

CENTER FOR WORKFORCE PREPARATION

The Center for Workforce Preparation (CWP) is a nonprofit affiliate of the U.S. Chamber of Commerce that focuses on workforce development and quality education issues. It develops workforce strategies for businesses, chambers of commerce, and communities to hire, train, retain, and advance skilled workers in the 21st century. CWP strengthens the leadership role of chambers and businesses in their communities to create market-driven workforce development systems and to connect the resources available to support this effort.

CWP's partnerships with local chambers, other workforce development organizations, and funders have been instrumental in defining and demonstrating the important role of local chambers in workforce development and education. Together, CWP and local chambers excel at reaching small and medium-size businesses, where the majority of job growth occurs.

Workforce development is about more than hiring and training the right workers. It is about identifying and addressing other critical factors such as transportation, health care, and child care that enable people to work and advance in their careers. CWP promotes lessons and promising practices from successful communities to encourage chambers and employers to build resources that support productive workplaces.

THIS PUBLICATION

Welfare to Work: An Economic Boost is a resource for businesses. It showcases the innovative approaches chambers of commerce, businesses, and communities have taken to help former welfare recipients become competitive workers. Welfare to Work provides information on how employers can tap into underutilized pools of workers to maintain their competitive advantage and provides examples of how businesses have benefited from a steady pipeline of workers from the welfare rolls. Chambers of commerce can use this publication to educate and advise local employers and their partners on workforce development strategies.

Welfare to Work was developed from of a series of Internet ChamberCasts hosted by CWP. These ChamberCasts, titled Untapped Resources in Today's Economy, focused on the economic advantages of employing nontraditional populations—people with disabilities, people transitioning from welfare, and dislocated workers. To view Untapped Resources in Today's Economy, visit www.uschamber.com/cwp/tools/chambercast/default.htm. Publications and videos may be ordered online at www.uschamber.com/cwp.

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An Unprecedented Labor Shortage

Businesses will face an unprecedented worker shortage in the coming years. The Bureau of Labor Statistics predicts a significant slowing of growth in the native civilian labor force—from an annual 1.6% growth in the last half of the 20th century to 0.6% in the first half of the 21st century. By 2010, the United States will have 168 million new jobs, but only 158 million workers to fill them. With increasing emphasis on technology skills and the retirement of the baby boom generation, the worker shortfall becomes even more critical.



Companies of all sizes are already having trouble finding skilled workers to fill available positions. A recent National Federation of Independent Business survey found that 27% of small businesses reported difficulty in filling open positions.³ Half of the 3,700 employers responding to a 2003 CWP survey reported having a hard time or very hard time finding qualified job applicants.⁴ Moreover, 60% of all the new jobs in the early 21st century will require skills that only 20% of the current workforce has.⁵

Hiring Welfare Recipients Is A Good Business Decision

An important key to competitiveness is a well-trained, reliable workforce. Given the skills gap and labor shortages, businesses must seek innovative strategies to find, keep, and advance good employees.

The major focus of the 1996 federal welfare reform law, Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), was to move families off welfare and into jobs. Many employers who initially hired former welfare recipients or participated in welfare-to-work programs did not start out trying to help their communities. They were simply trying to find good workers for their businesses. In the process, they found that employing former welfare recipients through programs that focus on job retention and advancement is a highly successful business strategy.

In fact, of those employers who have hired an individual transitioning off welfare, 94% said that they would hire another welfare recipient.⁶ Seventy percent of employers in a 1998 study rated the positive attitude and reliability of welfare recipient employees as "somewhat well" to "extremely well." Further findings suggest that employers believe welfare recipients have personal traits that employers consider important to good job performance.⁸

The biggest challenge for businesses to stay competitive is finding and keeping good workers. CWP talked to a number of experts to help chambers and their employer members understand the business case for hiring former welfare recipients and explore innovative strategies to make those hires successful.



Ten Reasons to Hire People Leaving Welfare

REASON 1:

AMERICAN BUSINESS NEEDS A COMPETITIVE WORKFORCE.

"We tested attitudes in the workplace about welfare recipients and found overwhelming evidence that there is no bias. What American business wants is a competitive workforce. If we find neighbors who need a hand to reach the American dream, then we should recruit aggressively from that labor pool."

-Jacob Stuart, Orlando Regional Chamber of Commerce

A recent study by SFWorks, a regional workforce development intermediary affiliated with the San Francisco Chamber of Commerce, found that employers who hire graduates of welfare to work programs experience net economic benefits. Employers gain access to new sources of job applicants with training paid for by funds from the public and philanthropic sectors. They experience cost savings related to recruitment, hiring, and job turnover, and they benefit from tax credits, increased productivity, high retention rates, and an enhanced reputation within the community. 10

REASON 2:

BUSINESS NEEDS TO FIND AND RETAIN GOOD EMPLOYEES.

"Hiring people going from welfare to work was a business decision. We knew we needed good people, and here was an opportunity to find them."

—Steve Wing, CVS Corporation

"We began our welfare to work initiative to meet a business need—to find and recruit people, get them into a job, and encourage them to stay."

-Fred Kramer, Marriott International, Inc.

To have a competitive workforce, businesses need to find good employees and retain them for a long time. Over the past several years, many employers—both small and large—have found that helping individuals in their communities make the transition from welfare to work has provided a good source of reliable, steady workers.

REASON 3:

RETENTION IMPROVES WHEN WORKERS STAY IN JOBS AND DEVELOP CAREERS.

"We're not just trying to fill jobs. We're trying to help people develop careers."

-Fred Kramer, Marriott International, Inc.

"We have to treat our employees better. This is even more critical for small and medium-size businesses that are competing with large industries for the same labor pool."

-Jacob Stuart, Orlando Regional Chamber of Commerce

The key to retention is providing employees with upward mobility through a well-defined career path. Career ladders help train workers to be more productive in their jobs and prepare them to advance from entry-level positions into new areas of responsibility. Research indicates that people transitioning off of welfare are more successful in employment-focused programs rather than in strictly education-focused programs.¹¹

Career advancement opportunities are often readily available in large businesses. However, small companies may need to look externally and partner with other businesses in their industries to build successful career ladders for employees. Businesses may also need to form partnerships across industries to provide career progressions, allowing workers to master the skills needed in one company and have the opportunity to advance to another. Employees are more motivated and tend to stay at jobs longer when they see a clear career progression. Turnover rates are lower and retention rates are better when workers desire to improve skills and advance.¹²

LIKE FROGS IN A WHEELBARROW...

"Business needs to look at its labor pool like frogs in a wheelbarrow. Workers will jump out for a better offer on any given day—for as little as a nickel more an hour. If people are jumping to another job for that small amount, then we as employers are not doing our jobs. We have to think about employees' long-term paths to success."

-JACOB STUART, ORLANDO REGIONAL CHAMBER OF COMMERCE

REASON 4: RETENTION IS GOOD FOR BUSINESS.

"The issues that keep employees from employment in the first place sometimes creep back into their lives."

-Fred Kramer, Marriott International, Inc.

"The transition to work is a huge life change for many people transitioning from welfare. Businesses need to understand the issues that these employees face and what they have to overcome to succeed in the workplace."

-Chris Mangum, The Mangum Group, Inc.

Workers with little, poor, or no work histories may need employment support services early and frequently in their transition. The issues that prevented successful employment may present themselves again. Employers can often get help for these employees by working with community-based organizations that are trained to help individuals deal with support issues.



REASON 5:

CREATIVE EMPLOYMENT SUPPORT PROGRAMS IMPROVE WORKER LOYALTY.

"A Marriott associate is assigned to mentor a program participant for the first six weeks or longer if needed. The mentoring program focuses on job responsibilities, navigating the hotel, and other job-related needs."

-Fred Kramer, Marriott International, Inc.

"Personal mentors, under the supervision of the local church, assist employees with issues outside the workplace. Helping workers learn how to protect their finances, access subsidies, and deal with other critically important issues enables participants to make the journey from poverty to self-sufficiency."

-Chris Mangum, The Mangum Group, Inc.

Many employers say that mentoring programs increase retention and loyalty rates. Mentors can help transitioning employees with work-related obstacles and link them to employment support information. This allows workers to stay productive while solving work-life issues such as child care, transportation, and financial management. On-the-job mentors can provide introductions to co-workers, share insight into company policies, and offer positive feedback on performance.

REASON 6:

MANAGERS WILL BECOME MORE SKILLED AT MANAGING A DIVERSE WORKFORCE.

"You've got to understand that the job is only part of life. We need to consider an employee's entire life."

-Jacob Stuart, Orlando Regional Chamber of Commerce

"Several of our program participants are second-generation welfare recipients. They have not had role models to teach them the importance of getting up when the alarm clock rings, going to work, and doing a good job."

-Fred Kramer, Marriott International, Inc.

The single greatest reason that someone leaves a job is that he or she does not get along with the supervisor. According to a recent retention survey, employees don't quit their companies, they quit their bosses. ¹³ Thirty-five percent of the respondents answered yes to the question, "Was the attitude of your direct supervisor/manager the primary reason you quit a previous job?" ¹⁴ Supervisors may not be aware of the issues facing the transitioning worker or of the interventions and resources that can help support the worker during this critical time. Encouraging communication can often uncover a simple issue or a problem that, with community-based intervention, can help retain the employee.

REASON 7: SELF-SUFFICIENT EMPLOYEES ARE GOOD FOR THE COMMUNITY.

"Needs may be as basic as food, clothing, housing, transportation, or child care. To our neighbors [transitioning from welfare], these unmet needs can be a complete roadblock, preventing them from getting to the workplace."

-Chris Mangum, The Mangum Group, Inc.

"We have good managers that know how to run our stores ... but they don't know how to provide employment supports. They're not sure how to work with the transportation issues. They may not know all about child care. Local agencies do know, and they can help."

-Steve Wing, CVS Corporation

"Our successful retention rates are due in large part to our partnerships with community-based organizations that provide the support services an individual needs."

-Fred Kramer, Marriott International, Inc.

Research demonstrates that families with access to transitional employment support services—such as child care, health insurance, and help with expenses—are less likely to return to the welfare rolls. ¹⁵

Community-based organizations provide support services that can help workers transitioning off of welfare solve problems concerning child care and transportation and help them access rent subsidies and food stamps, supports that can stretch entry-level salaries and keep employees self-sufficient.

REASON 8: THRIVING BUSINESSES STRENGTHEN COMMUNITIES.

"It's just good business to be involved in the communities where you have your business operations. We are members of a variety of boards—including workforce investment boards—and we have a good feel for what's going on in the community."

-Fred Kramer, Marriott International, Inc.

"The Jobs Partnership allowed me to make a difference without leaving my business. What's more, I discovered that there really are values and benefits to my business as a result of helping my neighbors make the transition to self-sufficiency."

-Chris Mangum, The Mangum Group, Inc.

In addition to businesses' needs to find and keep good workers, many employers understand the advantages of becoming involved in the communities where they do business. They find it a good way to market their products and services, with the added benefit of helping the community.



REASON 9:

GROWING HUMAN CAPITAL IS BENEFICIAL FOR BUSINESSES AND COMMUNITIES.

"These [transitional workers] are our friends and our neighbors. We shop with them. We sit in churches with them. Our children are in schools together."

-Jacob Stuart, Orlando Regional Chamber of Commerce

"There really is value and benefits to business in helping neighbors make a transition."

-Chris Mangum, The Mangum Group, Inc.

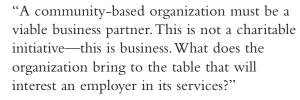
Workers achieving financial self-sufficiency by finding and maintaining employment will do more to raise a community's standard of living than any welfare program—and that's good for business.

REASON 10:

CHAMBERS ARE STRENGTHENED WHEN BUSINESSES DEVELOP COMMUNITY PARTNERSHIPS.

"The chamber president can start by just picking up the phone or jotting an invitation to 10 or 12 community-based organizations and asking them to share a box lunch and a can of soda to talk about how to be better partners."

-Jacob Stuart, Orlando Regional Chamber of Commerce



-Fred Kramer, Marriott International, Inc.

Linking businesses with community-based organizations can help employers recruit and hire underutilized workers transitioning from the welfare rolls. Chambers can help employers tap into this pool of workers and facilitate partnerships with community-based organizations to aid in retention. Chambers also can help employers access the financial supports that may be available through state and local governments, provide employers with technology-based resources, and position themselves as the places businesses turn to for assistance.





Marriott Builds Success Through Community Partnerships

Marriott International started its welfare to work initiative in 1990, prior to the passage of the 1996 welfare reform law, to improve the retention of its hourly workforce and improve the skills of its new hires.

Through its Pathways Program, designed to help people transition from welfare to hospitality careers, Marriott has trained 3,700 individuals. The program has a 65% retention rate in an industry where 100% turnover is considered a normal part of doing business.

This intensive six-week course teaches work habits, enhances basic literacy skills, and helps workers design career goals. To create a work environment conducive to moving workers off welfare, the Pathways Program helps

- build solid relationships with community resources,
- clearly define career paths to higher paying positions, and
- provide a strong mentoring component.

Marriott attributes its success to using community resources and intermediaries. With operations in more than 45 cities throughout the country, Marriott builds partnerships with community-based organizations in each area. These partners provide vital support services that Marriott is neither qualified nor prepared to provide and allows Marriott to focus on what it does best—job training and career development.

Participants start in entry-level positions such as housekeeping, food service, and front desk. Once these positions are mastered, many employees move into higher-skilled positions or positions requiring more responsibility. Some participants in the Pathways Program have become managers and directors in hotel operations.

"Moving from welfare to work is not an event—it's a journey. We need to help workers understand the new culture into which they've stepped."

CHRIS MANGUM, THE MANGUM GROUP, INC.

Mentors, often former welfare recipients themselves, offer valuable guidance to new employees to help them overcome obstacles to retention, such as child care and transportation challenges. Marriott's focus on encouraging employees to use community resources results in employees who achieve self-sufficiency in good careers.

Jobs Partnership Links Business and Church

The Jobs Partnership, a community-based collaboration between the business and the faith communities, began in Raleigh, North Carolina, in 1996. It has a dual goal: first, to link churches and businesses to mentors, train and employ individuals, and move them from



dependency to financial self-sufficiency; and second, to serve the business community by providing a source of well-trained employees who have the support and guidance of a local church.

What began at the community level between one employer and one pastor has expanded to 24 cities. Through this national program, churches and businesses provide training, mentoring, counseling, and guidance. Churches also agree to help individuals meet needs—as basic as food, clothing, housing, transportation, and child care—that could prevent them from completing training.

The program begins with 12 weeks of soft skills training that teaches basic principles and values for success in the workplace. Participants are assigned personal mentors who work under the supervision of the local church. Upon completing the training, participants are referred to local employers based on available openings. Partnership employers provide workplace mentors and assist trainees in successfully transitioning to full-time employment.

In Raleigh, 93% of the program's graduates are still employed, with 70% making more than \$8.50 an hour.

CVS/pharmacy Profits From a Business Decision

CVS/pharmacy's involvement in welfare to work was a business decision. As the nation's largest drug chain, it has a great need to recruit and hire good entry-level workers.

Since 1996, CVS has hired more than 20,000 welfare recipients, with a retention rate of more than 65%. In addition, it has promoted 35% of those hires into positions of more responsibility and higher wages. CVS accomplished this through successful partnerships with welfare to work programs in cooperation with local one-stop centers to recruit, train, and hire welfare recipients.

Employees receive initial training, go into the workplace to hone their skills, and then return to the training center for further training. Individuals rotate between classes on basic employability skills and mininiternships in local CVS stores.

They progress to training in a

Since 1996, CVS has hired more than 20,000 welfare recipients, with a retention rate of more than 65%. In addition, it has promoted 35% of those hires into positions of more responsibility and higher wages.

mock CVS store located on-site at local one-stop centers where they learn inventory control, marketing strategies, and valuable customer service skills.

At the end of the program, CVS hires graduates and helps them create career plans. Employees can work toward pharmacy technician certification, management positions, or other careers within the corporation.

The first on-site training center was established at a one-stop center in Washington, D.C. The program has grown to include sites in New York City, Detroit, Atlanta, Baltimore, and South New Jersey.



Businesses Benefit From Orlando Chamber Program

"Chambers must be leaders in developing community partnerships to transform the local economy into one that can compete on the global stage."

-Jacob Stuart, Orlando Regional Chamber of Commerce

In establishing the *Workforce 2020* academy, the Orlando Regional Chamber created a program where business and community leaders could come together in a classroom setting to learn about community resources, collaboration, and building partnerships.

"Businesspeople, particularly those with small businesses, are too busy to find out about the enormous resources that are available in communities across America," said Jacob Stuart, president of the Orlando Regional Chamber of Commerce.

Between 1999 and 2002, more than 1,800 business leaders from more than 900 businesses participated in the daylong seminars focused on helping businesses hire, train, and retain former welfare recipients. Through this program, employers learned about the resources available in the community and how to access them.

Business was not alone in benefiting from the program. Community-based organizations that participated not only learned about employers' needs and attitudes, but also they learned about other organizations available for collaboration that had complementary services to offer.

"We've tested the market on what businesspeople who have been through the *Workforce 2020* academy now think about the future, and we've compared that outlook to business leaders who have not. There is an overwhelming transformation of thinking as a result of learning at *Workforce 2020*," said Stuart.

As indicated by the responses of employers who participated in the *Workforce 2020* academy, employers considered themselves more knowledgeable now than in the past about the status of entry-level workers. Data revealed a 22% increase in employers who ranked turnover as a significant cost to their operations. Employers are increasingly using the rate

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of turnover as a measure to assess supervisor and manager performance. Use of the one-stop job placement system tripled among *Workforce 2020* participants, and the use of other government services showed a marked increase.

Workforce 2020 helped employers understand the challenges faced by entry-level workers. Data from the surveys showed that employers are increasingly willing to give special assistance to help welfare recipients remain and progress in the workplace and that two-thirds believe the government should provide tax breaks to businesses that hire welfare recipients.

Web-Based Resources

Center for Workforce Preparation:

www.uschamber.com/cwp

CVS/pharmacy:

http://www.cvs.com/corpInfo/community/community_grants.html

Goodwill Industries International, Inc.:

www.goodwill.org/index_gii.cfm/1572

Jobs Partnership:

www.tjp.org

Marriott International Pathways Program:

 $http://marriott.com/corporate info/culture/community Programs.mi?WT_Ref=mi_left$

Orlando Regional Chamber of Commerce:

www.orlando.org and www.myregion.org

SFWorks:

www.sfworks.org/xArchive_Pre_10_2002

The National Evaluation of Welfare-to-Work Strategies:

http://aspe.hhs.gov/hsp/NEWWS



The Welfare to Work Partnership: www.welfaretowork.org

U.S. Department of Labor Employment and Training Administration:

http://www.doleta.gov

U.S. Office of Personnel Management: www.opm.gov/wtw

Endnotes

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