Background

The implementation of welfare reform and the Workforce Investment Act and has helped thousands of low-income individuals join the workforce. However, many welfare leavers obtain jobs with low wages, lack of health benefits, and few opportunities for career advancement. As a result, helping those with jobs to stay employed and attain a family-supporting wage remains a key challenge for public agencies.

Employer programs and policies play a critical role in job retention and advancement. This Issue Note provides guidance to states and localities on recognizing employer best practices, partnering with employers and agencies, targeting employers, and funding availability. It builds on earlier Issue Notes on retention and advancement, available at http://www.financeprojectinfo.org/WIN/retention.asp and employer involvement available at http://www.financeprojectinfo.org/WIN/employinvolve.asp.

Policy and Program Issues

Why is it essential to leverage employer involvement in retention and career advancement efforts? The successful long-term placement of the employee at her job is largely dependent on the organizational practices of the employer. Involving employers in retention and advancement efforts can result in decreased costs for agencies as a result of fewer individuals returning to TANF and reusing job placement resources.

Engaging employers will enable more low-income workers to access training and advancement opportunities. Low-wage workers often do not take advantage of training opportunities after job placement, due to both the challenges of balancing work with family obligations as well as eagerness to cease relying on public resources associated with welfare.

Finally, strong workforce agency-employer partnerships enhance the visibility and credibility of welfare-to-work efforts. Since a region’s ability to attract and retain firms and industries is linked to the presence of a skilled labor supply, targeted efforts focused on the skill development of workers will likely garner more public support for the workforce system.

What organizational “best practices” policies and programs should agencies consider when targeting employers for welfare-to-work placement efforts? Several employer policies and programs have been shown to be effective for increasing employee retention and promoting career advancement in general (Buckingham and Coffman, 1999) and for low-wage workers in particular. (See http://www.jff.org/jff/kc/library/0173?p_primarytopic=1001).

Effective Selection Tools. Careful attention to job placement increases retention by ensuring an optimal fit between the applicant and the skills and aptitude required for the job. The first step is to clearly define critical
skills and organizational attributes required for success. Then validated selection tools such as aptitude tests, skill assessments, behaviorally-based structured interviews, and job try-outs can be used to screen applicants.

**Meaningful Work.** Assessments and aptitude tests can help ensure that clients are placed in jobs that are aligned with their interests and result in perceptions of meaningful work. Opportunities to learn and grow increase motivation in the current job and prepare workers for future advancement opportunities.

**Opportunities to Learn and Grow**

- **Training.** In order to meet the criteria for promotion, workers need opportunities to learn the skills necessary for advancement. Formal classroom training can be combined with on-the-job learning to increase transfer of learning to the job.

- **Career Ladders.** Internal career ladders have become less prevalent as a result of the outsourcing of non-core functions to specialized firms. As a result, more employers are involved in sector or industry based career ladders to meet specific skills needs. Employers who participate in career ladders find that workers in entry-level jobs are more motivated to succeed at their current job because it will make them eligible for advancement (Mills & Prince, 2003). Whether internal or external, career ladders should outline opportunities for promotion and advancement, and clearly define the skills, credentials, and experience necessary for moving into a new position.

- **Mentoring.** Mentoring programs match new workers with more experienced coworkers. This relationship provides new hires with the job, interpersonal, and organizational skills to help them be effective on the job (Prince, 2003). Mentors facilitate a smooth transition into the workforce and can help new workers view jobs as a first step in a career path.

**Excellent Supervision.** Research has shown that employee retention is most highly correlated with the relationship with the immediate supervisor. Managers who set clear expectations, provide opportunities for employees to use their talents, allow input into decision making, and care about their employees increase retention (Buckingham & Coffman, 1999). Employers can foster excellent supervision by providing training to front-line managers and by rewarding good management.

**Compensation Practices.** Placing clients at firms that pay higher wages than their competitors decreases the likelihood of turnover and puts clients on a faster track toward economic self-sufficiency. Compensation strategies that link pay to performance, such as performance bonuses, profit-sharing, and employee stock ownership plans, keep employees motivated and provide more opportunities to learn new skills. Pay-for-skills rewards employees for learning new job-related skills. Some employers provide incentives for participating in job-related training that leads to advancement.

**Family Friendly Benefits.** Benefits that make it easier for employees to balance work with family obligations have been shown to increase productivity, reduce absenteeism and lower turnover rates. Providing on-site or near-site daycare programs, sick childcare options, or childcare referral options helps overcome one of the major barriers to employment for low-wage workers. Flextime is often critical for single parents who are struggling with childcare responsibilities. It also affords workers the opportunity to take advantage of training and education to upgrade their skills. Employers who offer tuition reimbursement are more likely to retain workers, especially younger, non-management women who have achieved lower education levels (CAEL, 2000).

**What types of retention and advancement services can agencies provide to employers?**

State and local agencies can offer the following support services to help employers implement and reinforce retention and advancement practices outlined above:

- **Job Placement.** Agencies can provide selection services tailored to individual employer needs. Public agencies can add immediate value to the selection process by helping companies attract a large pool of qualified...
candidates by advertising and posting job openings, sponsoring job fairs, and offering pre-employment job readiness and skills training. They can also increase the likelihood of long-term job-person fit by conducting job and skill analyses, administering skill and aptitude assessments, conducting reference checks and employment verifications, and referring the best qualified candidates.

**Incumbent Worker Training.** States and localities can work with employers in several ways to expand training opportunities for incumbent workers. For a review of training strategies, including increasing access to training and funding options, see “Incumbent Worker Training for Low Wage Workers”, available at [http://www.financeprojectinfo.org/Publications/incumbentworkertrainingIN.htm](http://www.financeprojectinfo.org/Publications/incumbentworkertrainingIN.htm)

**Training for Supervisors.** By learning coaching skills, supervisors can provide opportunities for workers to use their talents on the job and help them achieve their career goals. Training for front-line supervisors should focus on setting goals, providing effective feedback, and recognizing good performance. Diversity and second language training can help supervisors manage a multicultural workforce.

**Career Ladders.** Agencies, in conjunction with employer association and unions, can support the development and implementation of career ladders. By gathering employer information regarding skill needs, links can be formed between jobs across occupations or industries. The process involves identifying the skills acquired at one level of employment and matching them with the skills required at a higher level. Then job seekers are matched with job vacancies (Mills and Prince, 2003). Agencies can also offer new hires the support, education, and training services needed to ensure that the match succeeds.

**Mentor Programs.** Agencies can help employers set up effective mentoring programs. Services may entail determining whether a mentoring program is appropriate, aiding in program development, selecting and training mentors, matching mentors with mentees, and creating incentives for success.

**Career Counselors and Case Management** Following initial job placement, agencies can provide ongoing case management to ensure that new workers have the support they need to remain on the job. It may be advantageous to provide case management by using an Employee Assistance Plan (EAP) provider. This allows employees to obtain confidential counseling on non-work issues such as substance abuse or domestic violence.

**Information on Work and Financial Supports.** Agencies can help employers educate workers about the availability of government subsidies and supports such as EITC, food stamps, healthcare, childcare, and transportation. For more information, see “Work Supports for Low-Income Working Families” available at [http://www.financeprojectinfo.org/publications/worksupportsIN.htm](http://www.financeprojectinfo.org/publications/worksupportsIN.htm)

**What strategies should WIA and TANF agencies use to partner with employers to support retention and career advancement efforts?** Given the common goals of WIA and TANF agencies, most states have made efforts to coordinate services offered to job seekers. Integration also allows for an enhanced ability to focus on retention and advancement efforts, as a result of increased efficiencies and combining funding streams. Agencies might consider the following strategies when forming partnerships with employers:

- **Conduct a needs Assessment.** In order to effectively serve employers, agencies need to become aware of how they can be of assistance. As a first step, agencies can conduct an employer needs assessment on the types of retention and advancement services they would find valuable, job skill requirements, and the retention potential of the job (Freeman and Combes Taylor, 2002).

- **Appoint Employer Account Representatives.** Establish a single point of contact for employer customers, ideally with a staff member with experience in the employer’s industry. These liaisons can foster ongoing relationships with employers by communicating information about funding and services, convening employers to share best practices, and providing informational training sessions.

- **Aggressively Market Retention and Advancement Services.** Employers need to understand the business benefits and cost-savings of retention and placement strategies. Research has shown that the employer
policies and programs outlined above designed to increase employee skill levels and firm loyalty, simultaneously increases firm competitiveness and profitability. (Pfeffer, 1998; and see www.workforceadvantage.org). Providing information about the cost of turnover (typically estimated at one to one and a half times the annual salary for an entry level worker) can serve as a powerful motivator for employers. Employer account representatives can increase outreach by networking with employers at chambers of commerce, employer associations, civic organizations, and human resources associations.

• **Integrate Retention and Advancement with Placement Efforts.** Initial job placements with employers can be leveraged into opportunities to provide additional services. For example, agencies can provide post-employment wrap-around services such as case management and incumbent worker training. Improved integration is critical for both job seekers and employers. From the job seeker perspective, better integration enables individuals to pursue long term career goals when each educational offering is part of an overall career strategy (Poppe, Strawn, and Martinson, 2003). From the employer’s point of view, a one-stop provider makes it easier to work with the workforce development system, increasing its overall effectiveness.

• **Use Intermediaries.** Intermediaries who have established relationships with employers, such as local chambers of commerce and employer associations, have the necessary credibility to deliver further services. For example, employer associations who are providing job placement services for employers may also be qualified to deliver training classes or offer mentoring services. Community-based intermediaries typically have credibility with low-income clients as well, making it more likely that they will access retention and advancement services.

• **Make Services Accessible.** Services should be located at or near the employment site and accessible by public transportation. Training provided at the worksite leads to higher rates of participation by workers and that state-funded employer-focused training for incumbent workers raises earnings and retention (Poppe et al, 2003).

• **Market services to all levels in the Organization** Buy-in for retention services from top-management, human resources, and front-line supervisors is critical for successful implementation of programs (Hamilton, 2003). Such buy-in will help ensure that organizational systems and resources will support retention and advancement efforts. To increase the likelihood the services will be used by low-wage workers, these employees need to understand the benefits of participating in opportunities such as training or mentoring programs.

• **Measure Customer Satisfaction** Programs and services should be regularly evaluated by employers. Feedback on the satisfaction surveys should be provided to employers, followed by a plan for continuous improvement.

Improving collaboration between TANF agencies and one-stops is an important prerequisite before agencies can take the operational steps necessary to implement these services. For more information on interagency collaboration, see “Improving Collaboration between Welfare and Workforce Development Agencies”, available at http://www.financeprojectinfo.org/Publications/improvingcollaborationIN.htm.

**Which employers should agencies target for placement based on their potential for retention and advancement?** Companies that use some or all of the best practices programs mentioned previously are often recognized as employers of choice by the media or other local organizations. For example, many states and cities publish “Best Places to Work” lists in local publications. By targeting these employers for job placement, WIA and TANF agencies increase the chance of long-term success on the job. On a national level, some of the available lists include:

“The Fortune 100 Best Companies to Work For” annual list is (http://www.fortune.com/fortune/bestcompanies/) based on the survey produced by the Great Places to Work Institute, which bases its rankings on the employee-boss relationship (including trust, integrity, and fairness),
pride in work, and relationships with co-workers. Companies listed on the 100 best companies to work for consistently outperform the S&P 500, receive twice the number of applications, and have half the turnover rate as their competitors. They are also more likely to offer their reward and training programs to hourly personnel instead of reserving these benefits for professionals and management.

The Great Places to Work Institute is also producing a list of “Best Small and Medium Companies to Work For”, which will be published in HR Magazine.

The Inner City 100 is a listing of 100 of the fastest growing companies that are creating jobs and economic sustainability for inner city residents. These companies have been identified by the Initiative for a Competitive Inner City and are published in Inc. Magazine. Best practices of the Inner City 100 are presented at www.workforceadvantage.org.

Of particular importance to low-wage parents, Working Mother Magazine publishes an annual list of “The 100 Best Companies for Working Mothers”, available at http://www.workingmother.com/oct03/100Bestindex.shtml. This list places a strong emphasis on family-friendly policies such as flextime, availability of childcare, work/life balance, total compensation, and opportunities for the advancement of women.

Working Mother magazine has recently initiated a list of Best Companies for Women of Color, which places particular emphasis on recognizing companies that promote the advancement of women of color into professional and leadership positions (see http://www.workingwoman.com/June03WOC_contents.shtml). Hispanic Magazine publishes the “Corporate 100” list, which recognizes companies that excel in providing opportunities for Latinos, available at http://www.hispaniconline.com/magazine/2003/jan_feb/Features/corp100.html.

While placing clients with these choice employers is desirable, a potential drawback is that the availability of jobs at these companies is limited. By targeting top employers in their marketing efforts, agencies may increase the chances of placement for their clients.

**What resources are available to support employer-based retention and advancement efforts, and how should they be utilized?** Under current WIA and TANF regulations, availability of funding for employer-based practices depends on the type of policy or program. Most funding resources are designated for job placement activities, incumbent worker training, and work supports. However, by blending funding streams, financing may be available to support employer programs such as supervisory training and career ladders.

Blended funding streams allow agencies to serve all clients, whether or not they are TANF recipients, making investing in these services more palatable to employers. For example, the financing for career ladders may come from a variety of sources, often combining state and federal resources for TANF and workforce development. Funds may also come from state resources for pre-employment training, tuition assistance, and higher education. Findings from MDRC’s Employment Retention and Advancement (ERA) evaluation suggested that TANF and Welfare-to-Work grants were critical for forging WIA-TANF linkages and for funding retention and advancement efforts (Anderson & Martinson, 2003).

While most sources of funding have been set aside for the training of entry-level workers, in some cases funding is available for supervisory training. For example, California’s Employment Training Panel (ETP) program has funds available for management training and small-business owner skills training (http://www.etc.ca.gov/). The New York Department of Labor (http://www.labor.state.ny.us/) also has funds available for management training.

Some employers may be persuaded to make investments in effective workplace practices if those investments are matched by public funding. For example, employers may not be able to obtain funding for performance-based compensation practices. However, public funds may be available to train workers on
continuous improvement and teamwork, which are important for the successful implementation of these compensation strategies.

In some cases, financial support may be available from private foundations. Given the relevance of employer practices to both workforce and economic development, several national and local foundations have supported demonstration projects related to retention and advancement of entry-level workers.

**Workforce Advantage** provides a summary of public funding available for recruiting and training of low-wage workers and TANF recipients on their website (available at [http://www.workforceadvantage.org/Practice.asp?Category=7](http://www.workforceadvantage.org/Practice.asp?Category=7)). Information is available on accessing wage subsidies and tax credits for hiring welfare recipients as well as sources for public funding for incumbent worker training. The site also includes keys to success for accessing public funding and case examples of companies using public funding for their workplace practices.

**Research Findings**

While research is limited, a few studies have examined the role of employment practices in promoting retention and advancement for low-income workers. Overall, these studies provide support for the importance of promoting employer best practices.

One of MDRC’s 15 Employment Retention and Advancement (ERA) sites is dedicated to examining the impact of employer practices. Researchers are exploring the effectiveness of the Achieve program in Cleveland, which involves the provision of retention and advancement services for low-wage employees at long-term nursing facilities (Hamilton, 2003). Eleven firms were randomly assigned to receive services (including one-on-one case management, informational lunch-and-learn sessions, and training for front-line supervisors) and another eleven were randomly assigned to a control group. Program effectiveness will be measured by examining firm-wide turnover rate comparisons in addition to individual-based retention rates for low-wage workers. Preliminary findings reveal that employers and employees voice differing reasons for job turnover amongst low-wage workers: While employers report that turnover is the result of the difficult nature of the work, low pay, childcare, and transportation concerns, employees report that turnover is primarily due to the work environment, not the pay. Good work environments were described as ones where there was a good relationship with a supervisor, the work gave personal fulfillment, and on-the-job experience was obtained. Preliminary findings suggest that within the first 30 days after the start of the study, data suggest that entry-level workers in the firms receiving Achieve, compared to those in the non-Achieve firms, were about 10% more likely to have retained their original jobs. Retention gains, however, appear to get smaller over time, particularly by 180 days after study start. A report on the Cleveland program will be available at the end of 2004.

A recent study from the Education Development Center explored employment practices that make a firm more likely to retain former TANF recipients (Jurist Levy, 2003). The study uses Welfare-to-Work (WtW) program data and data gathered from interviews in 17 Massachusetts firms that hired WtW participants. Part one of the study examines the impact of wages on retention while controlling for personal, regional, and industry factors. Part two of the study compares the policies and practices of high- and low-retention firms with regard to opportunities to learn and advance, and the nature of frontline supervision. Although higher placement wages were significant predictors of retention, wages alone did not explain the retention of welfare workers. High-retention firms were more likely to make investments in their entry-level workforce, including 1) creating structures to help new workers acclimate to their job and work environment; 2) providing equal access to training and advancement opportunities; and 3) providing training for supervisors, which often included bilingual skills and diversity training. Attitudes toward low-skilled workers, firm capacity, and industry factors contributed to employers' willingness and capacity to make such investments.

As part of a three-year longitudinal study, The Initiative for a Competitive Inner City (ICIC) surveyed 173 non-managerial workers who worked at seven inner-city firms to chart their occupational, educational, and family outcomes over time (Newman and Attewell, 2003). Of the nearly 11% who had voluntarily left their jobs after the first year, the most common reasons cited for leaving were to look for higher wages and more
opportunities for promotion and advancement. The authors did not find differences in turnover rates, wage changes, or promotions between companies designated as “high road” (those that offered comparatively higher pay, more commitment to training, and promotion from within) and those designated as “low road”. However the authors pointed out that this may be due to the fact that only one firm was designated as low road, or that firms classified as “high” on certain characteristics were not as high as initially seemed the case.

The Manufacturing Institute/Center for Workforce Success is supporting three Retention and Advancement Demonstration (RAD) projects in Hartford, Detroit, and Pittsburgh. The projects are examining the impact of leveraging employer organizations to upgrade human resources practices for small and medium-sized manufacturing firms. Three employer associations recruited 17 companies and conducted skills and organizational needs assessments at each firm. They then helped implement practices such as new selection tools, improved orientations, skills training, ESL classes, financial literacy, and access to caseworkers. Anecdotal evidence suggests that many firms have seen increased productivity, improved morale, better communication, and improved skills. The researchers concluded that long-term job success is dependent on early work experiences that are welcoming, developmental, and supportive. An evaluation by Abt Associates will be available in early 2004 and is intended to include quantitative measures of absenteeism, productivity, promotions, and turnover. Pending funding, the project may continue throughout 2004. For more information, contact Basil Whiting at 718-935-0351.

**Innovative Practices**

**Workforce Advantage**, showcases innovative workforce development best practices utilized by fastest growing inner-city companies at the ICIC-Inc. Magazine Inner City 100. A partnership between Jobs for the Future (JFF) and the Initiative for a Competitive Inner City (ICIC), Workforce Advantage launched a multi-year workforce development program which aims to identify, encourage, and disseminate best practices. These companies use strategies that both increase competitiveness and enhance the skills and earning potential of entry-level workers. Promising practices and tools are reviewed at [www.workforceadvantage.org](http://www.workforceadvantage.org), including key strategies for success, case study examples, and funding resources.

The [Wisconsin Department of Workforce Development](http://www.dwd.state.wi.us/waa/) sponsors the Workforce Attachment and Advancement program. This program provides grants to Wisconsin Works agencies and Workforce Development Boards to assist low-income families and non-custodial parents find employment, remain attached to the workforce, and advance to higher paying employment. Program services include direct assistance to job seekers in addition to services to employers. Services to employers include job development and placement, assessing workplace training needs, skills training for incumbent workers, coaching and mentoring services, arranging support services, and creating upward mobility programs. The program is funded by the Temporary Assistance for Needy Families (TANF) block grant and serves adults with family incomes at or below 200% of the Federal Poverty Level. For more information, contact Eduardo Saenz at [Eduardo.Saenz@dwd.state.wi.us](mailto:Eduardo.Saenz@dwd.state.wi.us) or see [http://www.dwd.state.wi.us/waa/](http://www.dwd.state.wi.us/waa/).

The Washington DC One-Stop partnered with CVS Pharmacy to create a full service hiring, training, and retention program located in the One-Stop. The program houses a prototype unit of a mock CVS store and pharmacy, and provides training through the director level. Since 1996 it has hired over 18,000 people on public assistance, with a retention rate of 70%. Many of those employees have been promoted at least once, some up to three or four times. Non-profit, city and community based organizations provide key hiring and retention services, including post-employment job coaches that follow-up with new associates for up to one year. CVS provides a specific path and clear specifications for promotion, and “upgrade” training is available for the store’s departments. The initial center has been replicated in Detroit, Atlanta, New York, Baltimore, and New Jersey. The project is funded by WIA, TANF, and CVS. For more information, contact Steve Wing at (330) 487-6957.

The [Workforce Development Council of Seattle-King County](http://www.wdfcskc.org/) partnered with the Washington State Hospital Association to address labor shortages facing the hospital industry. They launched the Career Pathways initiative, which involves placing career specialists from the one-Stop onsite at local hospitals. These specialists, who are supplied by an intermediary, provide skill assessments, individualized career planning, job
search training, and guidance on accessing funding. Career specialists also link hospital staff with customized training programs offered by local technical and community colleges. As workers progress, their vacancies are linked to one-stop centers who assist in backfill placement. Career Pathways funding comes from Jobs for the Future's Pathways to Advancement initiative, Community Jobs, WIA, H1B, and Industries of the Future Skills Training as well as matching funds from the hospital. For more information, contact Ed Phippen at ephippen@seakingwdc.org or see http://www.seakingwdc.org/wdcprograms/careerpathwayspilot.pdf.

Through a grant from the Department of Labor, the Welfare to Work Partnership has established Business Resource Centers in Washington D.C., New York, Miami, and Chicago. These centers partner with businesses to assess workforce needs and develop customized solutions. Working through intermediaries, they implement training programs (e.g., ESL and financial literacy), retention programs, and career ladders. They also help employers leverage federal and state financial resources that are underutilized by the business community. For more information, contact Thressa Connor-McMahon at (202) 955-3005 or see http://www.welfaretowork.org/.

The Department of Labor has established a Business Relations Group to implement its “E³” strategy, which involves integrating employment, education, and economic development. E³ focuses on creating demand-driven partnerships with industry and economic development entities. The Business Relations Group brokers connections between multi-state national employers and local and state workforce agencies to meet businesses human resource needs. This strategy increases retention: Many national employers have found that retention rates are higher for employees hired through the one-stop system. In order to build capacity, the Business Relations Group is helping high performing one-stops share best practices for business services with other one-stops. For more information, contact Gay Gilbert at 202 693-3949.

For More Information…

Resource Contacts

- The Department of Labor Employment and Training Administration, contact Kevin Thompson at 202-693-2925.
- Education Development Center, contact Abigail Jurist Levy at (617) 969-7100, ext. 2437 or visit www.edc.org.
- Jobs for the Future, contact Jerry Rubin at (617) 728-4446 or see www.jff.org.
- The Lewin Group, contact Mike Fishman at 703-269-5655 or visit www.lewin.com.
- MDRC, contact Gayle Hamilton at (212) 532-3200 or see www.mdrc.org.
- National Governor’s Association, contact Steve Crawford at 202/624-5394 or see www.nga.org.

Publications


The Welfare Information Network is supported by grants form the Annie E. Casey Foundation, the Charles Stewart Mott Foundation, the David and Lucile Packard Foundation, the William and Flora Hewlett Foundation and the Ford Foundation.