations estimates that 783 million people are not earning enough to lift themselves or their families out of poverty.¹⁷ According to the International Labour Organization, in low- and middle-income countries, 26% of the working population is living in poverty.

Informal employment

People employed either part-time or full-time by private, unincorporated enterprises.¹⁸ Given that enterprises are unincorporated, they operate outside of legal employment regulations and do not need to provide employees minimum wage, healthcare, overtime or any other benefits.

→ 61% of the global workforce is informally employed. That’s equivalent to 3 in every 5 workers. Informal employment is much higher in low-income countries (on average, 90%) compared to high-income countries (on average, 18%).

Independent contractors

People who gain income through one or more formal contracts with clients. Even if independent contractors spend all of their time working for one client, they are not formally part of an employment relationship, so they often do not receive benefits or labor protections through an employer.¹⁹

→ Some estimates put the global independent contractor market at 11.4 million people, but traditional labor statistics don’t adequately track independent contracting work so there isn’t a credible global estimate of the number of independent contractors.²⁰ There’s a wide range of income that people may receive through independent contracting, from highly lucrative consulting projects to minimum-wage on-demand jobs that are facilitated through online platforms (like Lyft and Uber).

¹⁶ Bureau of Labor Statistics; [A profile of the working poor, 2017](#)

¹⁷ United Nations; [Decent Work and Economic Growth: Why it Matters](#)

¹⁸ The International Labour Organization; [Defining and measuring informal employment](#)

¹⁹ The International Labour Organization; [Disguised employment / Dependent self-employment](#)

²⁰ Xero; [A Snapshot of Today’s On-Demand Workforce](#) and Nation1099; [Ultimate Guide to Gig Economy Data](#)

3. UNDERSTANDING THE WORKFORCE DEVELOPMENT MARKET AND POTENTIAL CUSTOMERS

There are market opportunities to support each category of workers mentioned above. The World Economic Forum estimates that 14% of the workforce will need to be retrained or switch careers entirely by 2030, given the rate at which jobs are being replaced or reinvented.²¹ There are also opportunities to help people who are unemployed find work, help underemployed or informal workers find higher quality jobs, and support independent contractors to build the skills needed for stable careers.

²¹ World Economic Forum; [Strategic Intelligence. Disruption to Jobs and Skills](#)

Employers could also be a critical customer segment. Nearly half of all employers globally struggle to hire candidates for open positions.²²

Your customers can be direct consumers of workforce development services (a B2C model) or you could sell products and services to other businesses (a B2B model)—or you could do both! Regardless of who your customer is, your business must address a customer need.

²² ManPower Group; [2018 Talent Shortage Survey](#)



3. UNDERSTANDING THE WORKFORCE DEVELOPMENT MARKET AND POTENTIAL CUSTOMERS

What customers are most impacted by limited formal job opportunities?

Most of the working-age population could benefit from workforce development programs; however, there are certain groups of people who have a harder time accessing quality jobs because of biased and inequitable employment systems. Jessica Hammer, the Executive Director of Programa Valentina, a company that helps low-income youth in Guatemala enter the job market, said, “There are things that you have no decisions over—like your gender, the socio-economic class you were born into, or your geography—that can determine your future.” Here are a few of the factors that impact fair access to quality work:

+ **Gender:** Far too many women are faced with the trade-off of having children or pursuing a career, given that women are far more likely to carry out unpaid domestic and care work than men. As a result, far fewer women participate in the labor force than men: 63% of women compared to 94% of men participate in the labor force.²³ In addition, women

face discrimination when entering and growing in the workforce, which is reflected by the limited number of women in leadership roles in business and the struggle for women to receive equal pay to men. Across the world, women are paid less than men for the same work. This is called the “gender pay gap.” According to the United Nations, the global gender pay gap is 23%.²⁴ That means that for every dollar a man earns, a woman earns 77 cents. Put another way, a man earns \$50,000 and a woman earns \$38,500 for the same job. As a result, women are far more likely to be among the working poor.²⁵

+ **Age:** People between the ages of 15–24 are three times more likely to be unemployed than adults.²⁶ In fact, youth make up nearly 37% of the global unemployed population.²⁷ At the other end of the age spectrum, many older

²³ United Nations; [Promote inclusive and sustainable economic growth, employment and decent work for all](#)

²⁴ United Nations; [Decent Work and Economic Growth: Why it Matters](#)

²⁵ The World Bank; [No, 70% of the world's poor aren't women, but that doesn't mean poverty isn't sexist](#) and The Bureau of Labor Statistics; [A profile of the working poor, 2017](#)

²⁶ United Nations; [Promote inclusive and sustainable economic growth, employment and decent work for all](#)

²⁷ The International Labour Organization; [Work for a Brighter Future](#)

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adults are facing uncertain employment prospects. Older adults are waiting longer to retire and, as industries change, older adults have to fight misperceptions about their ability to learn new skills and technology.²⁸

+ **Education level:** Educational attainment and pedigree are still valued by employers, even if traditional education programs do not sufficiently train students on the skills employers seek.

The result is that people who haven't achieved a post-secondary degree struggle to find high paying jobs. Consider this: In India, approximately 50% of the informal workforce has either no education or only elementary school education. In the United States, 13.7% of people classified as “working poor” have less than a high school diploma, whereas only 1.5% of the working poor have some form of a post-secondary degree.²⁹

²⁸ World Economic Forum; [An ageing workforce isn't a burden. It's an opportunity](#)

²⁹ Bureau of Labor Statistics; [A profile of the working poor, 2017](#)



3. UNDERSTANDING THE WORKFORCE DEVELOPMENT MARKET AND POTENTIAL CUSTOMERS

+ **Geography:** Unemployment and underemployment are present in rural and urban regions. At the same time, the job market in rural communities tends to be smaller, and informal or low-wage work is common. It's not uncommon for people to move from rural regions to urban regions to seek more employment opportunities. While accessing education may be a challenge in rural regions, it is important to highlight that rural communities may lack the infrastructure, including roads and internet access, to make training programs accessible.

+ **Race and Ethnicity:** It's important to understand the history of structural racism in the countries you want to serve and how that impacts job prospects and career growth. In the United States, for example, the gender pay gap varies greatly by race and ethnicity. For every \$1 a White, non-Hispanic man earns, White women earn \$.77 cents, African American/Black women earn \$.61 cents, Native American women earn \$.58 cents, and Latinas earn \$.53 cents.³⁰

Unfortunately, biases and discrimination significantly impact people's prospects of finding and growing in quality jobs. Other historically marginalized communities—such as people with physical, mental, intellectual or sensory disabilities, people who have been involved in the criminal justice system, refugees, and immigrants—experience many challenges when trying to find and retain quality jobs. While the business case for diversity is getting stronger, change is not happening fast enough, and the most vulnerable communities are still at risk of being left behind as the nature of work changes. If you can develop breakthrough innovations for expanding access to quality jobs, you can significantly improve the lives of customers who have been historically underserved by, underrepresented in, or excluded from the workforce development sector.

³⁰ Equal Pay Today; [Wage Gap by Demographic](#)

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How have workforce development programs improved customers' lives?

No group described in the above section is a monolith, so the best way to understand your customers is to gather qualitative insights directly from your target users and other people directly affected by the issues you want to address. As you begin to develop your new innovation and business model, push yourself to “get out of the building” and speak directly with potential customers who are experiencing the challenges of the workforce sector firsthand.

For example, here's one story from Aravind Kumar about how workforce development training helped him acquire the skills and certificates he needed to position himself to earn more in the future and support his family. These are the kinds of impact testimonials that you will eventually want to collect from your customers to both make sure you are creating solutions that meaningfully improve their lives and to make the case to impact investors that your solution is making a difference.

ARAVIND KUMAR

a LabourNet customer from India



LabourNet is a vocational education company that offers trainings for informal sector workers in India, ranging from construction to retail, beauty to manufacturing, and more.

"I used to work in manufacturing in Bihar, but then the demand decreased for the ship buttons I was making and the price of producing them increased. I decided to switch to construction. I moved to Bangalore to find work and was recruited by a contractor. I have been working for him but, once the contract is up, I may have to move to another site. You never know with this kind of work. Working for a contractor doesn't give me benefits or help me to build savings. I have always had a lifelong desire to learn. I was only able to study up until Grade 10, but I try to learn something new whenever I can. I wanted to train with LabourNet because even though I have worked in construction for a few years now, I felt stumped. I am already learning a lot. Since training with LabourNet, I have become better at my work. I have acquired two certifications and am now trying to get hired by the construction company, so I can get benefits and acquire more savings for my family. I have two sons, both of which are in school. While I haven't been able accomplish much in my life, I try to learn as much as I can. I want my sons to be successful and for them to be proud of me.

What are some of the problems that LabourNet's training program helped Aravind address? Aravind needed to learn new skills to switch to a new industry so that he could secure benefits and save money for his family. He needed certifications that were recognized and respected by the construction industry. Aravind wasn't able to complete secondary schooling, but he was passionate about learning, so the curriculum needed to be engaging, hands-on, and easy to understand. Finally, Aravind had a family to support and needed to earn income while he was training. LabourNet designs their trainings to address all of these needs and more.

Who are your customers and how will your business model serve their needs?

+ REFLECT

STOP

Now that you understand the size of the workforce development market and have a sense of potential customers, it's time to calculate the size of your target market. Understanding the size of your target market isn't just important for conversations with investors or pitching your business—your target market is the foundation of your financial model. The following exercise will help you estimate the size of your target market:

- + First, identify the **total addressable market**: Everyone that could theoretically be interested in your product or service.
- + Then, identify your **served available market**: Who will your business actually be able to reach through sales channels?
- + Finally, identify your **serviceable obtainable market**: Who can you realistically service in the short term?

Here's an example from LabourNet, a company that provides skill development and credentialing to the informal workforce in India.

- + **Total addressable market**: According to the International Labour Organization, over 90% of India's 500 million person labor force exists in the informal sector.
- + **Served available market**: LabourNet estimates that it will be able to reach 10 million individuals in the informal sector by 2022 through expanded partnerships with employers, the Indian government, and nonprofits, as well as through its own marketing channels.
- + **Serviceable obtainable market**: LabourNet has over 3,600 active partnerships, which allows it to offer training programs in 300 service centers, 900 worksites, and nearly 600 schools. LabourNet estimates that it can reach 300,000 customers in 2019.





GET OUT OF THE BUILDING

You can gain a tremendous amount of insight and save valuable time and resources if you “get out of the building” and talk to potential customers early in your idea generation process. Customer discovery is particularly valuable for social enterprises, where you might be working with populations that are not typically polled in marketing surveys or asked what they really want or need. You should consult your customers early and often. If you don’t, you run the risk of creating a well-intentioned company that doesn’t actually serve your customers’ needs.

Here are a few other tips for your interviews, grounded in Giff Constable’s book [Talking to Humans](#):

- + **SET CLEAR AND FAIR EXPECTATIONS:** Be clear about who you are, what you’re doing, and what the outcomes will be. Don’t over promise a product that may never come to market.
- + **TALK TO ONE PERSON AT A TIME:** Talking to people one-on-one avoids potential “group think” and allows you to better understand the particular experiences of one individual. Remember to be mindful of the gender and cultural norms of your interviewees.
- + **MAKE PEOPLE COMFORTABLE ENOUGH TO CRITICIZE YOUR IDEA:** Sometimes, the least helpful thing you can hear is: “Yes, your idea sounds great.” Tell interviewees you’re looking for critical feedback upfront, ask interviewees to ground their feedback in their lived experiences, and ask open-ended follow-up questions. To the extent that it’s possible, put a prototype in the hands of interviewees.



IMAGE CREDIT: EDUBRIDGE

4. Evaluating Opportunities for Innovation in the Workforce Development Sector

What are the concrete ways social enterprises can increase access to affordable, quality education and work?

In this section, we will introduce opportunities for business model innovation in the workforce development sector. Each opportunity is accompanied by examples of social enterprises that are working to address these opportunities.

What do we mean by “business model innovation”? A business model describes how an organization **creates, delivers, and captures value**.

- + A business **creates value** by solving the needs of customers, such as individuals who are underemployed.
- + It **delivers value** through new products, platforms, and services.
- + It **captures value** through generating revenue and managing costs.

Innovation could be in how a business creates, delivers, or captures value.

As you read through the opportunities for innovation, ask yourself how your enterprise will capitalize upon some of these opportunities. This will determine how you distinguish your enterprise from competitors and make sure that you are addressing a meaningful problem.

Decrease financial barriers to accessing education and training programs.

EVALUATING OPPORTUNITIES FOR INNOVATION IN THE WORKFORCE DEVELOPMENT SECTOR

THE OPPORTUNITY

Education and training programs help adults and youth learn the skills needed to thrive in the workforce. However, the cost of accessing education is often too high for low-income learners. Social entrepreneurs have piloted exciting—but in some cases controversial—methods to make education more affordable, which are helpful to learn from and evaluate if they should be replicated in new markets or industries:

+ **Income Sharing Agreements**

(ISAs): Under an ISA, a student is not required to pay for education until they complete the training program and secure a job. Once a student secures a job, they agree to pay a portion of their salary to the education program for a fixed time (for example, paying 10% of their salary for 3 years). Many ISAs will not require a student to pay until their salary is above a certain threshold, such as \$50,000. This is a form of outcomes-based financing:

Students only pay for training when they've achieved the intended outcome of the training program.

+ **Inclusive Credit Models:**

Some financial institutions are experimenting with extending credit to students based on outcomes of the training program a student is enrolled in. For example, if a coding bootcamp places 95% of its students in jobs at a starting salary of \$60,000 or higher, lenders extend credit based on a student's future earning potential and don't have to rely solely on a student's current credit score.

+ **Earn While You Learn:** In order to ensure that education doesn't come at the expense of income, many education programs offer apprenticeships and internships that place a student at an employer as a part of their training. Students earn money while learning new skills and building their resumes.

These are just a few of the models that have been piloted already. What else can you do to make education less costly for low-income students?

CHALLENGES TO ADDRESS

The models listed above remove many financial barriers to accessing education, but they have some shortfalls that are important to consider:

+ **Ethical lending:** Income sharing agreements have received criticism for failing to help students understand the terms of the agreements.³¹ Under an ISA, a student may pay more than the original cost of an education program because they agree to pay a portion of their salary, not a fixed tuition amount. It's also important that you're ethical in the way that you extend credit. If you extend a loan to someone who can't afford to pay off that loan, you risk trapping that person in a cycle of debt. The United States is in the middle of a student debt crisis: Americans have nearly \$2 trillion dollars in student loan debts, over 5 million people have defaulted on loans, and student debt disproportionately affects students of color.³² Nearly 90% of

African American students take out student loans compared to nearly 60% of white students.³³ It's critical that we do not replicate the same problems with new lending structures.

+ **Addressing social determinants of accessing education:** “We need to examine what keeps people out of the labor market and progressing in their careers,” said Trooper Sanders, who has researched opportunities for technology-related career pathways for traditionally marginalized populations with The Rockefeller Foundation. “How do you make that as equitable as possible for people to access education? We need to think about how disparities, like access to transportation or health disparities, keep people out of the labor market or keep them from being productive and progressing in their careers.” Decreasing the cost of education might mean supporting people to navigate and access social benefits before, during, and after education.

³¹ Vice, [‘Income Sharing’ Is Wall Street’s Potentially Predatory Alternative to Student Loans](#), Roosevelt Institute; [Income Share Agreements: A Student Debt Promise Falling Short Of Reality](#), New America; [Income Share Agreements Aren’t a Solution to Student Debt](#)

³² *Forbes*, [Student Loan Debt Statistics In 2019: A \\$1.5 Trillion Crisis](#)

³³ Student Loan Hero; [Study: Student Loans Weigh the Heaviest on Black and Hispanic Students](#)

TIPS FOR ASPIRING ENTREPRENEURS

If you're thinking about finding innovative ways to decrease financial barriers to accessing education, there are a few things you should know:

Outcomes-based financing structures are cutting edge but often unregulated. Allison Salisbury says that social entrepreneurs who are involved in new forms of lending have a responsibility to **advocate for protective regulations** for their clients. "There's no regulation around what the terms should be and what consumer protections should look like [for ISAs]. The responsible actors in the program model space that are using ISAs are deeply engaged in the national conversation

around what the regulatory landscape should be to protect learners against bad actors."

Outcomes-based financing also requires that training programs transparently share their education outcomes; however, this is not common practice. **Without access to education outcomes, it is challenging to offer outcomes-based financing.** You may need to develop your own way of evaluating the outcomes of education programs—we'll show you how one company has done this in the example below.





IMAGE CREDIT: KENZIE ACADEMY

examples for inspiration

Climb Credit is a US-based company that evaluates career-building education programs, such as web development, truck driving, and welding programs, and offers student loans based on the quality of education programs. You can explore Climb Credit's return on investment calculator, which they use to evaluate education programs: [ROI Calculation](#).

Climb Credit creates value for students by extending low-interest loans for education programs that often do not qualify for federal student loans, and captures value by collecting loan repayments (plus interest) from students over 3, 5, or 7 years. Climb Credit also creates value for education programs by validating their education outcomes—which increases student enrollment—and by minimizing the risk that schools take on when extending credit to students.

Kenzie Academy is a campus-based and online school that helps students launch their careers in technology-related fields. Kenzie Academy offers [three payment options](#) for students:

1. pay the full tuition of \$24,000 upfront
2. choose a 6-month or 12-month payment plan
3. choose between two Income Share Agreements (ISA)

For Kenzie's full ISA, students pay \$100 at the start of the program, and then pay 17.5% of their income for 4 years. For its half ISA, Kenzie students pay \$12,000 at the start of the program, and then 17.5% of their earned income for 2 years. Students do not pay for the education program until they've secured a job that pays at least \$40,000. Kenzie Academy partners with Kelly Services, a staffing agency, to provide optional part-time, remote jobs to Kenzie students that work with their class schedule. This allows students to earn an income while gaining skills at Kenzie.

Develop industry-informed training and credentialing programs for low-income learners.

EVALUATING OPPORTUNITIES FOR INNOVATION IN THE WORKFORCE DEVELOPMENT SECTOR

THE OPPORTUNITY

Social entrepreneurs have the opportunity to design more effective and transparent training and credentialing programs aligned with fast-growing industries that provide high-quality jobs. These training programs should be designed with employers so that students have a direct connection to jobs after graduation. They should be inclusive of hard and soft skills training and development so that students develop vocational, technical, and critical thinking skills needed to succeed in building lifelong careers. Training programs must also be culturally relevant to support people who have experienced barriers to employment and education.

CHALLENGES TO ADDRESS

Many training programs already exist and have failed low-income students. These programs often lack a direct connection to employers, do not transparently showcase their outcomes, or lack the proper support systems to serve people that have been historically underrepresented in the

workforce. Below are a things to keep in mind as you design your own training program:

+ Create a pipeline to employers:

According to the Center on International Education Benchmarking, the link between employment and education systems is what differentiates strong vocational programs from weak ones.³⁴ Having a strong connection to employers is critical if you want to run a training or credentialing program; however, it is no small task. It is time-intensive to manage relationships with two distinct customers: students and employers. Eliza Golden, Portfolio Manager at Acumen America, explained, “It’s a really challenging business model to be in a 2-sided market,” aka working with employers and students. “It can feel like a chicken and egg problem: do you recruit students or employers first?”

³⁴ National Center on Education and the Economy; [Comparing International Vocational Education and Training Programs](#)

In my opinion, it's paramount to have at least 1 to 2 anchor employers that guarantee job placement and revenue before you launch programming."

Employers should be more than just a pipeline to jobs for students too. If possible, you should work directly with employers to align on desired learning outcomes, qualification standards, and assessment methods for your program. Ideally, students can even spend time working for an employer to get real work experience through your program. You should also work with employers to put in support systems for students after they're hired; for example, through mentorship programs or benefits services that can help with retention.

+ **Decrease financial barriers to accessing training:** Training and credentialing programs are often too expensive for low-income or poor workers to afford. Consider how you could incorporate financial strategies from the previous section ("[Decrease financial barriers to accessing education](#)") or have employers subsidize the cost of training. You could also provide support services, like childcare or subsidized transportation, to make your training program more affordable and accessible.

+ **Financial sustainability of programs:** "It's really important that entrepreneurs understand the true cost of delivering training to a population of students with complicated lives. The model needs

to comprehensively support students that may be coming from non-traditional learning paths, which means that it can be a high-touch and relatively high-cost model.

Don't underestimate the true cost of successfully delivering your program," advised Eliza Golden. Government grants can be a great way to initially fund your program, but you have to plan for how will you make money if you don't receive a grant in future years. Jessica Hammer, co-founder of Programa Valentina, described how Programa Valentina manages this challenge: "We've had to walk away from partners who won't let us charge our students for training because we're not sure how we'll be able to continue the program when they leave. We might be able to help some people in the short term, but in the long term, when the funding partner is gone, the problem might be even worse if people are no longer willing to pay for a program."

TIPS FOR ASPIRING ENTREPRENEURS

If you are looking to build a training and certification business model, here are some factors to keep in mind:

Align training programs with rapidly growing or shifting industries. In 2018, The World Economic Forum identified 5 industries with a high risk of automation but with opportunity to reskill workers: automotive, apparel and textiles, consumer electronics, chemicals, and industrial equipment industries. Check out their



report, [The New Production Workforce: Responding to Shifting Labour Demands](#), to learn more. The ManPower Group also conducts an annual global survey that reports on the most challenging jobs to fill, and you can analyze talent gaps by country with this tool: [ManPower Group: Explore In-demand Roles by Country](#).

Provide soft skills training AND technical skills training. Even if you try to align your program with fast-growing industries, no one can truly predict the jobs that will stay relevant over the next 15 years. Therefore, you need to equip all students with the life skills that will help them thrive in a rapidly changing job environment. These include

critical thinking, career navigation, and conflict management. On the next page, we dive deeper into the importance of training for soft skills.

Hire staff with lived experience similar to the experiences of your learners.

“People want to learn from people who have walked the same path as them,” said Girish Singhania, who runs a training and matching program in India called EduBridge. “To build successful direct training models in workforce development, insider knowledge and deep expertise—be it a technical skillset or lived experience—is incredibly valuable,” echoed Eliza Golden of Acumen.



examples for inspiration

IMAGE CREDIT: WAVE

WAVE is an organization tackling the youth unemployment problem in West Africa by offering training and placement programs through its network of Academies in Nigeria. Partnerships with employers, education institutions, and government entities are critical to WAVE's business model: WAVE partners with over 350 employers to match more than 1000 youth to entry-level jobs. WAVE also works with the Lagos State Office of the Special Advisor on Education to offer training programs to over 5000 students at Lagos State universities. It can be challenging to secure employer partnerships, so WAVE will let new employers hire five WAVE students for one week for free (WAVE still pays students), which gives employers confidence in the value WAVE students can deliver. WAVE also trains other education organizations to deliver its curriculum and placement programs.

WAVE serves students that live on less than \$2 a month, and within 1 year, most WAVE alumni triple or quadruple their income. WAVE does not require students to pay for training until they've been hired, and WAVE offers internship programs for students that help them develop career skills on the job. WAVE's training programs develop both technical skills and soft skills, like critical thinking and problem solving, to help youth build the foundation for long-term career growth.

Per Scholas is a free training and credentialing program that prepares low-income learners for information technology careers in the United States. Per Scholas programs are completely philanthropically funded, which allows students to access trainings for free. Per Scholas serves a diverse group of students: 90% of students are people of color, 33% are women, and 33% are youth that were previously not pursuing education or employment.

Plinio Ayala, President and CEO of Per Scholas, explained how Per Scholas is able to reach and support a diverse student base: "Per Scholas employs a variety of systems to ensure that our outreach, application, and enrollment processes target communities excluded from the workforce. Before launching a site, Per Scholas engages in an intensive due diligence process to understand a community's need, overlooked populations that could benefit from free technology training, and the jobs available in their local market. By prioritizing this research, Per Scholas is able to partner with social service providers, employer partners, and government officials to map a holistic approach to success for our students."³⁵

³⁵ RaceForward; [Race-Explicit Strategies for Workforce Equity in Healthcare and IT](#)



Training and Credentialing for 21st Century Skills

“21st century skills” is a term you’ll hear a lot when people talk about soft skills training or reskilling for the Fourth Industrial Revolution. But what are 21st century skills? There are many frameworks and definitions for 21st century skills, but some common themes include life skills, critical thinking and collaboration, and creativity and imagination.³⁶

The University of Melbourne conducted a research project on the [Assessment and Teaching of 21st Century Skills](#) in 2015 with 250 researchers in 60 institutions across the globe. They identified four categories of skills:³⁷

1. **Ways of thinking:** Equipping students with the skills to continuously learn by teaching critical thinking, problem-solving, creativity, and decision-making
2. **Ways of working:** Teaching important skills around communication to enable strong teamwork and collaboration

3. **Tools for working:** Making sure students can use basic technology to access new information and communicate effectively

4. **Skills for living in the world:** Preparing students with the skills needed to progress in life and in their career, which could include teaching personal and social responsibility and helping students find a sense of global or local citizenship

A viable business model focused entirely on teaching 21st century skills for low-income workers hasn’t necessarily emerged, and often programs need to pair vocational and technical training with 21st century skills training. A strong combination of technical and socio-emotional skills has been the underpinning of innovative programs like Programa Valentina and EduBridge.

³⁶ Partnership for 21st Century Skills; [Battelle for Kids](#)

³⁷ World Economic Forum; [6 ways Latin America can close its skills gap](#)

EduBridge is a skill training company focused on training and placing youth from rural and semi-urban markets in India. Each EduBridge course starts with a module that teaches 21st century skills, including computer literacy, life skills, and even body language for work. The second half of the program focuses on training people for specific job roles in 4-5 high-growth sectors, and works with recruiters to place students with corporate partners.

Programa Valentina is a program that helps low-income youth in Guatemala enter the technology sector, and part of their program includes certifying students for technical skills and soft skills. "Soft skills are really hard

to measure. There are a lot of tests that can help, but unless you're in a high stress position, you're not going to know how you're going to react," said Jessica Hammer Benaim, the co-founder and CEO. "One of the only ways we've found out how to measure soft skills is to create an environment in which you use the skills. We create a simulator of the work environment, and then we can test, measure and certify soft skills for students." Programa Valentina is even experimenting with using virtual reality to help more youth experience job-like environments in which they can develop their soft skills.



Improve transparency of education outcomes for workforce development programs.

EVALUATING OPPORTUNITIES FOR INNOVATION IN THE WORKFORCE DEVELOPMENT SECTOR

THE OPPORTUNITY

“The quality and availability of information in the workforce development system is a huge problem,” said Eliza Golden, Portfolio Manager at Acumen America. “Data is siloed and messy. The result is that we have shockingly poor visibility into what training programs are effective and what outcomes can be expected for learners. I personally think that until the infrastructure [of the workforce system] is fixed, we’re laying temporary solves on a broken system.”

Education outcomes are metrics like job placement rates, earning levels, worker satisfaction, retention, job growth opportunities, and ultimately, increased self-sufficiency.³⁸ When outcomes of workforce development programs aren’t transparent, it’s nearly impossible for students to evaluate trade-offs between education, training, and career opportunities. It’s also challenging for entrepreneurs to create tools that will help learners make these decisions. In addition, lack of data

transparency makes it difficult to hold education programs accountable. Employers struggle to identify the skills that workers learned with training programs and financial institutions cannot extend credit to students based on future earning potential. Social entrepreneurs have the opportunity to create the data infrastructure that could act as the foundation for so many other facets of the workforce development sector.

CHALLENGES TO ADDRESS

Improving transparency of education requires a combination of technical solutions and behavior change for education programs:

- + **Availability and accessibility of data:** “It’s important to name that there are a lot of players that stand to lose from data transparency,” explained Eliza Golden. “There’s a risk and fear that transparent data might show that a program isn’t successful, so people may work to make data less accessible.” In some cases, programs want to report on data, but don’t have the systems to

³⁸ USAID, [Measuring Employment Outcomes for Workforce Development](#), The Urban Institute; [Candidate Outcome Indicators: Employment Training/Workforce Development Program](#)

do so.³⁹ Data might be spread across multiple reporting systems and may not follow a consistent structure. You'll need to make sure that you can make it easy for people to track, sort, analyze, and share data with your solution.

+ **Behavior change:** “We need to build trusting relationships between agencies so that they share their information with one another,” explained Eliza Golden. “Once the trust is there, we can put structures in place to govern the sharing and analysis of data that will help us understand the ‘return on investment’ for various training pathways — and share it transparently.”

For students, behavior change is also required. Rahil Rangwala, who leads Livelihood investing at the Michael & Susan Dell Foundation in India, encourages entrepreneurs to think about what students will do with more transparent data. He asked, “How can we help people move past making decisions based on brand prestige and convenience?” There’s a need to develop tools that help students make informed decisions about trade-offs between education, training, and career pathways.

TIPS FOR SOCIAL ENTREPRENEURS

If you’re considering creating a business that improves the transparency of education outcomes, here are a few factors to keep in mind:

While data transparency is important, it has to be done in an ethical way that protects learners and workers. Eliza Golden shared, **“Student privacy and ethical use of data is critical.** We need innovators who are deeply committed to ethical data practices and thinking about all of the possible uses and misuses of sensitive data that they may be working with — it’s not always possible to control for the downstream uses of data 3 steps removed from your product. The principles of how data is used and protected needs to be baked into the DNA of your company. We need to remember that there are humans behind the data.”

Explicitly define what ethics means for your organization. Natalie Evans Harris is a co-founder of BrightHive, a company built to help organizations share and collaborate on data, and she advised students: “Define what ethics means for your organization and codify this in a manifesto or code of ethics. This should feed into everything you do and permeate your organization. If you don’t have a culture that intentionally talks about ethics, then you will fail.” When you have ethics codified for your organization, it will also make it easy to advocate on a regional and national level about data ethics.

³⁹ RaceForward; [Race-Explicit Strategies for Workforce Equity in Healthcare and IT](#)

examples for inspiration

BrightHive is a company that helps organizations share data securely and responsibly. When education organizations share their data, they can more powerfully evaluate how to address skills gaps and prepare the workforce for new types of jobs. BrightHive's core service is called a "Data Trust," which is a legal, technical, and governance framework that empowers organizations to securely connect their data and responsibly create insights. This responsible data sharing is made possible through a Data Trust legal agreement between the organizations that lays out the legal, technical, and ethical rules for how data will be shared and used. BrightHive's open source Data Trust platform automates the process and makes sure all the rules are followed.

Each Data Trust has a governance board made up of the organizations that contribute data. The governance board also has a user advocate, which could be a community group, a nonprofit organization, or a third party who can represent the voices of the users whose data is shared in the Data Trust. Additionally, each Data Trust has an external trustee that ensures the Data Trust Agreement is adhered to and that data flows between parties in a responsible fashion. Collectively, the board oversees how the data can be used and who gets to use the data. BrightHive also reserves the right to audit Data Trusts on an annual basis.

BrightHive generates revenue through the Data Trust Agreements it sets up between multiple parties. In new markets, Data Trust



Agreements are typically paid for by impact investors or funders looking to open the space for data sharing. Eventually, organizations that are involved in the Data Trust or state or regional entities become paying customers who sustain the model. Organizations see the value and benefit of the data and how it can streamline state or federal reporting requirements and are willing to pay for this continued service.

BrightHive has partnerships with nonprofits and think tanks, who they collaborate with when evaluating new business opportunities. Natalie Evans Harris is a co-founder of BrightHive, and she explained how partnerships are critical to BrightHive's business model: "Any time we approach a new initiative, we need to make sure we don't do it by ourselves. We need to bring in two or three partners who have different lenses than we do. That is really important as we build our data use cases and design our data infrastructure. We need to keep thinking about how we mitigate unintended consequences and intentionally keep our work with data very people-centric."

You can read more about BrightHive's business model in this case study: [BrightHive: How a small team built a social enterprise focused on sharing data ethically to answer complex social questions](#), and you can explore BrightHive's [free template for Data Trust agreements on Github](#).

Provide platforms and programs that improve hiring, retaining, and developing talent.

EVALUATING OPPORTUNITIES FOR INNOVATION IN THE WORKFORCE DEVELOPMENT SECTOR

THE OPPORTUNITY

Employers around the world are struggling to hire talent. In many ways, this is because of a breakdown in the way that employers describe the skills they need and how candidates describe the skills they have. Applicant and worker tracking systems present an opportunity to help employers and applicants speak the same language, and they can help employers identify continuous learning opportunities for current workers earlier and more effectively.⁴⁰

CHALLENGES TO ADDRESS

Similar to the challenges we described in the previous section, changing the way employers hire, retain, and develop talent requires a combination of technical solutions, behavior change strategies, and ethical data use:

- + **Data privacy and consumer protection:** You'll collect a lot of data about applicants and employees

through your platform, and Trooper Sanders, who has studied precision analytics, warned, “Imbalances in data can lead to more imbalances in power.” He shared a cautionary tale about how precision analytics impacts pricing, and how data analytics could impact workers. “Ride hailing platforms (like Uber) can predict whether you are more likely to accept surge pricing based on how much battery power you have on your phone.”⁴¹ Without policy interventions and ways to address asymmetries in power between workers and employers, I can see that same analytical horsepower applied to compensation. Imagine a scenario where compensation analytics can use a number of factors about employee performance and labor market dynamics to determine if an employee would accept a pay cut and deliver the same amount of work.” You must prioritize protection of applicants and workers using your systems.

⁴⁰ The World Economic Forum; [How can we build a workforce for our digital future?](#)

⁴¹ *Forbes*; [Uber: Users Are More Likely To Pay Surge Pricing If Their Phone Battery Is Low](#)

+ Behavior change for employers:

Changing the way employers hire will require significant behavior change from employers. Ryan Craig, co-founder and Managing Director at University Ventures, an impact fund that invests in workforce development companies, offered perspective about why employers hire the way they do: “The behavior you see from employers is quite rational—they’re responding to bad hires,” which is incredibly costly for employers. “The models that are going to be most effective at changing behavior are models that allow employers to ‘try before you buy,’” meaning giving employers the opportunity to work with potential candidates for a short time. You should know that there are labor laws in many countries that regulate these type of “try before you buy” agreements. Behavior change also requires trust, so many companies invest in account managers for employers that dedicate their days to building relationships with employers, understanding how they hire, and customizing the hiring process based on employer needs.

TIPS FOR ASPIRING ENTREPRENEURS

If you’re considering creating a platform that supports hiring, retaining, and developing talent, here are a few factors to keep in mind:

Beware of perpetuating biases through well-intentioned technology.

According to the International Labour Organization, “Emerging evidence reveals that new business models in the digital economy are perpetuating gender gaps. Algorithms used in job matching have been shown to perpetuate gender bias.”⁴²

As a social entrepreneur in the workforce development space, you have a responsibility to ensure that the products and services you create removes bias instead of perpetuating it.

For applicant tracking systems, remember **it’s particularly challenging to build a business model that requires managing two markets—**in this case, employers and applicants.

You need to list enough job openings that applicants want to use your platform, and you need to attract enough applicants so that employers want to use your platform.

There are a number of innovations that are needed to **make hiring and tracking systems accessible to low-income and rural workers.**

For example, people will have an easier time using your platform if it’s in a local language. It’s also important that platforms can function in low-internet bandwidth areas and are easy to navigate for workers with limited computer skills. Translating a job platform into India’s 22 vernacular languages is no small feat, so don’t underestimate the time and resources that these features will require.

⁴² The International Labour Organization;
[Work for a Brighter Future](#)

examples for inspiration

IMAGE CREDIT: SHORTLIST

Skillist is a job application platform designed to help employers hire for competency, not pedigree. Skillist works with employers to translate their job descriptions into a simple list of skills, and applicants apply by sharing examples of experience for each skill. Skillist uses a “blind” application process: Employers review applications without the demographic information of applicants (including names) to remove unconscious bias from the hiring process.

Skillist creates value for employers by helping them find qualified candidates from a diverse hiring pool: Employers interview 30% of Skillist applicants, which is 15 times more than the industry average, and 50% of applicants using Skillist identify as belonging to one or more groups that are underrepresented in the workforce. Skillist maintains close partnerships with community colleges and training programs to drive quality job applicants to its platform. Skillist captures value by charging employers to post jobs on Skillist’s website, and employers have the option to pay for additional human resources consulting services from Skillist.

Shortlist is a hiring platform that helps employers in East Africa find mid-level talent. Shortlist uses a chatbot during its application process to mimic a first round interview: the chatbot asks candidates questions that assess their skills, competencies, and experience. Shortlist’s hiring platform makes it easy for employers to track information about candidates and keep candidates engaged throughout the hiring process. Shortlist also offers recruitment and consulting services for employers, helping employers with job design, interviewing, onboarding, retention, and more. Through a partnership with Spire Education, a talent development company in Kenya, Shortlist also offers in-person trainings for employees to cultivate skills that employers are demanding. Shortlist charges employers a fee for each job posting, based on the starting salary for the job, and employers only pay when the job is filled. Shortlist charges a fee for service for its consulting, recruiting, and training offerings.



Using Technology to Expand Access to Quality Jobs in Rural Communities

Technology is a powerful way to expand access to education and training programs in rural regions. The prevalence of mobile phones and growing access to the internet creates an opportunity to expand access to job sites and learning platforms that host free or low cost online courses. However, many experts doubt the ability of technology alone to serve low-income adults in rural regions. “Leveraging technology and blended learning for people with technology is great, but what about the people who don’t have smartphones or internet?” asked Misan Rewane, who runs a skills training and job matching program in West Africa.

“We think online learning is useful for upskilling and continuing education for people already in a good job, but when it comes to helping young people find new jobs or older workers

to enter a new sector, online learning isn’t going to be sufficient,” said Ryan Craig, who is a Managing Director at a workforce development impact fund called University Ventures. “You need to teach both technical and soft skills to help people successfully enter a new sector, and you need an immersive, collaborative environment to foster soft skills.”

Technological innovation will still be a powerful way to expand access to job opportunities in rural regions, but experts believe that some level of in-person support is still needed. You can read more about promising “one-stop service” education delivery models and partnerships in rural regions in this research study conducted by Social Policy Research Associates for the US Department of Labor: [Workforce Development in Rural Areas: Changes in Access, Service](#)

Support and professionalize independent contractors, solo entrepreneurs, and small business owners.

EVALUATING OPPORTUNITIES FOR INNOVATION IN THE WORKFORCE DEVELOPMENT SECTOR

THE OPPORTUNITY

GDP growth doesn't yield the same level of job growth that it used to, but there is an opportunity to increase job supply by supporting small and medium entrepreneurs to grow their businesses. "We don't have enough accelerators for small and medium enterprises, but with the right type of support, we could unlock growth for small and medium enterprises in the formal sector, which could be an incredible opportunity to create dignified jobs," said Rishi Razdan, head of Workforce Development for Acumen India.

As the nature of work changes, independent contractors will also make up a larger percentage of the workforce. There's a need to support this growing labor force with platforms that make finding jobs easier and with programs that help develop business skills. Virginia Hamilton shared the opportunities she sees to support independent contractors: "There's the technical and practical side of supporting

independent contractors with important skills, like how to develop or evaluate a contract, how to understand employment taxes, and how to structure your arrangements so that you have enough cash flow to sustain you."

CHALLENGES TO ADDRESS

Curriculum to support small business owners and independent contractors is important, but there are challenges unique to this workforce that you'll need to be aware of in order to build a successful innovation:

+ Benefits and social protections: Many governments structure benefits and social protections in such a way that they are most commonly received through formal employment. That means that many independent contractors and small, informal entrepreneurs lack adequate benefits and social protections, like healthcare,



IMAGE CREDIT: ALIA

family leave, or retirement savings.⁴³ There's a need to help workers access important benefits and social protections, but regulations and government support will be lacking.

+ **Access to capital:** “No great feat of entrepreneurship has been successful without some capital to help, but all that is available to micro-entrepreneurs is some form of debt financing, like microfinancing or a loan,” explained Rishi Razdan. “We need more micro-venture capital, where small investments of \$500–1000 are available to micro-enterprises.”

It's also important to identify the financial services and products that can help independent contractors plan cash flow of contracts.

+ **Availability of data:** Traditional labor statistics don't adequately track independent contracting work, in part because policy doesn't incentivize tracking independent contractors.⁴⁴ For example, in the United States, career centers are rewarded for job placements, but contractor workers are not considered part-time or full-time workers under government standards. This might make market-

⁴³ World Economic Forum; [Strategic Intelligence, Social Protections](#)

⁴⁴ World Economic Forum; [Strategic Intelligence, New Work Models](#)

sizing for your innovation challenging. It's also important to know that organizations that hire independent contractors will be hesitant to share data, making job platforms for independent contractors more challenging to build. For example, it might not be possible to easily share customer satisfaction rates across gig economy jobs, meaning independent contractors have to find creative ways to qualify and credential their experience.

TIPS FOR ASPIRING ENTREPRENEURS

If you're considering creating a business that supports independent contractors, solo entrepreneurs, and small business owners, here are a few factors to keep in mind:

As a social entrepreneur working with independent contractors, solo entrepreneurs, and small business owners, there's an opportunity to **organize customers and advocate to the government** to share their vision for a new social protection system. Systemic change will take time, but it's important that workers have a voice in the way that governments reevaluate and reshape the social safety nets.

There's often a desire to focus on teaching completely new skills, but Rishi Razdan advised students to understand the skills and experiences independent contractors, solo entrepreneurs, and small business owners already bring to the table, and to build on those skills through your training program. "Before we try to teach people new things, we must also understand what they already know," he explained. This is called "**recognition of prior learning**," and it could benefit the labor force at large. In fact, the government in India has started a program called [Recognition of Prior Learning](#) which certifies existing skills, helping people find jobs and negotiate decent wages without seeking new education.

Cultivating a sense of community could be an important way your platforms and services add value to small businesses and independent contractors. "Jobs are an important part of identity, but independent contractors often miss that sense of connection to employers. There's an opportunity to help people connect and feel like they're a part of something bigger," said Virginia Hamilton. "Coworking spaces could be a great way to help independent contractors connect and feel connected."



examples for inspiration

LabourNet is a vocational education company that offers trainings for informal sector workers in India. LabourNet has three main business lines: (1) in-person skills trainings, (2) course curriculum development, and (3) micro-entrepreneurship support services. In 2016, LabourNet piloted its micro-entrepreneurship business line to support workers in creating their own businesses. For a small service charge, LabourNet and its network of partners help trainees with finances, legal registrations, marketing, and capacity-building. LabourNet has supported 7,200 trainees in becoming micro-entrepreneurs, with many expanding to the point of employing others. Before LabourNet piloted their micro-enterprise business line, the company spent 10 years gaining trust with employers, the Indian government,

and trainees through offering high-quality certification courses in 28 industries that equip workers with tangible skills. LabourNet has an extensive partnership network, with over 3,600 partnerships that allow them to offer trainings at over 300 training centers and 900 worksites. Depending on its business line, LabourNet charges trainees directly or has employers pay for the cost of training programs.

Samaschool is a global nonprofit that offers training programs that empower people to lift themselves out of financial instability with independent work. Samaschool sells customizable independent contractor training curriculum to corporations, nonprofits, higher education institutions, and other training organizations. Samaschool also offers trainings directly to individuals seeking

independent contract work. Depending on the training model, Samaschool either charges organizations or individuals for access to tools, curriculum, and trainings. Samaschool also offers resources that are designed to help trainees overcome common barriers, like providing easy-to-use templates for contracts, aggregating job search platforms based on industry, and hosting a network of contractors to facilitate community building and collaboration. U.S.-based Samaschool trainees that engage in independent work report earning an average of \$21 per hour and \$9,000 over the course of 5 months.

Alia is a portable benefits platform for people who clean homes in the United States. Clients who employ cleaners can contribute a monthly payment to Alia, which goes towards providing cleaners benefits like sick

days and life insurance, and Alia is working on incorporating new benefits like accident insurance and retirement planning. Prior to Alia, if a house cleaner needed to take a day off, there was no way to recover lost income for the day. When house cleaners sign up for Alia, they can request up to \$120 for a sick day. Alia's business model requires the company to manage relationships with many different customers including clients who employ cleaners, house cleaners, insurance providers, and financial institutions. This is an example of an innovation that blends the lines of workforce development and financial inclusion.

If you're interested in learning more about financial inclusion products and services, explore our Financial Inclusion sector brief.



+ REFLECT

STOP

Now that you understand opportunities for innovation and the challenges within the workforce development sector, which of the innovation areas are you most interested in building a business model to address or incorporating into your business model? Remember, you can address more than one!

Decrease financial barriers to accessing education and training programs

Develop industry-informed training and credentialing programs for low-income learners

Improve transparency of education outcomes for workforce development programs

Provide platforms that improve hiring, retaining, and developing talent

Support and professionalize independent contractors, solo entrepreneurs, and small business owners

For each opportunity that you selected, jot down a few notes about:

- + What excites you about this opportunity?
- + What facts or tips do you want to be sure to remember?
- + What models or case studies were you particularly inspired by in this reading and want to learn more about?

5. BUILDING PARTNERSHIPS IN THE WORKFORCE DEVELOPMENT SECTOR

Each of the companies we mentioned in the previous section have strong partnerships. Partnerships can help simplify your business model, lower your costs, increase your revenue, and build trust with customers. Here are a few key stakeholders you should consider partnering with:

Governments: Government organizations play a large role in funding, monitoring, and evaluating workforce development programs and services. The government also has a critical role to play in advancing policy that supports the new labor force with benefits, social protections, and employment services. Girish Singhania, founder and CEO of EduBridge, said, “Governments help with the policy-making and direction setting of the workforce agenda on the national and local level. You can also work with the government to subsidize training fees on behalf of students,” which is exactly what EduBridge did when the company proved out its program model. Working with the government can mean longer contract negotiations, so make sure you plan your cash flow accordingly.

Investors and Foundations: If you don’t seek funding from the government, you may look to investors or foundations for important seed funding for your innovation. According to the Global Impact Investing

Network’s 2018 Annual Impact Investor Survey, only 4% of impact investing capital is going towards education. With such little funding going towards education, it may be tempting to work with the first investor that offers you capital. What’s most important is that you and your investors are aligned on values and growth philosophy. “If you’re not working with an impact investor, make sure you set terms early in your partnership around protecting your mission and on returns, and be selective in the investors you take on,” said Eliza Golden, Portfolio Manager at Acumen. You may also work with foundations to secure program related investments (PRIs), debt funding, or grants. “Regardless of who your funder is, you need to prove that you are—or that you have a pathway to—financial viability,” advised Eliza.

Education Institutions: Traditional education institutions could seem like competitors, but these important stakeholders should be seen as collaborators. “We need to meet with other people who are working on the same challenges, because we’re not going to solve this problem if we’re working in silos,” advised Misan Rewane, CEO and founder of WAVE. Allison Salisbury advises higher education institutions on workforce development programming, and she sees

5. BUILDING PARTNERSHIPS IN THE WORKFORCE DEVELOPMENT SECTOR

bright spots of collaboration and innovation. For example, [Pathstream](#) partners with organizations like Facebook to develop career relevant trainings and teaches those trainings in community colleges. Students can even use financial aid to pay for these programs. Deep relationships need to be built between higher education and the workforce development sector to improve career readiness for students.

Employers: All of the experts we spoke with said that training and credentialing programs must be designed with employers. “If your goal is to help people find jobs, you have to have deep connections with and commitments from the business community. Otherwise, you might as well be training people and praying they find a job,” said Virginia Hamilton, who spent 17 years working for California’s Employment Development Department and 6 years with the US Department of Labor. “You also need to understand how businesses hire and advance their people.”

Virginia Hamilton offered a cautionary tale of what can happen if you design a training program without understanding employers. “There was a training program that interviewed food manufacturing employers, learned that employers were struggling to hire talent with skills for upper

management, and designed a training program to teach people upper management skills for food manufacturing. However, when they tried to place students with a local food manufacturer, the company said ‘You’ve trained people with the skills for upper management, but that’s not how our hiring and promotions work. Everyone starts by working in our warehouse because we want them to know the company.’” If you don’t have experience in hiring, you might consider spending some time working in human resources, so that you truly understand how employers and hiring works.

Recruiters: Partnering with recruiters who already have trusted relationships with employers is a way to simplify your business model and quickly build connections with employers. “Employers are overwhelmed by the number of agencies trying to get them to hire. Partner with intermediaries who already work with employers, so you don’t have to build your own network,” advised Virginia Hamilton. Recruiters can also help you find the candidates that you want to train.

Nonprofits: “Many nonprofits have established themselves as innovation and thought leaders in the workforce development sector. They’ve partnered

5. BUILDING PARTNERSHIPS IN THE WORKFORCE DEVELOPMENT SECTOR

really well with private industry, with the government, and with communities. Nonprofits are seen by most stakeholders as a trusted partner,” said Nicole Trimble, Executive Director of Talent ReWire, which cultivates a network of employers who want to create lasting change for their workforce and their business. It’s important to learn from the lessons of nonprofits that have been in the workforce development space for decades. Nonprofits also can provide important wraparound services for mental health, healthcare, or benefits navigation for learners in your program or for employees. Outsourcing these services to nonprofits can provide workers with more specialized services than frontline managers might be able to provide.

Individuals and Communities: Your entire business model should be built on solving a true customer need so you must take a customer-centric approach to everything you do. Customer should be seen as advisors, thought partners, and foundational stakeholders to your innovation. “You need to put people at the center of your work. Do not forget that equity is foundational to this work,” advised Nicole Trimble.

There are so many other stakeholders who you could partner with in the workforce development industry, such as industry associations or labor unions. What’s most important is that you understand the key stakeholders in your region or regions that could influence the success or struggles of your organization.

Sanjay Gupta, CEO of EnglishHelper, had some advice for students on how to think about engaging with different stakeholders. He said: “In the early phase, try to become self-dependent so that you can experiment and fail. Find ways to earn some cash and stay afloat. Rushing to find funding may feel really attractive, but you need to start learning at a small scale. Partnerships also need perseverance. We’ve had terrific partnerships, and we’ve succeeded by constantly demonstrating value for our partners, instead of just demanding value from them. Once they realize that, then you begin forming real relationships.”

+ REFLECT

STOP

You've heard it a few times: Partnerships are a powerful way to simplify your business model. Who do you want to partner with and how will those partnerships support your business model? Remember, partnership is a two-way street. For each partner that you select below, articulate their value to you and your value to them.

Governments and Regulatory Bodies

Investors and Foundations

Education Institutions

Employers

Recruiters

Nonprofits

Individuals and communities

Partnerships also take time and energy to manage successfully. Jot down 2-3 quantitative and qualitative metrics for how you will measure the success of your partnerships. For example, if you hope to partner with employers on job matching, one success metric might be the retention of new hires a year after employment.



FINAL ADVICE *from* EXPERTS *in the* WORKFORCE DEVELOPMENT SECTOR

As you refine your business model, consider this advice from leading workforce development experts, investors, and entrepreneurs. Together, they've coached, invested in, and run hundreds of workforce development companies. These are some of the lessons they learned on building successful business models that help people access quality work and grow in their careers.

ALLISON SALISBURY

Partner & Head of Innovation, Entangled Group

*"The most successful social entrepreneurs I've seen in the workforce development field have a **systems thinking view** on the problem they're working on and have **deep relationships and feedback loops**—formal or informal—between their work and the work of their counterparts in the government, the nonprofit sector, and philanthropy."*

DANIELLE GOONAN

Associate Director, Economic Opportunity Investments, The Rockefeller Foundation

*"**Connect with people who are currently in the workforce development sector.** Aim to speak with stakeholders who can give you a variety of viewpoints—from workforce development boards to adult education teachers to nonprofit entities to the government. Depending on who you talk to in*

the system, you'll hear a different story.

***As you think about what you're building and for whom, gather as much information as possible to make sure what you're building meets the needs of your users.** The more people you talk to, the more you can identify your assumptions and challenge those assumptions, and the better off you'll be at creating something that is genuinely valuable."*

ELIZA GOLDEN

Portfolio Manager, Acumen America

*"More than any other sector that Acumen invests in, workforce development is about humans more than profit. **Commercially successful interventions in this space must keep end users at the center of their design vision.** Most successful entrepreneurs in workforce development approach problems with a deeply human lens."*

GIRISH SINGHANIA

Founder and Chief Executive Officer, EduBridge

“Workforce development social enterprises aren’t going to scale overnight so you need passion and perseverance and you need to have a clear five-year vision for your organization’s growth. **The biggest pitfall I’ve seen and made is to fall into the trap of not thinking long term.** Because workforce development enterprises are slow to scale, people tend to prioritize short-term gains and unknowingly sacrifice their long-term vision. Don’t get upset by small losses or overjoyed by small wins. They are in service of your long-term vision.”

JESSICA BAMMER BANAIM

Co-Founder and Chief Executive Officer,
Programa Valentina

“**The key to building effective partnerships with employers is to start conversations with the problem, not with your idea.** If you can show employers that you understand the problem they are having and help them dissect that problem, you will earn their trust. It’s a very different conversation if you start by trying to pitch employers your idea.”

MISAN REWANE

Founder and Chief Executive Officer,
WAVE (West Africa Vocational Education)

“There is no prescriptive way to build your business model, but recognize what your market and context demand, and **be intentional about whether you want to own one piece of the value chain or the whole thing.** Some people say, ‘do one thing and do it really well.’ However, in the early days, especially when you are in contexts

that don’t have strong infrastructure to support your work, you might need a more vertically integrated model where you’re in control of all of the variables in the value chain. As you grow as a business, you can outsource different pieces. When WAVE started, we did it all: outreach, admissions, training, finding employer partnerships, matching students to jobs, supporting students after they were hired, and managing an alumni network. It was a difficult process to manage, but we needed to own the whole value chain to understand our ‘secret sauce.’ Now, we know what it takes to screen and find the right people, the questions we need to ask to be more inclusive in our screening... Now we’re in a better position to identify and train business partners the essential principles behind our model.”

NICOLE TRIMBLE

Executive Director, Talent ReWire at FSG

“The biggest pitfall I’ve seen in the workforce development space is to focus only on the employer side or only on the job seeker side. **Employers and job seekers are speaking two different languages, and if you’re going to succeed in the workforce development field, you need to be bilingual.** For job seekers, you need to understand adult development, social services, and the unique challenges of the students you serve. For employers, you need to be able to speak in terms of business needs and return on investment. To be clear, shifting employers’ mindsets around hiring and talent development is critical to success too, but you need to start by speaking a language that employers understand.”

SANJAY GUPTA
Chief Executive Officer, EnglishHelper

“As much as people need to learn technical skills (to succeed in the workforce), **most important is learning how to navigate rapidly changing waters.** Too many workforce development programs focus on helping workers to learn a skill that, in a year or two, will become redundant. If you haven’t taught students problem-solving, if you haven’t helped people learn how to continuously learn, you’re in troubled waters.”

TROOPER SANDERS
Rockefeller Foundation Fellow,
The Rockefeller Foundation

“Innovation is sometimes seen as adding complexity: completely transforming an industry or business model. But **innovation can also come through simplicity.** See if you can strip a workforce development business model down to its core components, and look for innovation there.”

VIRGINIA HAMILTON
Senior Lead for Design Thinking and Innovation,
American Institutes for Research and Strategic
Advisor for Partnership for Public Service

“If you want to work with the government, you need to understand the accountability systems and rewards for government programs. Our incentive, measurement, and accountability systems are out of date, but understanding them will help you find opportunities for partnership. We also need to partner with the government to develop new policy frameworks, better incentives, and new ways of measuring success.”

RISHI RAZDAN
Program Lead for Workforce Development,
Acumen India

“Matching people to quality jobs is where I see the clearest opportunity for technology to have a significant impact on the workforce development sector. Matching platforms already exist but they need to improve in three important ways before they can substantially help people in India. First, vernacular languages need to be incorporated into platforms. Without vernacular languages, these platforms will never penetrate beyond Tier I cities in India. Second, these platforms have to focus on competencies so that employers can hire for skill, not pedigree, degree or certification. Third, we need to move beyond only offering white collar jobs through these platforms.”

RYAN CRAIG
Managing Director of University Ventures

“Believing that the hardest part of this problem is curriculum—that if we could just create the perfect curriculum then the problem would be solved—**that is a huge mistake.** The hardest part is getting the attention of employers to agree to hire your talent.”

6. TAKING YOUR NEXT STEPS

By now, we hope it's clear: access to quality jobs is critical for poverty eradication and social enterprises have a role to play in increasing access to quality work. "I don't think we can solve larger issues of social justice until we resolve structural issues around workforce development," said Rishi Razdan, Program Lead for Workforce Development at Acumen India.

Quality work with good benefits and education programs that prepare workers for the Fourth Industrial Revolution must be made accessible to everyone, regardless of their income level, gender, or geography. While technical skills are important, we cannot underestimate that deeply human skills—problem solving, teamwork, creativity and imagination—are equally as important to teach if we hope to help people achieve economic security and mobility in a rapidly changing global economy. The workforce development sector needs innovation from all of its stakeholders. We need new policies and social securities from the government, new hiring signals from employers, and better pathways between education and employment. Entrepreneurs must commit to collaboration with other stakeholders, and keep those most impacted—workers—at the center of our discussions, decisions, and solutions.

As you take your next steps, ask yourself:

- + How can my business accelerate access to quality jobs for those in the most need?
- + How does my business empower my customers?
- + How will my business prepare workers to weather the changing nature of work?
- + How can I remove financial barriers to accessing important technical and soft-skills trainings?

Your next steps will likely look different, depending on if you're joining us from an on-campus competition or our virtual competition. Regardless of where you're joining us from, though, we encourage you to:

- + Research the country specific context of the market you hope to operate in.
- + Refine your customer value proposition through a series of customer and expert interviews.
- + Articulate how you will create, deliver, and capture value through your business model, using the business model canvas as a guide.

+ REFLECT

STOP

Congratulations! If you've finished this sector brief, you've taken the time to build foundational knowledge of the workforce development sector. You've worked through a lot of content so jot down key themes and questions that you want to return to later:

- + Based on what you've read in this brief, what questions do you have that you need to research further?
- + What social enterprise models or analogs do you want to research further as you build your own business model?
- + What statistics or facts did you read in this brief that will be useful for building your business case?
- + What are the key pieces of advice you want to be sure to remember?

Reading List

Want to learn more about workforce development? We encourage you to look through these reports to understand emerging trends and lessons learned from decades of workforce development programs and services.

[Work for a Brighter Future](#) (The International Labour Organization): This report by the International Labour Organization Global Commission on the Future of Work examines how to achieve a better future of work for all at a time of unprecedented change and exceptional challenges in the world of work.

[World Employment and Social Outlook Trends: 2019](#) (The International Labour Organization): This report provides an overview of global and regional trends in employment, unemployment, labour force participation and productivity.

[The Future of Jobs Report: 2018](#) (The World Economic Forum): The Future of Jobs Report aims to unpack and provide specific information on trends in the workforce development sector and the impacts that those trends will have on different industries and geographies, job functions, employment levels and skills in demand. The report is also accompanied by an interactive web page ([The Future of Workforce Strategy](#)) to help you dive into the underlying data of these trends.

[Towards a Reskilling Revolution](#) (The World Economic Forum): This two-part report explores the types of skills needed in a rapidly changing labor market, and explores opportunities for action-oriented collaboration opportunities for the public sector, labor unions, and educators. Read part one ([A Future of Jobs for All](#)) and part two, [Industry-Led Action for the Future of Work](#), for a comprehensive

[Sustainable Development Goal 8](#) (The United Nations): Explore how the United Nations measure progress towards sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

[Solving the Talent Shortage: Build, Buy, Borrow, and Bridge](#) (Manpower Group): 12th annual report about the talent shortage, top 10 most in demand skills, what employers are doing, and the “build, buy, borrow, bridge” strategy to overcome talent shortages in the future. You can explore the survey results and analyze talent shortages by country with their [interactive report](#).

[Scaling Mobile Employment Services: A Stakeholder Perspective](#) (GSMA Mobile for Employment): This report explores how we can use the power of mobile technology to increase decent employment opportunities for youth.

[Digital labour platforms and the future of work](#) (The International Labour Organization): This report, which is a comparative study of working conditions at five of the major, global, online micro-task platforms, is a must-read for anyone hoping to work with independent contractors or freelance workers.



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ra.acumenacademy.org

About Acumen

www.acumen.org

Acumen is changing the way the world tackles poverty by investing in companies, leaders and ideas. We invest patient capital in businesses whose products and services are enabling the poor to transform their lives. Founded by Jacqueline Novogratz in 2001, Acumen has invested more than \$120 million in 119 companies across Africa, Latin America, South Asia and the United States. We are also developing a global community of emerging leaders with the knowledge, skills and determination to create a more inclusive world.

About The Rockefeller Foundation

www.rockefellerfoundation.org

The Rockefeller Foundation advances new frontiers of science, data, policy, and innovation to solve global challenges related to health, food, power and the expansion of US economic opportunities. As a science-driven philanthropy focused on building collaborative relationships with partners and grantees, the Foundation seeks to inspire and foster large-scale human impact that promotes the well-being of humanity throughout the world by identifying and accelerating breakthrough solutions, ideas and conversations.

Author

Written by Liz Fernandes of Acumen, 2019.