

Partnerships for Skills Gains: Investing in Frontline Workers



Mark Elliott, Le'Ann Duran and Anne Roder
Economic Mobility Corporation

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The Economic Mobility Corporation (Mobility) identifies, develops, and evaluates programs and policies that enable disadvantaged individuals to acquire the education, skills, and networks needed to succeed in the labor market so that they can support themselves and their families.

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Introduction

“If we do this right, it affects the way our associates feel about their employment at Hypertherm. We want to train our associates well enough so that they could leave, and we treat them well enough so they won’t want to,” says Jenny Levy, Vice President of People, Community, and Environment at Hypertherm, a 50-year-old industrial equipment firm headquartered in Hanover, New Hampshire. Hypertherm believes that training its workforce boosts employee morale and loyalty. The company attributes its less than 5 percent voluntary turnover rate to its dedication to its workforce, as demonstrated by clear promotional paths and frequent opportunities for skills gains. Hypertherm boasts that in its 50-year history it has never laid off an employee.

Background

Throughout 2018 the economy continued to grow in one of the longest expansions of the last century. Since the end of the Great Recession, private employers added over 20 million jobs, and the unemployment rate dropped below 4 percent. It should come as no surprise that employers report increasing difficulty finding skilled workers, particularly for “middle-skill” jobs.¹

Continued economic expansion as well as new equipment, processes, quality standards, and competitive pressures put greater demands on employers and often require workers to master new skills. Employers have little choice but to adapt to these pressures and, if they’re unable to recruit new workers, to invest in their current employees. Many workers have limited literacy, math, and digital problem-solving skills, however, which can limit their productivity and ability to advance.² These issues only add to the challenges of employer investment in frontline workers.

Despite the fact that most low-skill workers have jobs, the public workforce system often focuses on helping the unemployed through job search assistance, and offers few skills training opportunities. Nationally, only 11 percent of employers of low-wage employees report participating in any government or publicly funded employee training or education program.³ Employers cite insufficient funding and a lack of infrastructure and industry-specific guidance as barriers to designing and implementing training programs.⁴

Partnerships for Skills Gains

The Kellogg Foundation asked Mobility to undertake Partnerships for Skills Gains because it wanted to understand how employers partner with other organizations to invest in their workers. The foundation specified that the employer training partnerships should focus on upgrading the skills of low-income workers, result in higher wages for trained employees, and require employers to contribute financially to the training. We conducted an extensive literature review, interviewed dozens of

experts, and spoke with more than 160 employers, workforce board staff, and training providers. Profiles of some of the most compelling partnerships can be found on the [Partnership for Skills Gains map](#).

Findings

Many employers have a deep commitment to their workers and community.

The employers we spoke with confirmed that competitive pressures and technological change have played fundamental roles in their decision to invest in upgrading their workers' skills. Many were also motivated to invest in skills training to attract and retain good employees. The employers emphasized how such investments reflect their company's values, not only among their employees but also within their communities. Every employer we profiled had been engaged in skills training for several years—even when unemployment rates were high.

Mark Peters, CEO of Butterball Farms, a premium butter manufacturer in Grand Rapids, Michigan, describes job turnover as an “inevitability where employees and employers should still find success. The fact is, most people leave, and oftentimes it's because they got a better offer. Why aren't we helping them prepare and find the next better offer? Many employers fear the turbulence of bringing on another new person for that role. So they only really want people to be marginally successful. And if we're really honest, that's the truth. Because if employees are too successful, they're going to leave us.” Butterball decided to actively manage turnover issues by collaborating with a network of employers in western Michigan to offer workers career options across companies.

Sharp Healthcare, an integrated health-care system that is San Diego's largest employer, relies on many community partners, including the International Rescue Committee and Southwestern College, to train incoming health-care workers and to upgrade the skills of its existing workforce. “We recognize that by partnering with other organizations in the community that have connections and resources that we might not have access to, our impact is even stronger,” says Jillian Barber, Sharp's manager of community benefits and health improvement. “For us, it's not a matter of turning things over to somebody else but creating a true partnership that is committed to the community, to being respectful, to being accountable, and to being open to ways that we can broaden our reach.”

Employers partner for the long term.

Employers often develop long-term relationships with their training partners. The partnerships highlighted here typically have been in place for more than five years. What may have started out as a straightforward short-term contract evolved into an ongoing collaboration that both employers and training partners are committed to sustaining. The relationship between Boston Children's Hospital and Jewish

Vocational Services (JVS) has become so deep that some JVS staff members now work full-time at the hospital, where they provide employees with a range of courses in basic skills and occupational training, as well as one-on-one coaching.

Most of the employers we interviewed want training that is delivered efficiently and that promotes a precise skill set relevant to their company. They also want trainings to be tailored to accommodate normal business operations. Consequently, these partnerships' training strategies are quite different from typical programs found at local community colleges or nonprofits.

Employers are skeptical of public funding.

The employers we spoke with were wary of public sector programs that could support their skills upgrading initiatives. Small employers in particular said they had little time to complete lengthy applications and found these programs' reporting requirements daunting. In cases where training partnerships were subsidized by public resources, the company's community college or nonprofit partner often handled all of the paperwork and compliance.

Community colleges are positioned to partner with employers.

Most of the partnerships we profiled were between employers and community colleges, which are present in nearly every region of the country. Community colleges have many resources that position them to undertake these partnerships: a substantial, diversified revenue base; powerful boards that often include representatives from local employers; and faculty with varied expertise and considerable experience developing curricula. That said, it was challenging to find partnerships focused on frontline workers—many employer-subsidized training programs focus on executives and managers.

Nonprofit-employer partnerships are less common.

We found fewer partnerships between nonprofit workforce development organizations and employers that offered skills training for frontline workers. The nonprofit organizations we did profile are unusually entrepreneurial and have been able to parlay their long-term relationships with employers into partnerships to upgrade frontline workers' skills. These organizations have been able to raise funds to support the partnerships and quickly and consistently deliver value to employers. Most nonprofits lack the advantages of community colleges—they have a lower profile in the community, fundraise most of their annual revenue, and have small staffs who typically lack experience developing curricula.

The public sector's role is limited.

The public sector has an important potential role in catalyzing partnerships to upgrade workers' skills. California, Mississippi, and Texas have devoted substantial

resources to such investments: many employers and community colleges in these states have developed long-term partnerships focused on frontline workers. We didn't find many workforce development boards invested in upgrading workers' skills, and those that do depend primarily on federal Workforce Investment Opportunity Act funds and are consequently quite limited. Boards typically market their programs directly to employers and require extensive documentation and reporting, which severely limits their appeal. Indeed, most board staff we interviewed reported difficulty spending the modest resources allocated to their programs.

Recommendations

Forecasting the future of the national economy is perilous. But one consistent trend has been the increasing importance of adapting and upgrading workers' skills, which impacts not only their ability to earn a decent living but also the national economy more broadly. While it's important to invest in individuals' skills when they're out of work, it's arguably even more critical to do so when they're employed—for both employers and employees. Our research found that while there are some promising programs around the country, not enough work is being done to upgrade employed workers' skills.

- It's clear that states and localities cannot depend solely on WIOA funds for skills upgrading—these resources are stretched too thin and require cumbersome data collection that many employers are unwilling to undertake. In order to begin to have a meaningful impact, states and cities must invest a significant amount of their own resources.
- Government programs should contract directly with training partners—such as community colleges and nonprofits—rather than with employers, when they invest in skills upgrading efforts. These partners are more familiar with government procurement and reporting requirements than the employers themselves.
- Industry associations and local chambers of commerce have important, yet largely untapped, roles to play in bringing businesses together to discuss strategies for identifying quality training partners and industry-wide initiatives.

Endnotes

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4. Colborn, J. and N. Jenkins, *Recasting American Apprenticeship: A Summary of the Barriers to Apprenticeship Expansion Research Project*, Aspen Institute, November 2015.

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