



Engaging Employers to Benefit Low-Income Job Seekers: *Lessons from the Jobs Initiative*

By Judith Combes Taylor and Jerry Rubin

JUNE 2005

PREPARED FOR THE ANNIE E. CASEY FOUNDATION



JOBS FOR THE FUTURE

CREATING STRATEGIES
for Educational and Economic Opportunity

Engaging Employers to Benefit Low-Income Job Seekers: *Lessons from the Jobs Initiative*

Table of Contents

Introduction	1
<hr/>	
What the Research Says: Key Findings	4
The JI intermediaries benefited their participants by screening employers, and they benefited employers by screening job applicants	4
Employers worry that low-income individuals represent significant business risks, and they believe soft skills training can be a solution	8
Technical skills are essential for longer-term retention and advancement	10
A large number of JI employers implemented practices to support their entry-level workers	10
Two factors, acting in combination, shaped firms' development of supportive practices: a desire to benefit the larger community by hiring people who needed help and recognition that business imperatives constrained the extent of the support they could provide	12
Employers valued the advice of trusted intermediaries on how they could strengthen or expand supportive practices	13
<hr/>	
Conclusion	15
Recommendations for Workforce Intermediaries	15
Recommendations for Policymakers	17
<hr/>	
Appendix: The Research Design	19
<hr/>	
References	20

Engaging Employers to Benefit Low-Income Job Seekers:

Lessons from the Jobs Initiative

Introduction

Employers make choices that are key to the ability of low-income people to get and keep jobs and to advance in the workforce. Employers have the final word on whether low-wage workers are hired and kept in their jobs, and the conditions that they establish in their workplaces substantially affect workers' decisions on whether to stay or leave. Those conditions are equally important in determining whether entry-level workers can move upward.

Given the importance of the employer's role regarding opportunities for low-wage, entry-level workers, there has been surprisingly little research into employers' opinions and actions on this topic. Fortunately, several excellent guides on effective employer engagement have appeared recently, as have the results of field research into the ability of workforce intermediaries to connect low-wage workers with employers and academic research into particular populations (e.g., minorities, welfare recipients) and particular industry sectors. The goal of *Engaging Employers* is to contribute to this growing body of knowledge by reflecting on the experience of the Annie E. Casey Foundation's Jobs Initiative to address several questions:

- What kinds of employers are likely to be open to doing business with workforce intermediaries?
- To what extent are employers willing to support low-income workers—for example, by modifying their human resources policies?
- What factors constrain employer decisions about low-income workers? Conversely, what factors promote employer practices and policies favorable to the hiring, retention, and advancement of low-income workers?

This report also looks at employer attitudes toward workforce intermediaries:

- What intermediary activities do employers value, and why?
- How do the activities of intermediaries benefit low-income job seekers and workers?
- What is the “customer feedback” from employers regarding the services of intermediaries?

This paper is based on research conducted among employers engaged with the Annie E. Casey Foundation Jobs Initiative—a nine-year, multi-site, \$30 million effort launched in 1996 with a design that draws heavily from the research of the early and mid-1990s. The research base included studies of CET, a community-based organization in San Jose, California, that brokers good jobs and training for the city's employers and Hispanic residents. Evaluations suggested that effective employer engagement was essential to the success of the CET model. Similarly, the mid-nineties evaluation of JTPA suggested that weak employer engagement on the part of JTPA agencies contributed to less successful outcomes for clients of the public-sector workforce system (GAO 1996).

The Annie E. Casey Foundation used such research to set the ground rules for the workforce development intermediaries it was funding through the Jobs Initiative. It issued a series of “givens” that addressed issues related to employers, emphasizing that the funded sites should treat employers as equal customers with job seekers because, it hypothesized, that would result in better job placements for low-income income job seekers. Recognizing the great variation among employers' practices, the foundation restricted the intermediaries to making job place-





ments that yielded good wages (\$7.00 or more, at a time when the minimum wage was \$4.85) and offered employee health benefits. The foundation also urged its intermediaries to use a sectoral approach that targeted promising industries (e.g., manufacturing, construction) and developed deep knowledge of the needs of firms in the targeted industries.

Since 1996, research has confirmed the value of the JI design. The Jobs Initiative's own research—based on a unique longitudinal database of over 20,000 participants—and research from other sources demonstrate the general value of both engaging employers and the initiative's particular features of employer engagement. For example, the JI's emphasis on a good first job placement has been confirmed by Julie Strawn and others' research in Portland, Oregon (Poppe, Strawn, and Martinson 2004) and by Harry Holzer's (2004) analysis of a new set of data from the U.S. Census Bureau. Holzer also provides support for the JI's sectoral approach, demonstrating that low-wage workers are more likely to advance in certain sectors, such as manufacturing and construction.

Research by Eileen Appelbaum and others (2003) points to the value of the JI's approach of engaging with selected firms within targeted industries, demonstrating that firms within the same industry vary widely in the wages and benefits they pay and the working conditions they offer low-income workers. In other words, employers can choose between economizing strategies (e.g., cutting wages) and strategies that reorganize work more efficiently while maintaining or increasing wages and other worker benefits. From a practical perspective, it makes sense for intermediaries to seek employers making choices that benefit low-wage workers—but how?

Equally important, the value of workforce intermediaries has become increasingly evident in the years since 1996. The reasons are easy to see: low-income people rarely possess the information needed to take advantage of variations in the labor market—which industries are promising, which firms are better than others, and so on. Moreover, they often lack access to good firms and jobs on their own. Intermediaries represent a potentially powerful strategy for connecting people at the margins of the labor market to genuine opportunities. However, as the experience of the JI-funded sites has shown, finding

those employers whose choices benefit workers is not easy. Guidelines to finding receptive employers could help save time and resources.

As the Jobs Initiative matured, the foundation, which has invested significant resources in research devoted to JI participants and their progress, evinced interest in learning about the employers engaged by the effort. In 2002, it asked Jobs for the Future and Abt Associates to undertake research about the initiative's employers. The fundamental concern was to identify and document lessons to guide policy and the practice of workforce development intermediaries committed to advancing low-wage workers in the labor market. The lessons summarized below emerged from interviews with and surveys of JI employers conducted by Abt Associates and Jobs for the Future.

The Research

Information was gathered on two sets of employers:¹

- *55 employers in six cities (Denver, Milwaukee, New Orleans, Philadelphia, Seattle, and St. Louis) who had hired ten or more JI participants prior to the period when the research commenced.* These employers, which ranged from small to large and represented about a dozen industries, completed an extensive survey about their practices regarding low-skill, entry-level workers.
- *12 employers identified by the directors of JI sites as both familiar with the initiative and willing to spend a fair amount of time talking about it in face-to-face interviews (see Table 1).* These were “friends” in one sense or another of JI intermediaries and were located in five of the six cities (Denver being the exception). They represented diverse industries, from construction and precision machining to hospitality and fast food.

Summary of Findings from the Research

This research identified six primary findings:

The JI intermediaries benefited their participants by screening employers, and they benefited employers by screening job applicants.

Our research strongly suggests that the “value added” for low-income participants was the JI intermediaries' screening function. In effect, the intermediaries surveyed the field of firms hiring low-skill, low-income people,

and they engaged employers who offered better-than-average working conditions for JI clients.

The research also suggests that employers valued JI intermediaries for a distinctive role: reducing the perceived risks of hiring JI participants. In other words, these employers perceived JI clients (and other non-traditional hires) as business risks on account of variable attendance, inadequate customer service skills, etc., and they appreciated the intermediaries for reducing that risk to an acceptable level.

Employers worry that low-income individuals represent significant business risks, and they believe soft skills training can be a solution.

According to JI employers, soft skills are the key for applicants who want to get in the door of a good job and stay there. That is, good soft skills are the opposite of the business risks represented by non-traditional hires, and a good soft skills development program reduces those risks. A number of employers said that the most important thing the JI intermediary did was to raise the soft skills of participants to an acceptable level. Research data tracking JI participants bear this out: participation in soft skills training is the main predictor for short-term labor market retention of JI participants.

Technical skills are essential for longer-term retention and advancement.

The research with employers supports the common-sense perception that technical skills training is essential for low-income people, but it also suggests that the impact of training does not become evident until about six months into the new job. That is, soft skills seem to be what count for surviving the first few months on the job, but technical skills are essential to staying on the job and advancing. Again, analysis of JI participant data bears out what employers say: technical skill training is the main predictor of longer-term retention for JI participants.

A large number of JI employers implemented practices to support their entry-level workers.

Employers' supportive practices ranged from ad hoc offerings (e.g., transportation subsidies) to comprehensive career ladders that included in-house training. Their immediate intent was to stabilize and, to a lesser extent, upgrade the skills of internal workforces whose reliability, experience, or skills fell below employer expectations. There is a suggestion from the quantitative data that certain employer practices—those with an immediate payoff for workers—increased retention rates.

Table 1. Research Interviews

	Industry	Size	Interviewee Job Title
1	Billing services (health care)	Large	HR manager
2	Printing	Small	Operations manager
3	Health insurance (in-bound call center)	Mid-Sized	HR manager
4	Manufacturing/machine	Small	Owner/operations
5	Utilities	Mid-Sized	Operations manager
6	Hotel	Large	Operations manager
7	Manufacturing	Med	Operations manager
8	Medical research	Med	HR manager
9	Home health care services	Med	Operations manager
10	Construction	Med	Owner/operations
11	Telemarketing	Small	Operations manager
12	Restaurants/fast food	Large	Operations manager

Two factors, acting in combination, shaped employers' development of supportive practices: a desire to benefit the larger community by hiring people who needed help and recognition that "the bottom line" constrained the extent of the support the firm could provide.

When questioned, most JI employers said they hired and supported low-income workers because they believed it was their responsibility to support their communities; hiring people who needed help was a way to do that. However, their experience was that such hiring practices resulted in a less-than-optimal workforce. As a result of their civic commitment, they were willing to invest company resources in improving the workforce, either through pre-employment preparation or on-the-job supports. In all cases, the need to remain commercially competitive put a limit on the extent of corporate generosity.

Employers valued the advice of trusted intermediaries on how they could strengthen or expand their supportive practices.

Even though many employers in this research provided unusually high levels of support for non-traditional workers, some were willing to increase those levels further—but help from an intermediary was essential in the cases we examined. The JI intermediaries recommended changes that would both benefit firms and help workers stay on the job and advance; often the intermediaries provided technical assistance on how to implement those changes. The employers' predisposition to an ethic of civic responsibility was equally important, creating a receptiveness to the intermediary's overtures. Each of the employers emphasized that the firm's bottom line required that the cost of these supports meet a business test.

What the Research Says: Key Findings

This research studied employers in a range of industries, sizes, and regional economies. However, these employers are not representative of U.S. employers in general; rather they come from a subset of U.S. employers with characteristics sought by advocates for low-wage workers:

- All of these employers provided better pay and practices for entry-level workers than the average U.S. employer.
- All of these employers hired low-income workers through an intermediary.

What makes us confident that these employers provided better pay and practices than average employers? First, the Jobs Initiative required all job placements to be made with employers that paid \$7 per hour or more and provided health benefits, and two sites in stronger labor markets set even higher wage standards.

In addition, the employers included in this research came from select subsets of JI employers. One subset—those who were surveyed—had hired ten or more JI participants at the time of the survey. We can be fairly confident, based on experience with the Jobs Initiative, that the intermediaries could vouch for working conditions at these employers. The other subset—employers interviewed in person—had even closer relationships with JI intermediaries, relationships that were developed, in most cases, because they collaborated to improve working conditions for entry-level workers.²

The employers were surveyed in 2002, 2003, and 2004. Many of them had first engaged with the Jobs Initiative in the hot economy of the later 1990s, when workers were hard to find, but all of them responded to the research from the perspective of a much looser labor market.

The JI intermediaries benefited their participants by screening employers, and they benefited employers by screening job applicants.

The idea that a labor market intermediary could benefit low-income people was first articulated by Bennett Harrison and Edwin Melendez, who studied community-based organizations that provided job training and placement services (Harrison 1998). For people with little labor market knowledge and few connections,



Harrison and Melendez argued, CBOs performed essential functions that family and friends provided for more affluent people. In subsequent years, JFF and others have identified a number of intermediary organizations whose operations achieved some scale in serving low-income youth and adults. These organizations have several characteristics in common: deep engagement with employers (i.e., they have a “dual customer” approach), an entrepreneurial attitude, high goals for the advancement of low-skill, low-wage workers, and strategies to meet those goals. Many of them have adopted a “sectoral” approach to workforce development.

Evaluations of these organizations have shown that intermediaries can be effective, but little research has been conducted to find out how they are effective or what employers think of them. A recent paper from the PEERS group, funded by the Ford and Casey foundations, found that employers value intermediaries as sources of labor, but intermediaries that function only as labor suppliers do not improve their *clients’ lives*; they may even have the effect of lowering wages. Only intermediaries that help upgrade employers’ practices have a positive impact on their clients (PEERS 2004).³

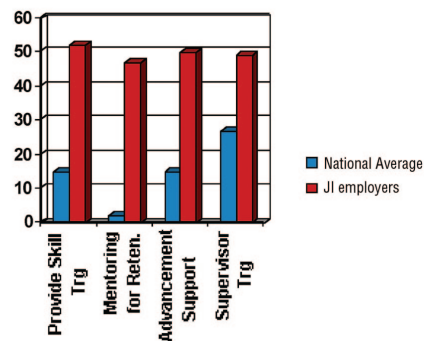
JFF/Abt’s research strongly suggests that the “value added” of JI intermediaries for their low-income participants was their effective screening of employers. In effect, the intermediaries surveyed the field of firms hiring lower-skill/lower-income people and engaged employers that offered better-than-average working conditions for JI clients.

How do we know JI employers are better than average? In the first place, they all provide health care benefits—something that a small and shrinking percentage of employers offer to lower-skill workers. In addition, the survey data indicates that they offer far-above-average benefits (see Figure 1).

Driving the intermediaries’ success in locating good employers was policy set by the Casey Foundation. It paid out grants to JI sites on a performance basis: sites had to meet targets for job placements at \$7 per hour or more with benefits and, later, targets for 12-month retention rates. It was clear from the beginning of the initiative that intermediaries would have a difficult time placing lower-skilled clientele in jobs that met these standards. Sites evolved a variety of strategies to find these employers, including hiring “employer representa-

Figure 1

Employer Practices: JI and Nationally



Sources: Center for Workforce Success (2001), Abt Associates (2003)

tives” from targeted industries, putting CEOs from high-end firms on their boards, and organizing supportive employers into regional advisory boards.

These strategies evolved just in time to help the intermediaries grapple with the implications of their first data on retention, which showed the percentages of participants staying in the labor market at various points after placement.⁴ When the first retention rates were analyzed, they were troublingly low, and the foundation gave a high priority to improving the rates. While each site took a somewhat different approach to the challenge, it was clear to all that it was more difficult to retain participants at jobs with conditions that did not support clients’ needs. As a result, many sites screened prospective employers for a broader set of practices than starting wage and health care benefits: the sites also looked at internal training and advancement policies, disciplinary policies, supervision, etc. Many sites also began working with willing employers to improve HR and work organization practices that affected retention—training for supervisors, for example.

What kinds of employers did the JI intermediaries engage for their participants? Some examples of higher-end workplaces can be drawn from our face-to-face interviews. One firm, in the printing sector, described itself:

About six years ago, our new president initiated a high-performance management approach, including a culture shift toward worker empowerment. Supervisors became coaches, workers are encouraged to take initiative, and communications are direct

between the machine operator and administrative personnel. The new work environment has reduced turnover.

Another example comes from the precision machining field. The firm expected that new employees would have poor technical skills and had established a systematic on-the-job training regime that could move ambitious entry-level workers to mastery of computer-aided design.

We concluded that JI firms in this research were all better-than-average employers, some of them significantly better, in terms of benefits and working conditions. It seems unlikely that JI participants, most of them urban residents with little labor market experience, could have located and won positions at these firms on their own. They owed their jobs to their JI intermediaries, who identified and engaged good employers for their clients. The role of the Casey Foundation—the social investor—in promoting this success cannot be underestimated. Its performance-based approach to funding, which set placement targets but put quality restrictions on the placements that counted—restrictions later augmented by retention standards—pushed the JI intermediaries into this function of screening employers. Because this work was new to many of the intermediaries, the foundation also provided a variety of technical assistance to help sites improve their employer engagement.

Employers appear to have valued JI intermediaries for a distinctive role: reducing the perceived risks of hiring JI participants to an acceptable level. It was surprising to hear employers focus on hiring risks because JI participants often had received some form of soft skills training intended to eliminate or minimize the kinds of risks employers described.

One employer who focused on risk was the owner of an in-bound call center. He found the workers referred through the JI to “have too many problems.” According to him:

They are not ready for work. They cannot get child care for second- or third-shift work. Their transportation is unreliable. They do not have good work habits. They don't call in when they're not coming to work. They take too many days off. The Operations Manager says this workforce is turning the supervisors into social workers.

The firm, he said, provided perks for employees who worked certain numbers of hours, but these workers were “too disorganized to keep track of their hours to claim the perks—and ended up imposing on the company’s record-keeping and HR departments. They are too poor to afford to buy lunch and are frequently asking for advances on their salaries.”

This employer had become convinced that these workers’ problems were too severe for his firm to accommodate. His firm was considering switching to a proprietary school for future hires.

The manager of a financial services firm made similar observations:

Many of the non-traditional workers who are trying to enter the workplace now seem to be people who for one reason or another cannot get their lives together. It's not that they are not smart or skilled enough. Many of them are bright and have tremendous potential, but their lives are in chaos. They do not have a safety net or support structures—they have trouble keeping all their balls in the air.

At the same time, most of the interviewed employers believed that JI intermediaries had done a good job of reducing the perceived risks to an acceptable level.

As a rule, the employer and the JI intermediary had invested a fair amount of time in developing a program that would meet the employer’s needs—and the investment paid off in high levels of customer satisfaction. An example comes from a large health insurer. It had traditionally drawn its workforce from a pool of candidates with more experience and higher skills than JI participants, but the HR manager believed that business had a responsibility to address social problems. She had tried, with little success, hiring low-income people through several intermediaries. Thus, when the local JI intermediary approached her to propose an internship program, she had experience in what did not work, and she used it to help the JI refine its internship design.

First, she involved the relevant supervisors in the firm—a source of discontent with previous experiments—and arranged sessions in which the supervisors could air their concerns to the JI staff. The supervisors’ “biggest concern was [that the workers] would need more work readiness,” and the JI responded, expanding that section of its train-

ing. In addition, the JI tailored keyboarding classes to meet the firm's specific needs and followed up with the workers after they were hired. "It seems to mean a lot to the interns—that someone cares," said the HR manager. "The result is better trained interns than those from other programs we've worked with; almost all of the interns are hired."

She also appreciated that the JI intervened at critical points. "For example, sometimes the intern wouldn't show up for work, and the JI would handle it—participants with absences were out of the program." Even so, the employer said:

Our [hiring] standards are higher for non-JI applicants—there we look strictly for typing skills for a production-oriented environment and more problem-solving skills. With the JI interns, we get to try them out. If we see potential, we're willing to invest in the training. We can train and motivate people. Mostly we're looking for potential.

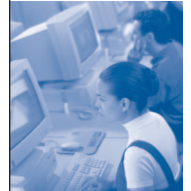
Several employers reported that they sought out their JI intermediary for organizational development consulting in the area of employee soft skills. The manager of a large fast food operation approached his intermediary with such a problem. A few years previously, his firm had begun hiring non-traditional applicants, but he found that the "disparity between the income and educational levels of the workers and my customers was causing problems—high volume of customer complaints and high turnover." He invited the JI intermediary to conduct an assessment of his operation. Based on one of the intermediary's recommendations, the firm implemented a customized Diversity Training for Managers. The intermediary found the trainer, helped customize the course, and conducted a follow-up assessment. This led to recommendations to implement additional specialized courses, which the firm did. This manager was quite satisfied with the results.

Two employers among the interviewees were dissatisfied with their JI intermediary, and lessons can also be learned from them. One was the owner of the in-bound call center; the other owned a small precision machining firm that competes successfully for work in Germany and France. He supported the JI's mission, and even sat on the intermediary's board for a while, but concluded through experience that JI participants sapped his firm's profitability.

I spend a lot of time thinking about how to be profitable. The margins in this industry are very small. I have very high standards for workers; I don't even hire smokers. We don't take breaks. We're driven by customers who take quality for granted and shop hard for the lowest cost. We don't have room for excuses. But many applicants sent by the JI show up in shorts, have their girlfriends fill out the application, take two hours to fill out the application, and lag ten steps behind me on the tour of the floor because they can't keep up with my pace. [When they start working], they carry their feelings on their shoulder, they get hurt very easily. But we have less and less time to do motivational work with them, telling them, say, that our standard is ten parts per hour, we expect eight, and then keeping a supervisor on him to make sure it happens.

This employer said he had conveyed his concerns to the intermediary a number of times and identified two areas in which the intermediary should improve. First, it should prepare job applicants better so they met his "first impression" standards: fill out their own applications quickly, walk briskly, and so on. Like many small employers, he looked for clues to a candidate's job worthiness in appearance and behavior. Second, the intermediary should better prepare and screen applicants so they met the firm's standards for entry-level work regarding quality and pace of production. The fact that his recommendations did not result in program changes convinced him he was wasting his time.

After most of the interviews were completed, questions were added to the remaining interviews to explore whether other employers, in other industries, shared this owner's sentiments. It appears that other employers use the same categories to screen potential employees—first impressions, actual work performance once on the job—but the details differ by industry. For example, the owner of a construction firm did not look for clean-living applicants (he'd hired many people with prison backgrounds), and production quality was less important ("we can always saw a new board if the first one isn't right"). For him, the bottom line was showing up on time, every day, in order to hear the supervisor's work instructions before work started.



Workforce intermediaries can learn several things from these employers:

- Provide good customer service by listening to—and responding to—employer concerns.
- Understand that different industries have different standards for judging applicants and evaluating new workers. Determine these standards and develop program components to address them, or program participants will suffer.
- Realize that employers view the JI and its participants through the lens of *risk*—the risk associated with hiring non-traditional workers and the ability of the intermediary to reduce that risk to an acceptable level—and address these concerns.

Employers worry that low-income individuals represent significant business risks, and they believe soft skills training can be a solution.

When employers talked about the risks posed by the JI's non-traditional workers, they generally used concepts and terms associated with soft skills. While definitions of “soft skills” vary somewhat, they always refer to “people skills” as opposed to technical skills; these include the ability to communicate, a willingness to learn on the job, and a knack for diagnosing and solving problems (Appelbaum, Bernhardt, and Murnane 2003). In the case of non-traditional workers, a related set of skills, often called job-readiness skills, is often considered part of soft skills. These include such basics as the ability to report for work regularly and on time and to take direction from a supervisor. Researchers have also pointed out that employers use the discourse of soft skills to deal indirectly with issues regarding race, issues that they rarely address head on. In other words, employers will rarely say that an applicant or worker is problematic on account of race, but they will often say that groups of applicants or workers that happen to come from certain racial groups have soft skill problems (Moss and Tilly 2001).

The practice and opinions of the JI employers in this research provide strong support for the contention that soft skills are essential for workplace success.⁵ Employers look for soft skills when hiring and firing. A large majority of the employers that participated in the survey

reported that they relied almost exclusively on screens to determine soft skills but make little or no attempt to assess “hard” skills. For example, many responding employers said they relied on factors such as “appearance” (83 percent) or “positive work attitude” (89 percent), while only 33 percent relied on test results or other specific skill indicators.

Comments from the employers we interviewed fleshed out responses to the survey. For example, according to an HR manager from a health care billing service:

With regard to welfare recipients and other non-traditional categories of workers, skill levels are not the major issue that keeps them from being hired or gets them fired. The biggest issue that we face with non-traditional workers is attendance. If an employee is consistently tardy or does not show up to work, then they are fired.

Another employer—the printing firm—focused on the “work ethic.” He had gotten to know JI participants through helping in a training class and then hiring two workers from the class:

The work ethic is particularly important in my firm's industry, where there are often rush jobs. Absenteeism can be a real issue during an attempt to fulfill a rush order—it throws off the schedule and costs the firm money. Consequently our position is “one and done”—miss one day of work and you're fired.

The firm hired two JI participants:

They presented supervisory challenges. They had different communications styles, dressed differently from the rest of the workforce, seemed hesitant to ask for help, seemed defensive about receiving supervisory feedback, seemed to frustrate easily, and had problems with punctuality and the ability to work scheduled overtime.

The owner of the in-bound call center described the soft skills needed for his firm. Beyond the basics (e.g., regular attendance), his industry's needs were quite different from printing and manufacturing.

A major hiring criterion is the ability to show up reliably for work and to work a full shift. The company is not willing to be flexible with hours of work.



[In addition] the work requires attention to detail, clerical accuracy, good listening skills, good people skills, versatility—there's no way to predict whether the next call [into the call center] is coming from a doctor's answering service or a catalogue sale.

Analysis of JI data bears out the employer input. Among all the interventions implemented by JI intermediaries, participation in soft skills training was the single most important predictor of retention in the first three months after placement in a job. This finding suggests that soft skills training was an effective way to prepare JI participants with limited prior work experience or work-related skills to achieve some initial retention success in the workplace (Abt Associates 2003).

Two puzzling issues arose from the interviews. First, the employers rarely mentioned technical skills in connection with hiring or retention—even though many of the JI participants referred to them had received technical training. One possibility is that the employers were quite satisfied with the technical skills of their JI workers. Second, many JI participants whose soft skills were criticized by employers had attended soft skills training prior to placement. In other words, soft skills training *per se* was not a complete solution to employers' concerns.

That said, such attention to soft skills led two employers to say they were fully satisfied with their JI intermediary and participants—and both of them placed a very high value on soft skills. Both employers attributed much of their satisfaction with their JI employees' soft skills to internships. The internship is a final stage in a supported training process that provides participants with a transition period between classroom and the job. There is a chance to practice skills learned in a classroom, such as taking direction from a supervisor. Extra help from program staff is available when difficulties occur, and employers tend to be more indulgent than they would be of a permanent hire.

As one satisfied employer, with about 250 applicants for every job opening, put it:

Through the internship, we get to know the interns and their skills, so we can recommend them for other employment opportunities. The internships give the [JI] participants an advantage; it makes them far more competitive for job openings [here] because

they're a known quantity. This is key, given the current competition for job openings here.

Recent evidence from Harry Holzer (2004) supports advice from these employers to incorporate real work experience into soft skills training. He found that people who got their first job(s) through a temporary agency showed surprising earnings gains. Holzer concludes that the temp jobs may have helped these workers gain early work experience or improved their access to higher-wage employers. The sequential sorting process of temporary placements is similar enough to that of internships to suggest that workforce intermediaries consider implementing one or the other.

It should be noted that employers often recognize that failures apparently related to soft skills are not the fault of the workers but instead the product of inadequate public services and supports. An “inability to show up for work on time” is often the consequence of inadequate public transportation, a failing automobile, unreliable child care, or myriad other social ills. Many employers we interviewed recognized this, but at the same time, they believed that social reform was beyond their corporate role.

One employer said:

In my opinion, most welfare reform programs are . . . sending people out to work before they are ready, while they still have child care and transportation problems that will cause them to fail at work. This winds up irritating employers like me, who become reluctant to hire from this source.

An employer whose firm is located in an industrial park, a 25-minute drive from the city, reported:

Transportation from the city is a problem for all the companies in the park, since it doesn't accommodate overtime or second shifts. Only two buses a day connect the park to downtown.

Another firm, which manages home health aides, said its only requirement for hire is a two-day training session:

This training is a primary screen; 50 percent don't complete it. We screen for the ability to travel from the employee's house to the patient's house—public transportation does not meet the need.

A few firms tried to help their low-income employees address such barriers to successful employment. One lobbied the local bus company to add lines from the city to its suburban location and the rail line to reduce its rates for low-income riders. When this proved unsuccessful, the firm subsidized train tickets for its low-income workers.

In the end, though, workforce intermediaries cannot count on the ability or willingness of for-profit firms to compensate for inadequate social investments. Accordingly, firms expect intermediaries like the JI sites to screen out applicants who do not have the means to support a regular working life, instead of leaving the screening up to the employer.

Technical skills are essential for longer-term retention and advancement.

Our research with employers supports the common-sense perception that training in technical skills is essential for low-income people, but it also suggests that the impact of such training does not become evident until six months or so into the new job. That is, soft skills seem to be what count for surviving the first few months on the job; technical skills are essential in order to stay on the job and advance. Analysis of JI participant data bears out what employers say: technical skill training was the main predictor of longer-term retention (at the 12-month point) for JI participants. In other words, participants whose JI services included technical skills training were the most likely to stay on the job for at least 12 months (Abt Associates 2003).

That many employers consider higher skills to be a prerequisite for jobs with higher wages or more responsibility is not surprising, but few U.S. employers invest in developing the skills of the entry-level workforce. The JI employers in this research did better than the norm: 41 percent of them reported in the survey that they provided advancement-related supports, such as skills training, skills certification, access to continuing education, and supervisor/mentor training.⁶ The comparable proportion nationally is about 15 percent of employers (Center for Workforce Success 2001, Abt Associates 2003). Interestingly, JI employers who provided skills training were also more likely to report that they promoted from within.

Some employers we interviewed recognized that enhanced technical skills are essential for advancement, and they created internal processes by which employees could acquire the required skills. One firm developed “career maps” for all entry-level positions and designed job sequences so that employees could, in their current jobs, improve the skills they will need at the next level (e.g., move from 4,500 keystrokes per hour to 6,000 keystrokes). Another firm reported having career-ladder opportunities for most entry-level positions; after six months, it promoted employees who could demonstrate competency in key tasks, as evaluated by supervisors. Another firm worked closely with its JI intermediary to develop a new job classification that brings in inner-city residents and to train residents for those jobs. A senior manager said, “We believe that skill training is the key to building acceptance for the new workforce—their lack of skills makes them targets for harassment” from longer-time workers.

A large number of JI employers implemented practices to support their entry-level workers.

While employers in a given region and industry face similar competitive pressures—which could, as some economists have suggested, push them to adopt similar labor policies and practices—firms actually respond in quite varied ways. Some maintain traditional practices for organizing work, while others seek new ways to increase the skills and authority of entry-level workers. Dan Luria has proposed the categories of “high road” and “low road” to describe the extremes in firm policy and practice, and he has undertaken significant data collection and analysis to determine the return on investment for high road policies (Luria, Rogers, and Dziczek 2003).

Others have investigated firms’ practices vis-à-vis low-wage workers in a variety of industries and identified a number of factors—from union pressure to business climate—that affect firms’ decisions (Appelbaum, Bernhardt, and Murnane 2003). And the Initiative for a Competitive Inner City has hypothesized that leading inner-city firms (the “Inc. 100”) would innovate firm policies to attract and retain high quality employees. Research conducted jointly by JFF and ICIC with 22 inner-city firms identified many such practices.⁷

This variation has implications for workforce intermediaries. It would seem intuitively compelling to place low-

income participants with employers whose practices are “better,” but what does better mean in terms of employer practices? Do better practices actually benefit low-income workers in measurable ways (e.g., retention)? How do intermediaries determine which employers provide better practices, beyond easily ascertainable practices such as entry-level wages?

This research took two approaches to learning more about the practices of the firms that hired JI participants: a written survey and face-to-face interviews.

The written survey inquired about recruitment, screening, hiring, benefits, training, and promotional policies for entry-level workers with low skills; it provided rich detail into the practices of better-than-average firms. The survey also inquired whether certain practices had been implemented to attract and retain workers during the tight labor markets of the late 1990s, and whether such practices had been maintained during the weaker economy of the past several years. Of the responding employers, 95 percent provided the most coveted of traditional benefits, health care; 92 percent provided paid vacation, and 87 percent dental and life insurance. In addition, a high proportion of employers provided non-traditional benefits: 73 percent had an employee assistance program, 22 percent provided support for commuting, 19 percent made loans or cash advances available, 18 percent made case managers or other advisors available, and 5 percent provided support for child care.

The face-to-face interviews provided a fuller picture of how various practices came together to form coherent policy in certain firms. For example, a suburban firm that does health care billing had hired a large number of central-city workers during a period of rapid expansion in the late 1990s. First, using more than \$500,000 in public workforce development funds and other funding, it developed a comprehensive set of curricula and programs to train these new workers, many of whom had no prior billing experience. Realizing that many of the new employees faced challenges commuting to the suburbs and arranging child care, it established subsidies for public transportation and an in-house day care center. When it realized that the subsidized center was still beyond the means of many employees, the firm then created an in-house service to help those employees apply for public day care subsidies.

In addition, the firm designed career maps for all employees that started with the entry-level position (paying \$8 per hour) and then identified all related promotional opportunities and the skill requirements for each. New entry-level employees stay in their initial position for six months. All job openings are posted internally. Employees who have performed satisfactorily for six months are eligible for consideration, based on their skill level match with the requirements of the position.

According to a manager at the company:

Say that the entry-level employee had only 4,500 data entry keystrokes when hired, and now wants to apply for a job in the insurance verification department, which requires 6,000 keystrokes. At the initial hiring, we placed the employee in a department where they had to do some data entry but did not have to be as fast as 6,000 keystrokes. This was done to give the employee time to improve their skills and build their confidence and comfort level within the company. After six months, the employee can apply to the new department, and will usually be promoted.

Because the JI maintained outcome data on participants hired into these firms, it was possible to assess the impact of certain practices. While the samples for these analyses were too small to draw definitive conclusions, one finding is particularly intriguing: *Employer-provided supports that help workers with immediate needs seem to have a higher positive effect on first-year retention than traditional HR benefits such as health insurance.*

We also found a positive correlation of retention with employer-provided, non-traditional supports such as transportation, case management, and flex-time/job sharing. Unexpectedly, there was no correlation between retention and traditional benefits.

We can speculate why this might be, drawing on evidence from the employer interviews. For new employees at the mercy of minimally functional transportation, child care, and other key systems, it is easy to see how employer assistance targeted to those areas could improve employee retention. Some traditional benefits might be much less influential on first-year retention. For example, the impact of health care insurance might not be evident in the first year, given that coverage often does not take



effect until well into an employee's tenure and requires significant financial outlays.

It is worth noting that most employers in the survey reported serious concerns regarding high turnover among entry-level employees, but very few attempted to measure its business cost or use turnover rates in performance assessments of managers or supervisors. However, those employers that did measure the costs offered more extensive benefits aimed at reducing turnover.

Two factors, acting in combination, shaped firms' development of supportive practices: a desire to benefit the larger community by hiring people who needed help and recognition that business imperatives constrained the extent of the support they could provide.

Understanding why some employers make efforts to support their entry-level workers and others do not has important implications for workforce intermediaries. Such an understanding can help intermediaries locate "good" employers: those whose practices support low-income workers, and, perhaps, those open to working with intermediaries to improve their practices for entry-level workers.

Through the face-to-face interviews, we probed what influenced employers to improve their human resources practices around entry-level workers. In the interviews, we talked with the individuals (one or two per firm) identified by the JI intermediaries as their primary contacts. Approximately two-thirds of the interviewees were senior or mid-level operational managers and the others were human resources managers. All clearly had the authority to influence the range of practices they discussed with us.

In face-to-face interviews, managers from all of the firms described a commitment to civic values that underlay and motivated their work with the Jobs Initiative to hire low-income workers. All of the employers we interviewed said that a desire to help the community beyond their firm was a reason—often a primary reason—they partnered with the JI to hire non-traditional workers.

One firm, for example, described itself as aspiring to be a leader in corporate responsibility. A senior HR manager in another firm said:

It was the Jobs Initiative's mission—linking low-income people to living-wage jobs—that got me going. It's a way for [the firm] to do something good for the community. . . . We have to be involved, increase the diversity of the workforce, and give back to the public. This is especially important because we receive public funding.

One operations manager said his firm's CEO "is active in many community service organizations," including one that sits on the board of the local JI intermediary. This influenced the CEO to seek ways to recruit and hire workers from the inner city, a value that he instilled in his senior managers, encouraging them to seek creative ways to bring such people into the firm's workforce. At another firm, the owner said that he "fundamentally believes in the JI's mission." He became friends with the local JI director, who convinced him that the background of many inner-city residents was similar to his own: they were young men with hopes and ambitions, but they lacked access to opportunity. As a result, he made a deal with the Jobs Initiative. It would identify and prepare people who were committed to changing their lives and demonstrating it through their actions, and he would provide them with employment opportunities.⁸

Nevertheless, all of the employers emphasized that business considerations—the bottom line—were as important as civic commitment. For example, the HR manager who said that it was the JI mission that "got [her] going," noted that the fact that the JI "meets a business need" was equally important. The internship is a source of free labor and also a way to match the interns' skills to internal requirements.

In some cases, the JI intermediary's primary contribution to the bottom line was to reduce to acceptable levels the risk associated with hiring JI participants. In a number of cases, though, the intermediary provided additional value. In one firm where the intermediary provided supervisor training, "It taught [us] ways to accommodate differences, problem solve, coach rather than criticize, and listening techniques to defuse frustrating situations." The supervisors at this firm liked the training so much they requested ongoing follow-up sessions.

A large hotel that is part of an international chain became involved with the JI intermediary when it realized it had a problem:



Turnover was high, especially among the limited English speaking [employees] who couldn't communicate with either their managers or more experienced employees. There was a growing sense of "us" and "them" among the Associates that was affecting productivity.

The JI helped the hotel obtain public funding for several cycles of ESL and to institute a mentoring program for employees, both of which helped reduce tensions.

Employers appreciated the JI intermediaries because they addressed these firms' desire to contribute to their communities and the need to meet business bottom lines. As a result, the intermediaries could influence many of these employers to make substantial changes in their practices that benefited entry-level workers.

Good intermediaries can have a significant influence on firms. Eleven of the twelve employers we interviewed adopted at least two new practices each that benefited

entry-level workers in response to advice from their JI intermediary; several employers made four or five changes (see Table 2).

Employers valued the advice of trusted intermediaries on how they could strengthen or expand their supportive practices.

An intermediary's ability to influence employer practices flowed directly from good "customer service" practices: the willingness to listen and respond to employers' articulated needs. For example, one firm had attempted to work with several institutions to recruit and train new sources of workers, but these efforts had stalled out due to lack of responsiveness of the part of the institutions. The JI intermediary, however, "listened well, spoke the industry language, and understood the technology." As a result, the firm collaborated with the JI intermediary to sponsor short-term training; it hired inner-city workers from those classes; and, through the intermediary, it

Table 2. Changes in Human Resources Practices in Jobs Initiative Firms

Firm	Industry	Changed Practices
1	Billing services (health care)	Subsidized rail commuter costs for employees Subsidized day care on site and provided service to connect TANF-eligible employees to publicly subsidized day care Developed a systematic internal advancement ladder Piloted low-skill employees with skill training in health care coding to support advancement
2	Printing	Participated in the design of and donated senior operator's time to teach entry-level class for Jobs Initiative participants Sent seven employees to the Jobs Initiative's supervisor training
3	Health insurance (in-bound call center)	Collaborated with the Jobs Initiative to develop and implement training and internship program for JI participants Adjusted hiring requirements for Jobs Initiative participants to focus more on potential than on actual skill levels Implemented a number of programs that increased retention incentives (e.g., alternative work arrangements, recognition programs, CQ certificates, pay increases)
4	Manufacturing/machine	CEO/owner sat on the board of the Jobs Initiative intermediary and participated on the committee targeted to his sector
5	Utilities	Implemented Jobs Initiative mentoring program Participated in union steering committee to develop a pre-apprenticeship training certificate and related skill standards Worked with the Jobs Initiative intermediary to obtain public funding to train inner-city residents for new job classification Implemented a new job classification and related recruiting practices
6	Hotel	Implemented Jobs Initiative mentoring program With Jobs Initiative assistance, obtained public funds for ESL training for room attendants Implemented a "program leadership team" to manage the mentoring program and related issues

trained supervisors on working effectively with those new employees. It also recommended the JI to other firms in the industry.

A large firm in another industry said that, because the JI intermediary was willing to work with it to customize training, it added an internship program for JI applicants. It also made supervisors available to provide input to the training curriculum. It adjusted its standards for JI applicants, focusing on potential rather than demonstration of technical skills.

A third firm, in yet a different industry, found the JI intermediary so helpful that it developed a new job classification to bring inner-city workers into the firm, established a training program to prepare them for their jobs, and implemented a mentoring program to help them gain acceptance with more senior workers.

Intervention by a skilled intermediary was essential to prompting changes in employer practices, but a certain civic predisposition on the employer's part was necessary as well, making the firm responsive to the intermediary's overtures.

None of the employers we interviewed said that a JI intermediary had converted it to a position of civic commitment.

Rather, the firm (or individuals in it) held certain values that effective JI intermediaries recognized and leveraged into substantial investments of time and financial resources on behalf of low-income JI participants. But a further question remains to be answered: can effective intermediaries persuade firms to change their attitudes and their practices to benefit low-income workers?

Table 2. continued

Firm	Industry	Changed Practices
7	Manufacturing	Worked with a local service agency to develop a customized ESL curriculum for the firm's non-English speaking employees Worked with the Jobs Initiative intermediary to develop and implement (with public funds) a general skills upgrading program for employees (the firm had invested in high-tech equipment that employees couldn't use) Implemented a "program leadership team" to oversee programs developed in collaboration with the Jobs Initiative intermediary Implemented agreement to hire exclusively through the Jobs Initiative intermediary
8	Medical research	Altered hiring practices to include recruiting from the Jobs Initiative, even though the firm usually has multiple applicants for positions and does not need to recruit Planned and implemented a customized training and internship program
9	Home health care services	Used Jobs Initiative follow-up support services to increase employee retention Implemented many innovative approaches to recruiting and retaining employees—in a high-turnover field—although these were not developed in connection with the Jobs Initiative intermediary
10	Construction	Sat on the board of the Jobs Initiative intermediary Participated in the planning team to open industry to Jobs Initiative participants Lent personal and firm credibility to process for recruiting additional employers in the industry and hiring Jobs Initiative participants
11	Telemarketing	Adapted organization of work to create a structure for an on-site Jobs Initiative retention specialist Implemented Jobs Initiative supervisor training
12	Restaurants/ fast food	Collaborated with the Jobs Initiative intermediary to implement a needs assessment of the firm (e.g., high turnover) Implemented diversity training for managers at the recommendation of the Jobs Initiative intermediary Worked with the Jobs Initiative intermediary to implement follow-up recommendations from the training

Conclusion

As the Jobs Initiative comes to a close, a number of important lessons can be drawn from the experience of JI intermediaries' efforts to engage employers in hiring and supporting low-income workers. These lessons fall into two categories: lessons for workforce intermediaries and lessons for policymakers.

Recommendations for Workforce Intermediaries

Employers need reliable workforce partners that bring credibility and a willingness to build deep relationships that meet employers' changing needs.

In the past decade, the language of employer engagement has taken hold throughout the field of workforce development. Nevertheless, given the vital role of employers in improving the hiring and retention prospects of low-income workers, it is surprising how many workforce providers still engage employers primarily through passive structures, such as advisory panels, or continue to operate with the job seeker as their primary or even sole customer. Early in the Jobs Initiative, several sites recognized the need to identify and engage committed employers based on both bottom-line and community benefit motivations. These sites implemented innovative employer engagement strategies that went well beyond advisory committees to establish deep, long-lasting relationships.

Several JI sites developed sophisticated sectoral approaches that allowed them to develop deep knowledge of employer needs, build credible relationships, and provide services targeted to particular employers' needs. For example, both the Seattle and the Milwaukee Jobs Initiatives built their structures around targeted sectors—each engaged liaisons to targeted sectors, such as manufacturing and printing, that had employment backgrounds in those industries. These liaisons won employers' confidence because they “spoke their language.” But the intermediaries' efforts didn't stop there; instead, they strengthened these relationships by listening carefully and responding to employers' needs. The Wisconsin Regional Training Partnership, a major partner of the Milwaukee Jobs Initiative, developed a more intensive relationship through its membership structure—manufacturing firms committed to workforce training—leveraging employer commitment to open up new employment and advancement opportunities for inner-city residents.

A number of employer associations functioning as workforce intermediaries have undertaken this type of membership model very effectively. For example, the Greater Cleveland Growth Association, the Connecticut Business and Industry Association, and the Brooklyn Chamber of Commerce are just a few intermediaries associated with Workforce Innovation Networks—WINs—that have built a set of workforce delivery services out of organizations with long-standing employer membership and membership services.

One additional JI innovation in employer engagement worth noting is the leveraging of a unique business relationship with companies utilized by the Philadelphia Jobs Initiative. The PJI, which is housed within a community loan fund—The Reinvestment Fund—takes advantage of the fund's lender/investor relationship with firms: it builds encouragement for innovative hiring, retention, and advancement practices for low-income workers into the terms of the loan/investment.

Employers value workforce partners that treat them as business customers, providing responsive solutions tailored to their specific business requirements.

Although the term “dual-customer” may be overused in the workforce field, our research suggested that the degree to which an intermediary takes seriously the customer relationship with employers relates directly to continued employer engagement and investment in the hiring and retention of low-income workers. For many intermediaries, providing customer-oriented services to employers often requires an organizational culture shift, particularly in those organizations whose primary experience has been serving low-income individuals. Those employers who saw the most important role for the Jobs Initiative to be reducing their risk expected intermediaries to be highly responsive and to resolve employee problems immediately. They wanted the intermediary to make appropriate hiring referrals and interventions to support retention, based on a keen understanding of the employer's unique industry and company culture.

In addition to JI sites that developed highly responsive employer service models—the Seattle Jobs Initiative and WRTIP, for example—several intermediaries outside the initiative have demonstrated innovation and leadership in this area:



- San Francisco Works, affiliated with the Chamber of Commerce, worked closely with that city’s legal industry to structure several placement and career advancement initiatives. As SFWorks designed these career ladder models, it involved employers extensively, regularly refined the models to respond to employer needs, and paid continuing attention to employer-employee dynamics for program participants.
- The Boston Health Career Training Institute, an industry-wide career advancement model, serves ten major health care employers in Boston’s Longwood Medical Area, providing entry-level placement, career advancement, career coaching, and managerial training for the participating hospitals and their employees. The institute delivers much of the training at the workplace and customizes it to meet employer requirements, sometimes for one employer and sometimes for several with shared needs.
- WorkSource Partners, a private, for-profit vendor of career management services for entry-level health care employees, started out as a non-profit sourcing firm, but it now combines a unique, highly customer focused set of services ranging from career coaching, to supervisory training, to structuring postsecondary educational services.

All three of these organizations have invested substantially in creating staffing structures, services, and business cultures that place the employer at the center of their organizational focus.

Employers often require services both to upgrade the skills of their existing employees and to ensure a good pipeline of new employees. Workforce partners need to provide both.

While the Jobs Initiative focused primarily on the mission of securing good jobs for unemployed people, a major lesson has been that even good entry-level jobs often don’t suffice to support families well. As Roberta Iversen found in her ethnographic studies of Jobs Initiative families, “[R]egardless of what labor market disadvantage parents suffered before Jobs Initiative enrollment—be it welfare receipt, immigrant or political refugee status, former incarceration, former substance abuse, depression, racism, or not enough education—reaching a family-supporting income was many years away” (Iversen 2001).

As a result, the Foundation has expanded its attention to include “Advancement II”—structures and policies that help currently employed workers with low incomes to increase pay and benefits through skill training and other supports. The Casey Foundation isn’t alone. Several years ago, the Ford Foundation, for example, launched the “Bridges to Opportunity” initiative that is dedicated to promoting career paths for low-wage workers in five states.

Perhaps surprisingly, employers’ interests and the policies of many states converge with the Advancement II goal. That is because employers in a number of industries are finding that the skill needs of their current workers aren’t sufficiently competitive in this global economy. Health care is the most obvious example. In just about every area of the United States, exploding demand for health care services—as the population ages and technology becomes increasingly sophisticated—is outstripping the supply of trained workers. Hospitals and long-term care centers have become significant investors in training and other supports for current and would-be workers, and governments are helping out in many instances. An example comes from Tacoma/Pierce County, Washington, where local community colleges, major health care employers, and the public workforce development system are collaborating to build a full career ladder for regional residents. This effort provides training in all the necessary skills, beginning with the literacy needed to be an entry-level nurse’s aide through the education to become a four-year registered nurse.

Health care isn’t the only interested sector. In many manufacturing areas, for example, firms are realizing that the skills of their staff are no longer adequate to maintain the expensive, high-tech equipment they have invested in. The old model—where a firm kept an electrician and a welder, say, on staff—no longer works; maintaining the new machines requires a strong grasp of a number of fields, such as fluid mechanics, advanced electricity, and machine controls. In a number of places, the desire of governments to retain such firms in the local economy converges with the firms’ need to upgrade their staffs. One example is western Kentucky, where Unilever and other major firms are working with Owensboro Community and Technical College to create a career path that starts with literacy remediation and leads to a

four-year degree in applied technology at Western Kentucky University.

As workforce intermediaries mature, they will need to develop innovative ways to create “pipelines” that develop a full range of the workers needed by regional employers. Such pipelines will genuinely serve the needs of their two customers—employers, for employees at a variety of skill levels, and low-wage workers, for assistance in moving up through the pipeline.

Employers need and will use information and incentives to upgrade their human resources practices for low-income workers.

Although many employers hold their internal human resources policies and practices close to the vest, the experience of several JI sites and other workforce intermediaries suggests that employers may be quite open to receiving information and resources in support of changes in their human resources practices that make it easier to retain and advance lower-skilled, lower-income workers. The Philadelphia and Milwaukee JI sites both focused substantial attention on introducing and supporting innovative human resources practices. The PJI did this in parallel with loan and other investment agreements made with their portfolio companies. The MJI achieved it through its close working relationships with organized employers, especially in manufacturing and printing.

An illuminating example of building on strong employer relationships to introduce new human resources practices—and to make the bonds even stronger—is the Retention and Advancement Project of the National Association of Manufacturers, an effort associated with the WINs initiative. The theory behind RAD is that an intermediary based in an employer association can utilize the existing human resources services infrastructure of its parent organization to introduce HR services specifically targeted to lower-income, lower-skilled employees. In the most successful RAD pilot, the Connecticut Business and Industry Association worked closely with more than a dozen firms to assess their human resources needs and introduce programs ranging from English as a Second Language to financial literacy skills (Whiting 2005). In addition, the Initiative for a Competitive Inner City and Jobs for the Future have documented a number of other examples in which intermediaries have provided innova-

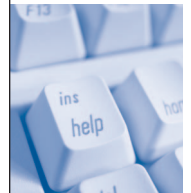
tive HR services for inner-city companies; these are disseminated to employers and the workforce development field through a Web site: www.WorkforceAdvantage.org.

Recommendations for Policymakers

JFF’s research demonstrated the value provided by JI intermediaries, both for employers and their employees. Other field research has shown that workforce intermediaries provide value (PEERS 2003, Giloth 2004, Rubin 2004), yet workforce intermediaries, for the most part, face enormous challenges in effectively serving employers and low-income individuals. These challenges include unpredictable financing, unsupportive public policies, and limited capacity. That said, several federal and state policy initiatives reflect a recognition of the value of workforce intermediaries as a complement to the services provided by publicly funded workforce development systems.

A number of states, in particular, have funded the creation and expansion of workforce intermediaries in order to perform a variety of functions—from organizing regional labor markets, to partnering with higher education to create curricula and provide training, to coordinating across various state agencies to minimize duplication of effort and maximize the efficiency of scarce training dollars. JFF’s research into the Jobs Initiative’s efforts to engage employers in serving low-income workers suggests that these early state efforts should be strongly promoted and replicated.

In one promising example, the Pennsylvania Department of Workforce Development’s Division of Labor and Industry, under the leadership of Governor Edward Rendell, recently allocated approximately \$5 million to create an Incumbent Worker Training Fund to finance industry-based intermediaries throughout the state. The money comes from a combination of WIA funds, economic development funds, and state appropriations. In other examples, Washington State provides intermediary support resources through its “Skills Panels” program; Massachusetts supports regional, industry-led intermediaries through its Building Essential Skills through Training program; and Michigan, with support from the Charles Stewart Mott Foundation, is funding regional skills panels that are taking on key intermediary functions.



At the federal level, the U.S. Department of Labor, through a series of demonstration projects, most recently the High Growth Initiative, has occasionally offered one-time grants that support workforce intermediaries. In the current consideration of the reauthorization of the Workforce Investment Act, language has been proposed that would promote the use of WIA funds to support workforce intermediaries.

A logical next step would be to create a federal match for the types of state efforts described above. Such a match could come from several sources, including WIA, Department of Labor discretionary funds, or new appropriations specifically targeted for matching state efforts to support workforce intermediaries.



Finally, effective workforce intermediaries functioning in regional labor markets can help organize a wide array of financing sources and service delivery options and deploy them in ways that make sense to employers. Several regional efforts that blend philanthropic funding with public funding are getting underway to support regional intermediaries in key industries. Coming out of the American Assembly on Workforce Intermediaries, several national foundations have provided support to five city-wide efforts (Boston, Baltimore, New York City, San Francisco, and Austin) and one statewide effort (Pennsylvania). Additional foundation, corporate, and federal investments would allow regional projects like these to grow, thereby leveraging local private and public resources in support of workforce intermediaries that effectively engage employers in efforts to benefit low-income job seekers.

Appendix

The Research Design

A two-pronged research design was deployed to collect data for this paper.

Extensive telephone-based survey of employers who had hired at least 10 Jobs Initiative participants as of March 2001

The Annie E. Casey Foundation asked Jobs for the Future and Abt Associates to survey firms that had hired individuals referred by Jobs Initiative sites in entry-level positions. The purpose was to document employer experiences with the entry-level workforce, especially as it related to the economic cycles of the mid-1990s through the present. In part, the survey sought to determine the hiring criteria and incentives offered by firms for entry-level workers. The survey also sought to find out what adaptations (if any) employers made to attract and keep workers during a time when, in general, jobs were more plentiful and qualified workers more scarce, and whether the companies made further changes in their hiring and benefits policies once the economic down-turn occurred. The questionnaire was designed by JFF, in consultation with Abt Associates, based in part on JFF's experience with the Initiative for a Competitive Inner City and the WINs program. The survey was administered by Abt Associates during September and October 2002. The process of locating firms for the survey revealed more volatility than expected.

Of the 85 employers that met the original criteria, only 54 qualified for participation in the survey; the remaining 31 could not be located, refused to participate (for example, some firms had been acquired by new owners), or the personnel able to address the issues in the survey had left the firm.

In-depth in-person interviews with selected employers

The process of locating employers for the survey convinced us that it would yield little information about customer satisfaction: few of the firms/respondents that we reached had first-hand knowledge of the Jobs Initiative. Therefore, we asked JI site directors to nominate employers for the face-to-face interviews. We interviewed 12 employers between fall 2002 and 2004. They were located in Denver, Milwaukee, New Orleans, Philadelphia, Seattle, and St. Louis, and represented diverse industries: construction, precision machining, printing, hospitality, fast food, manufacturing, long-term health care, back office services for the financial industry, medical research, utilities, and in-bound call centers. Each interview was with one or two individuals identified by the JI intermediary as their primary contacts. Around two-thirds were senior or mid-level operational managers and the others were human resources managers. They had the authority to influence the range of practices they discussed with us, although the range of authority differed somewhat for operations and HR. For example, operations managers influenced the organization/reorganization of an assembly line and the creation of a new entry-level job position, while HR managers influenced standards for hiring and promotion. However, there was no way to determine whether the motivations they described represented those of the entire firm or, indeed, what might be meant by a firm's motivations.

References

- Abt Associates. 2003. *Breaking Through: Overcoming Barriers to Family-Sustaining Employment*. Cambridge, MA: Abt Associates, Inc.
- Appelbaum, Eileen, Annette Bernhardt, and Richard J. Murnane, eds. 2003. *Low-Wage America: How Employers are Reshaping Opportunity in the Workplace*. New York, NY: Russell Sage Foundation.
- Center for Workforce Success. 2001. "Results of Workforce Development Survey of NAM Associations Council." Washington, DC: National Association of Manufacturers.
- GAO. 1996. *Job Training Partnership Act: Long-Term Earnings and Employment Outcomes*. Washington, DC: U.S. General Accounting Office.
- Giloth, Robert, ed. 2004. *Workforce Intermediaries for the Twenty-First Century*. Philadelphia, PA: Temple University Press.
- Harrison, Bennett. 1998. *Workforce Development Networks, Community-Based Organizations and Regional Alliances*. New York, NY: Russell Sage Foundation.
- Holzer, Harry J. 2004. *Encouraging Job Advancement Among Low-Wage Workers: A New Approach*. Washington, DC: Brookings Institution Policy Brief, May.
- Iversen, Roberta Rehner. 2002. "Moving Up is a Steep Climb: Parents' Work and Children's Welfare in the Annie E. Casey Foundation's Jobs Initiative." Available at: www.aecf.org/publications/data/climb.pdf.
- Kazis, Richard. 1999. *New Labor Market Intermediaries: What's Driving Them? Where Are They Headed?* Boston, MA: Jobs for the Future.
- Kazis, Richard, Jerry Rubin, and Heath Prince. 2003. *Employer Use of the Publicly Funded Workforce Development System: Perceptions of What's Working and What's Not, and Recommendations for Improvement*. Boston, MA: Jobs for the Future for Workforce Innovation Networks—WINs.
- Luria, Dan, Joel Rogers, and Kristin Dziczek. 2003. *Preserving Region-Loyal Production in Global Markets: The U.S. Manufacturing Crisis and Some Prescriptions for Addressing It*. Madison, WI: Center on Wisconsin Strategy.
- Moss, Philip and Chris Tilly. 2001. *Stories Employers Tell: Race, Skill and Hiring in America*, New York, NY: Russell Sage Foundation.
- PEERS. 2003. *Workforce Intermediaries: Generating Benefits for Employers and Workers*. n.p.: Partnership for Employer-Employee Responsive Systems.
- Poppe, Nan, Julie Strawn and Karin Martinson. 2004. "Whose Job Is It? Creating Opportunity for Advancement." In Robert Giloth, ed. *Workforce Intermediaries for the Twenty-First Century*.
- Rubin, Jerry. 2004. *The Next Challenge: Advancing Low-Skilled, Low-Wage Workers*. Boston: Jobs for the Future.

Endnotes

- ¹ See the Appendix for a fuller description of the research methodology.
- ² Employers in the survey group may also have fit this category, but there is no way to tell from the survey responses. We did not use the term "high road" to describe these employers because their distinguishing characteristics do not fit commonly accepted definitions of high road (e.g., cross training, the use of self-managing work teams, other worker participation techniques). Furthermore, there is no evidence suggesting that "high-road" employers are more open to hiring non-traditional workers (whom they likely perceive as business liabilities).
- ³ See also: Kazis (1999).
- ⁴ The foundation established a 12-month benchmark for retention, which is the longest in the field. However, this entailed a considerable lag between program startup and the arrival of pertinent data—one year plus the additional months needed to collect and analyze the data.
- ⁵ The interviews with JI employers provide indirect support for Moss and Tilly's theses regarding race and skill; all the employers we interviewed asserted that race/ethnicity was not a factor in hiring or other decision, but we knew through our familiarity with the Jobs Initiative that many or most of the "non-traditional" workers these employers referred to were racially or ethnically different from the "traditional" workforce.
- ⁶ Analysis of participant data showed that having access to a mentor was associated with improved retention rates for participants, even those with multiple barriers to employment (Abt Associates 2003).
- ⁷ See www.WorkforceAdvantage.org, where the practices are organized under 18 categories (e.g., recruitment, internal advancement).
- ⁸ Our sense from the employers we interviewed is that firms with a civic commitment could be divided into groups, based on their ability to be selective when hiring people for an entry-level workforce. Firms that were less selective were motivated to hire, and subsequently support, some JI participants with higher risk characteristics than their existing workforces. Employers in less selective operations sought intermediaries' help in screening new hires and in upgrading/supporting existing workforces. A firm's ability to pick and choose people for its entry-level workforce varies considerably by sector. Financial services firms, for example, can be much more selective than, say, fast-food employers.

About the Authors

JERRY RUBIN is Vice President, Building Economic Opportunity, at Jobs for the Future. He has more than 20 years of experience designing and implementing economic development and workforce training initiatives for low-wage workers, low-income individuals and families, municipal and state governments, and private industry. Prior to joining JFF, Mr. Rubin founded and was President of the Greater Boston Manufacturing Partnership, which provided manufacturing improvement consulting and workforce training solutions for small and mid-sized manufacturers and their employees. Mr. Rubin also served as Chief of Staff and Director of Policy and Planning for the Economic Development and Industrial Corporation of Boston, the city agency for economic development and workforce training. Mr. Rubin is author and co-author of numerous book chapters, articles, and op-eds on workforce and economic development issues.

JUDITH COMBES TAYLOR is a program director at Jobs for the Future. Dr. Taylor combines academic experience and training in research techniques with 25 years of experience in education and employment and training. At JFF, she manages the Breaking Through Initiative, a collaboration with the National Council for Workforce Education and funded by the C. S. Mott Foundation. She also manages JFF's work with the Annie E. Casey Foundation's Jobs and Making Connections initiatives and JFF's growing interest in the career advancement of adults with low literacy/English proficiency. Dr. Taylor is the author or coauthor of a number of JFF publications, including *Breaking Through: Helping Low-Skilled Adults Enter and Succeed in College and Careers*, *Engaging Employers to Benefit Low-Income Job Seekers: Lessons from the Jobs Initiative*; and *Systems Reform in the Jobs Initiative: Lessons from Using the Framework for Labor Market Systems Reform*. She was principal investigator for *Fair Cities: Employer-Led Efforts that Produce Results for Ethnic Minorities*.

Acknowledgements

This report would not have been possible without the gracious support we received from the directors of the Annie E. Casey Foundation Jobs Initiative sites and the Jobs Initiative employers who gave us their time and ideas. Scott Hebert and Anne St. George of Abt Associates supervised the fielding of the telephone survey and provided analysis of the results. Geri Scott, Orson Watson, and Bob Watrus interviewed a number of employers and helped us analyze the results. Marlene Seltzer and Richard Kazis reviewed and improved a number of drafts of this report. Robert Giloth and Susan Gewirtz of the Annie E. Casey Foundation provided strong support for undertaking this research and expert advice in addition to the Foundation's financial support.



JOBS FOR THE FUTURE seeks to accelerate the educational and economic advancement of youths and adults struggling in today's economy. Jobs for the Future partners with leaders in education, business, government, and communities around the nation in order to: strengthen opportunities for youth to succeed in postsecondary learning and high-skill careers; increase opportunities for low-income individuals to move into family-supporting careers; and meet the growing economic demand for knowledgeable and skilled workers.



Jobs for the Future
88 Broad Street
Boston, MA 02110
617.728.4446
www.jff.org