



TRANSFORMING U.S. WORKFORCE DEVELOPMENT POLICIES FOR THE 21st CENTURY

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Signaling Success

A Case Study in Using Labor Market Information to Retool Workforce Development Strategies and Programs

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The share of employed teens in Massachusetts plummeted from 53 percent in 1999 to 27 percent by 2012, reflecting a broader national trend in declining teen employment rates over the last decade. The decline in employment among young people is worrisome because a growing body of evidence suggests that work experience during the teen years exerts strong positive influences on the future educational, employment, and earnings prospects of young people (Steinberg 2013). Declining employment among teens means that increasing shares of young people are losing access to an important avenue to develop productive abilities. This is especially true for teens from low-income households (Sum et al. 2013). Teens who work have substantially higher earnings a decade after leaving high school and are more likely to enroll in college. Furthermore, early work experience is thought to contribute to the focus and direction young people need to make decisions about their future life paths (Harrington and Snyder 2013; Mortimer 2003).

Commonwealth Corporation and the Drexel University Center for Labor Markets and Policy launched a study in 2012 to improve our understanding of the underlying causes of this dramatic decline in teen employment rates. We sought to identify employer perceptions of teens in the workplace compared to other sources of entry-level workers and, using what we learned, to develop pragmatic strategies to reverse the

12-year decline in teen job access. In the spring and summer of 2012, we conducted a survey, interviews, and focus group discussions with nearly 200 businesses in Massachusetts and Philadelphia. The research questions in this effort focused on five areas: 1) perceptions of teens' hard skills (reading, writing, math, technology), 2) perceptions of teens' work behaviors, 3) the effect of teen employment laws on hiring decisions, 4) factors affecting hiring decisions, and 5) hiring preferences.

A major purpose of this study is to understand why the job market fortunes of teens have declined and to attempt to develop a set of remedies that have the potential for improving the ability of teens—both in school and out of school—to find unsubsidized private sector jobs that help improve their long-term employment and earnings experiences. We find that many of the barriers to hiring teens that are identified in the study can be addressed through training, coaching, and supports that develop job seeking and retention skills of teens and address the perceived risk of hiring teens on the part of employers. In addition, organizations and institutions that serve teens, including high schools, can play a role in preparing and supporting teens and vouching for them with businesses in their local labor market. The findings of this study can inform the ways that schools, community-based organizations, workforce boards, career centers, and businesses can intervene to help increase youth employment.

KEY FINDINGS OF THE RESEARCH

Our research finds that employers do not view entry-level workers as a readily substitutable, homogeneous source of labor supply, even though by definition entry-level jobs require very low levels of ability, knowledge, or skill (Fogg, Harrington, and Knoll 2014; Fogg, Harrington, and Petrovich 2013). Rather, employers take considerable care in their hiring decisions and engage in a variety of activities to find prospective workers whom they believe will contribute to output and profitability. Almost all employers that we contacted had utilized a variety of formal screening tools to hire workers for positions with essentially no education, training, or prior work experience requirements in occupations such as retail sales clerks, food service workers, cashiers,

and a host of other entry-level positions that require essentially no occupational preparation at all. However, employers did work very hard to distinguish entry-level applicants on the basis of their behavioral characteristics and ethical norms.

The following were among the most important screening criteria employers used for entry-level positions:

- Educational attainment served as a readily available and powerful screening tool for employers, even when the job did not require much in the way of formal schooling. Employers preferred college students and graduates over other teens. Many considered the behavioral traits of college students and graduates to be superior to those of high school students and graduates with no college. The one exception was students and graduates of career and technical education (CTE) high schools, whom the employers found to possess superior behavioral traits such as dependability, self-control, ethics, and initiative that make entry-level workers productive.
- Employers often require third-party references, but they value references from a source that they know and trust, sometimes a current high-performing employee (Rosenbaum 2004). References from CTE instructors who often had long-term connections with local employers were highly valued. Non-CTE high school teachers rarely recommended a teen for a job, although employers said that they would trust references for prospective hires from local high schools that built relationships with their companies.
- Surprisingly, the majority of employers in our study discounted prior work experience for an entry-level position. Although some employers thought prior work experience, particularly in the fast-food industry, would be advantageous for teens seeking entry-level jobs, most employers were much more interested in directly determining the ethical and behavioral traits of job applicants.
- Formal and informal testing of job applicants was found to be a very common practice and has become a basic screening tool for most entry-level occupations. Large firms most often use Web-based tests that are embedded in the online application process.

We find that quite often smaller firms that do not opt to use online tests administer informal tests of various types, such as asking the applicant to prepare a brief biographical essay or solve some basic math problems.

- Despite some very convincing evidence that interviewing is not a good predictor of worker productivity, it remains a centerpiece of entry-level hiring—after the applicant has successfully completed the testing phase. To find a successful applicant, employers look for eye contact, a good handshake, a candidate who asks questions, has an acceptable appearance, and is available for a sufficient number of hours. All too often teens fail one of these interview standards and are quickly screened out of the hiring process.
- A large number of employers told us that the simple act of stopping by a business to pick up an application frequently sends a strong signal to employers about the suitability of the potential applicant for employment at the firm. Signals such as sloppy dress, bringing several friends along, or cell phone and text usage while interacting with an employer often exclude the job seeker from consideration for a position—before the teen has even submitted an application.
- Employers of entry-level workers view the reading and math skills of teens as comparable to those of adults and view their technology skills as better than those of adult entry-level workers. However, employers found behavioral attributes of teens, such as attendance, punctuality, and the chance of quitting the job quickly after being hired, to be inferior compared to adults, college students, and young college graduates.
- Many employers indicated that they were interested in working with comprehensive high schools and local job training organizations but that they found high schools and job training organizations to be largely disconnected from the labor market. Referrals based, in part, on daily attendance performance of students as well as other screening criteria would likely exert an important influence on a firm's decision to hire, especially if the school or jobs program were able to establish a record of good quality referrals to local employers. One key concern about working

with local schools and jobs programs related to the lack of long-term relationships between employers and local schools and programs, especially in youth summer jobs programs.

RESPONSE TO THE CHANGING ENTRY-LEVEL LABOR MARKET

These findings about employer screening for entry-level jobs and the signals that teens send during the hiring process have led to the following efforts to retool, refocus, and reorient teen and young adult employment strategies and program models.

Retool Subsidized Programs as Springboards into Employer-Paid Positions

Massachusetts is one of the few states in the nation that has made a long-term commitment of public funds to support teen employment. Through the YouthWorks program, the Commonwealth has committed \$53 million over six years to put nearly 32,000 young people to work in summer and year-round subsidized jobs. The Signaling Success research led Commonwealth Corporation to rethink the state's YouthWorks effort to better address what employers consider to be the primary limitations of teens seeking entry-level jobs.

Youth programs for too long have been focused on short-term subsidized summer jobs designed to keep teens busy and put some income into their pockets. As a result, summer jobs and related programs have become pretty distant from the realities of the job market. For example, teen participants often do not engage in a summer job search but are assigned to subsidized slots. Indeed, employers are frequently not involved in the summer jobs hiring decision, and the contribution of these youth employed through the summer jobs programs to the success of their organization remains a mystery to them.

Based on the Signaling Success findings, the Massachusetts workforce system is retooling its YouthWorks programs to include a mix of experiences and training with a clear focus on subsidized work experience leading to unsubsidized employment. By the end of a subsidized

work placement, young people will come away with job readiness skills, an adult who can serve as a reference and vouch for the teen's work behaviors, a clear statement about what they learned in their work experience, and how their talents and experience would apply to a new unsubsidized job opportunity. Critical work behaviors such as dependability, initiative, communication, and collaboration will be taught through standardized work readiness training and reinforced through supervision and reflection in the development of their portfolio. Formal assessments will be used to determine the effectiveness of work readiness training.

Piloting YouthWorks Plus

Commonwealth Corporation is piloting a work readiness curriculum that combines 120 hours of work readiness training and intensive coaching for staff and students, with progressive subsidized work experiences over an 18-month period, leading to unsubsidized employment. The pilot, known as YouthWorks Plus, is being tested in an alternative competency-based high school and a community-based General Educational Development program. Piloting with three comprehensive high schools began in the fall of 2014. The curriculum development and coaching are supported by philanthropic funds that leverage state YouthWorks resources to support subsidized employment.

Every YouthWorks Plus student participates in work readiness training, and a smaller number participate in subsidized employment, but only if they "earn" this opportunity by high levels of participation and demonstration of good work readiness behaviors in the classroom. The work readiness curriculum focuses on dependability, initiative, communication, and collaboration skills.

Commonwealth Corporation plans to bring this model to scale through partnerships with comprehensive high schools and nonprofit organizations serving disadvantaged teens. In the current pilots, the curriculum is taught by a teacher during the school day as an elective or during an advisory period. Behaviors such as attendance and punctuality are reinforced during the training and are used as an incentive to attain a subsidized job. Commonwealth Corporation supports the teacher through an initial training and ongoing coaching. High schools indicate an interest in delivering the curriculum in the freshman year

to develop and reinforce the behaviors that will not only prepare the teen for work but also prepare the teen to succeed in his or her educational pursuits. The pilots to date have been through classroom instruction. We are exploring technology add-ons to reinforce behaviors in job seeking and job retention.

Employer Engagement Activity

Given the fast-paced changes in the labor market, we recognize the need to continue to engage with businesses to provide guidance on the design of workforce development programs for teens and young adults. Engagement with employers will also provide ongoing intelligence about changes in their staffing structure, skills requirements, and hiring process in order to ensure that the workforce development strategies and programs adapt with the labor market. Commonwealth Corporation is organizing a formal employer advisory committee on teen and young adult employment to seek advice and keep abreast of developments in entry-level hiring practices and skill requirements in key industries. The advisory committee represents sectors that hire teens and young adults, including retail trade, hospitality and food services, manufacturing, and health care.

As part of the employer outreach, Commonwealth Corporation is seeking opportunities to work with individual employers to serve as a lab to experiment with practices that can bolster teen hiring in an environment of a formalized entry-level hiring process. For example, we are currently working with a national retailing chain to provide entry-level internships for teens and young adults. Part of the internship experience requires participants to complete the company's formal online screening tool called a "virtual job try-out," which is the methodology that this employer uses to tailor the online screening to one of a number of specific entry-level jobs, each of which may require different personality and behavioral traits. The online screening takes 90 minutes to complete and focuses on the consistency of answers. The screening ranks the applicant into three tiers, with the top tier receiving an interview. Participants are also encouraged to gain current employee references that will provide extra points in the online scoring process when the intern applies for a permanent job at any of the retailer's locations across the nation. The goal of this pilot is to position teens to succeed

within this very formalized hiring process by familiarizing them with a sophisticated entry-level screening process and by building workplace relationships that can aid them in gaining an unsubsidized job.

Teen Staffing Agencies

A recurrent theme in the employer feedback was the need for help with short-term projects throughout the year. Placement in temporary projects through teen staffing agencies could improve a teen's likelihood of entering the labor market by providing him or her with on-the-job training, work readiness skills, a professional network, and, most importantly, a series of paid work experiences.

Teen staffing agencies also provide workforce development organizations with a real-world employer engagement strategy—one that can help match the demand of local businesses with the supply of youth prepared for a range of seasonal, part-time, temporary, and full-time entry-level positions. Additionally, the staffing agency model would enhance youth employment service providers' ability to offer relevant business services to the participating local employers. These business services could include prescreening and training of youth and young adults in specified entry-level jobs; they could also include short-term subsidized job “tryouts” or sampling to promote successful job placements. This concept is one that Commonwealth Corporation is studying and assessing for future implementation as part of the YouthWorks or YouthWorks Plus programs.

CONCLUDING THOUGHTS

Developing productive programs to improve the employment and earnings prospects of teens and young adults must go well beyond a summer jobs effort. We utilized several key pieces of labor market information to gain better insight about the magnitude and nature of teen joblessness and to rally support for the teen employment efforts. We used the public use microdata files from the Current Population Survey and the American Community Survey to understand where teens worked and the crowding out that was occurring in teen labor markets

over the last decade. The occupational proficiency requirement data from the O*NET data system were crucial in aiding our efforts to understand the relative ability, knowledge, skill, and behavioral requirements of entry-level occupations. These findings were invaluable in framing our discussions with both employers and working-age teens.

Using the insights we developed from the LMI databases to organize our discussion with employers and test the findings of those discussions against objective job market data was immensely helpful. Gathering labor market intelligence from employers helped us better interpret our empirical findings and develop curricular strategies rooted in an understanding of the hiring actions of employers. Despite the rise of the Internet and new technologies to engage in job market matching, the labor market very much remains a social institution. Using both labor market information and labor market intelligence, we gained some key insights into how a segment of that institution makes hiring decisions and helped us develop a program based on that understanding.

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