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

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EXECUTIVE SUMMARY

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. *Engaging Employers* contributes 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?

Engaging Employers 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. Since then, research has confirmed the value of the JI design. For example, Jobs Initiative 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

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engagement. Other research 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.

Equally important, the value of workforce intermediaries has become increasingly evident. 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.

In 2002, the foundation 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.

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.

The 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.

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 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.