Driving Employer Demand for New Sources of Talent
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The Rockefeller Foundation aims to achieve equitable growth by expanding opportunity for more people in more places worldwide and to build resilience by helping them prepare for, withstand, and emerge stronger from acute shocks and chronic stresses. Throughout its 100 year history, The Rockefeller Foundation has enhanced the impact of innovative thinkers and actors working to change the world by providing the resources, networks, convening power, and technologies to move them from idea to impact. In today's dynamic and interconnected world, The Rockefeller Foundation has a unique ability to address the emerging challenges facing humankind through innovation, intervention, and influence in order to shape agendas and inform decision making. For more information, please visit www.rockefellerfoundation.org.

The Employment Pathways Project

The Employment Pathways Project is catalyzing a national effort to “flip the switch” on employer demand for opportunity youth—young adults ages 16 to 24 who are out of school and work. The project works to harness the power of the private sector so that employers play an active role in developing new sources of skilled talent. The project partners with a coalition of organizations dedicated to this approach, including Year Up, the New Options Project, Opportunity Nation and MENTOR: The National Mentoring Partnership. The Employment Pathways Project is housed at the Communications Consortium Media Center.

Public Private Possibilities

Public Private Possibilities works with nonprofit organizations, foundations, and corporations to develop multi-sector strategies addressing pressing social issues. Public Private Possibilities collaborates with a small group of organizations that include Year Up, the Employment Pathways Project, Innovate + Educate, and the New Options Projects to build national momentum behind a demand-focused strategy to connect opportunity youth to employment opportunities.

SUPPORTERS

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W.K. Kellogg Foundation

W.K. Kellogg Foundation, founded in 1930 as an independent, private foundation by breakfast cereal pioneer, Will Keith Kellogg, is among the largest philanthropic foundations in the United States. Guided by the belief that all children should have an equal opportunity to thrive, WKKF works with communities to create conditions for vulnerable children so they can realize their full potential in school, work and life.

The New Options Project

The New Options Project—an initiative of the W.K. Kellogg Foundation—seeks to establish new pathways that connect out-of-school job seekers, ages 16-24, with meaningful career opportunities while connecting employers to a potential source of untapped talent.
Table of Contents

4  Introduction

11  What Are Employment Pathways?
    Overview of Employment Pathways
    Elements of Effective Employment Pathway Models
    Benefits and Risks of Employment Pathways
    Best-Practice Examples

25  What Is the Business Case for Employment Pathways?
    Key Business Drivers and Benefits
    Measuring Value and Outcomes

33  What Are the Barriers to Business?
    Overview of Recent Movement-Building Research
    Perceptions of Opportunity Youth
    Need for Further Evidence
    Lack of Necessary Internal Supports and External Partners
    Current Social Norms in the Employer Community

39  Strategies to Increase Employer Demand for Opportunity Youth

45  Conclusion

51  Bibliography

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The Rockefeller Foundation funded this paper to synthesize the existing body of work on a demand-focused strategy to connect employers and opportunity youth and provide an analysis of key leverage points to drive employer engagement and demand for these young adults.

Employers have a critical role to play in addressing the youth unemployment crisis in this country. In order to advance this work, the Employment Pathways Project is catalyzing a national effort to “flip the switch” on employer demand for opportunity youth — young adults ages 16 to 24 who are out of school and work. The Employment Pathways Project works with the employer community to identify the core elements of employment pathways that connect employers and opportunity youth. The project explores the business benefits of investing in this untapped source, finds and documents best practices, and provides support to employers who want to create, replicate, or expand employment pathways. The project works to harness the power of the private sector so that employers play active roles in developing new sources of skilled and diverse talent.

With ongoing leadership from Public Private Possibilities, the Employment Pathways Project works with a coalition of organizations dedicated to this approach, including Year Up, the New Options Project, Opportunity Nation, and MENTOR: The National Mentoring Partnership. Our work builds on the earlier efforts of Corporate Voices for Working Families. In order to address complex social issues, such as youth unemployment and the opportunity divide, multiple stakeholders must be engaged. In addition, the private sector must come together, understand the tangible value in opportunity youth, and play a critical role in changing employment-recruiting practices.

Public Private Possibilities works with nonprofit organizations, foundations, and corporations to develop multi-sector strategies addressing pressing social issues. Over the past five years, Public Private Possibilities has collaborated with a small group of organizations that includes Year Up, the W.K. Kellogg Foundation’s New Options Project, and previously with Corporate Voices for Working Families to build national momentum behind a demand-focused strategy to connect opportunity youth and other low-income young people to employment opportunities. Our current work is focused on accelerating and amplifying the growing momentum and leveraging the full range of activities to maximize the impact of the collective set of strategies.

CONTACT THE AUTHORS
Elyse Rosenblum, Principal of Private Public Possibilities and Director of the Employment Pathways Project — eroenblum@employmentpathwaysproject.org
Sara Toland, Assistant Director of the Employment Pathways Project — stoland@employmentpathwaysproject.org
Introduction

At a time of record-high youth unemployment with low-income, minority, and other at-risk youth experiencing Depression-level joblessness, U.S. employers still struggle to find employees. Forty percent of employers say a lack of skills is the main reason for entry-level vacancies. Meanwhile, 6.7 million out-of-school and out-of-work young adults, referred to as “opportunity youth,” struggle to connect to employment. Put simply, there is a troubling misalignment between employers in need of skilled entry-level talent and opportunity youth in need of employment and other opportunities. Compounding this challenge, social mobility is falling in the United States, undermining both the American Dream and the nation’s long-term economic goals. With increasingly constrained public investments, it is imperative to engage the private sector as leaders in addressing the skills gap and the related opportunity divide facing the country.

Employment pathways help bridge the gap between unemployed young adults and the employers that need skilled talent by helping young adults acquire and demonstrate marketable skills, explore career choices, build networks, and gain access to work opportunities. At the same time, employment pathways produce a range of positive outcomes for employers, including increased loyalty, diversity, and productivity, and a positive reputation. Innovative employers across the country recognize the value of this approach and use employment pathways to develop new sources of talent. At a more sophisticated level, employers align multiple internal business functions (human resources, corporate social responsibility, diversity, talent, etc.) within an enterprise into a human-capital strategy that positions the employer as a community leader, creating shared value by aligning the business bottom-line interest with that of the local economy. Nevertheless, for a variety of reasons — including unfamiliarity, negative perceptions, lack of knowledge about effective employment pathways, and inability to easily identify partners — far too few employers are willing to make employment pathways available to the millions of young adults currently not participating productively in the economy.
**Snapshot: Opportunity Youth and Unemployment**

According to the Manpower Group, “The number of young people who are having difficulty entering the workforce and establishing themselves in sustainable careers is rising in nearly all countries and regions.” Domestic youth employment is at its lowest level since World War II; opportunity youth have been among the hardest hit populations during the recession with only about half of young people ages 16 to 24 holding jobs in 2011.

The term “opportunity youth” describes a population of 6.7 million young adults, ages 16 to 24, who are not in school or work, may or may not have graduated from high school, and are not college graduates. They are most likely unemployed and rely on government supports. Opportunity youth, compared to other young adults, face more life- and skills-development challenges when trying to enter the workforce and find a meaningful career that pays a living wage.

When opportunity youth are unable to find employment, the consequences extend far beyond the mere absence of a paycheck. These young people face long-term losses in terms of social inclusion, self-reliance, a sense of purpose, workplace experience, credentials, and professional networks. The burden on the taxpayer and society is potentially enormous. Researchers predict that the long-term cost of failing to reconnect the cohort of 6.7 million opportunity youth will produce an aggregate taxpayer burden of $1.6 trillion and a social burden (i.e., crime, welfare, social supports) of $4.8 trillion.

The Employment Pathways Project, Year Up, and the New Options Project with leadership from Public Private Possibilities are catalyzing a national movement to “flip the switch” on employer demand for opportunity youth. In close collaboration with a network of other partners that includes Innovate+Educate, MENTOR: The National Mentoring Partnership (MENTOR), the Pathways to Prosperity Project, Opportunity Nation, and the America Forward Coalition, we are working to elevate employers as a key part of the solution to the youth employment crisis. Our particular focus is on the essential role employers can play to create employment pathways for opportunity youth. This emerging movement has gained momentum over the last two years through the work of the White House Council for Community Solutions, the Clinton Global Initiative, and the Aspen Institute Forum for Community Solutions, and with support from the W.K. Kellogg Foundation’s New Options Project, Venture Philanthropy Partners, the Bill & Melinda Gates Foundation, and recent assistance from the Annie E. Casey Foundation. President Obama provided a boost during the launch of his 2012 Summer Jobs+ initiative when he challenged employers to do whatever they could to help these young adults, from providing mentoring opportunities to hiring them.
Building on the existing national momentum, employers’ concerns about the skills gap, the growing number of opportunity youth, and impending demographic shifts in the workforce, an opportunity exists to augment this demand-driven approach. The ultimate goal of this work is to change social norms in the employer community so that employment pathways become widely recognized and integrated as one of several talent strategies used by competitive, best-practice employers. A number of organizations are collaborating to execute several complementary and integrated strategies that, taken together, are designed to accelerate employer demand so that employers are deeply engaged in creating and expanding employment pathways for opportunity youth. These strategies include

- shifting employer perceptions about young adults from social liabilities to economic assets,
- educating employers about how to provide employment pathways and refining the business case for employment pathways to increase employer investments, and
- cultivating an employer movement that supports employment pathways as a critical talent solution for businesses.

As we move forward, we will engage employers of all sizes and across many industries to develop new sources of skilled and diverse talent, creating a host of new employment pathways for young people across the country. As these employment pathway models create and expand employment opportunities for young adults, they may contribute to new job creation when employers have greater confidence that a steady supply of talent will be available for any new job. However, widespread job creation is primarily linked to broader macro-economic conditions.

This report focuses on one approach among many to address the youth employment crisis in this country. We focus on leveraging the power of the private sector because we believe this approach can have the greatest impact in the shortest period. In addition, core business leaders who have experience with best-practice models are committed to this approach, and to date this strategy has been largely underused. We concentrate on opportunity youth because the benefits of re-engaging them in meaningful career paths and employment are tremendous. Opportunity youth represent a particularly vulnerable and traditionally overlooked subset of the young adult population that has largely been failed by the traditional education system. In addition, according to Opportunity Nation’s *Opportunity Index*, out of sixteen indicators, the
percentage of opportunity youth in the community correlates most strongly with the overall access to social and economic mobility throughout the community.\textsuperscript{18} For these reasons, a strategy to ramp up private-sector commitment to and investment in employment pathways for opportunity youth presents a tipping-point approach for addressing an element of the youth employment crisis.

Other strategies for increasing youth employment include K-12 education reform, postsecondary education reform, expansion of learn and earn models, apprenticeship model exploration, and the collective impact method.\textsuperscript{19} These tactics, along with the demand-focused approach discussed in this report, have the potential to positively affect the current youth employment crisis, which will require a multipronged strategy, including a variety of stakeholders and many types of pathways and reconnection points, to solve.\textsuperscript{20} Although these reconnection points are valid, national organizations and funders already play a large role in these efforts. Employer movement building is a relatively new and under-resourced strategy that is showing signs of success. A real opportunity exists to build on the existing momentum, integrate and align a number of current initiatives focused on deepening employer demand, and accelerate the scale of effective employment pathways to help address the youth unemployment crisis.

The body of this report is divided into four major sections. In the first, we provide an in-depth review and analysis of the core elements of effective employment pathways with examples of a number of different best practices. In the second, we discuss the business case for investments in employment pathways, as well as the need for additional work to fully develop a return on investment analysis that individual employers can use to measure whether and how to invest in employment pathways to match their business needs. In the third, we explore some of the barriers that keep employers from providing employment pathways. Finally, we close with a discussion of key strategies to increase employer demand and the commitment to using employment pathways to develop new sources of skilled and diverse talent.

\textbf{Snapshot: Employers and the Skills Gap}

At the same time that young adults struggle to access resources that will help them build their skills and talents, employers struggle to hire skilled employees ready to meet the demands of the twenty-first century workplace. According to estimates, 3.4 million job openings in the United States remain unfilled.\textsuperscript{15} A 2011 McKinsey & Company survey of two thousand U.S. companies found that two-thirds of employers report difficulty in filling job vacancies due to unsuitable work habits and insufficient experience.\textsuperscript{16} U.S. companies spend an estimated $485 billion annually in part on formal and informal education and training to close the skills gap; however, that training and education is skewed to higher-level workers.\textsuperscript{17} Despite this enormous investment, too many job candidates are still unprepared for the demands of today’s workforce. As a result, companies are eager for solutions that can be used to train individuals with the skills needed to meet talent-development goals.
“Who am I? I ask myself this question every morning while staring in the bathroom mirror. During my preadolescent years, my situation at home became volatile. I would stay out to avoid the drama at home by going to the streets. I fell deeper into this new lifestyle and it began to dominate everything…. I watched myself turn into the embodiment of a stereotypical disconnected inner-city youth. I enrolled in community college, but I would still stay out participating in questionable activities. My mother discovered my double life and ultimately kicked me out.

Being homeless and more deeply involved in the streets, I lost the things that were most important to me. While I was struggling to find employment, my daughter was born. I heard about Year Up. I really didn’t know what to expect. All I knew was that they would pay me to come to school, and that was enough for me…. At Year Up, I formed a circle of support with newfound comrades that will last a lifetime. My IT instructor provided me with a sound foundation in technology, which enabled me to excel at my apprenticeship at Goodwin Procter. I made the transition from being a dependent novice to a valued member of the Goodwin Procter team, and I am happy to announce that they have offered me a position as a helpdesk analyst.

So again I ask, Who am I? I am a father. I am a role model and support system. I am a man who has persevered through many personal hardships in life, strengthening my resolve to succeed. I am a man with drive and purpose who is destined for greatness. I thank you, Year Up.”
EMPLOYER PERSPECTIVE:
Mike Wiggins, Southwire Company

“The number of kids dropping out from the local high schools is a problem for kids, the community, and Southwire. At Southwire, we wanted to create a pool of ready applicants, but to grow in our hometown we needed to increase graduation rates because we require a high school diploma or GED to work at the company. We created 12 for Life, with the local school system, to invest in young adults at risk of dropping out of high school and to provide them with work experiences at a manufacturing plant and educational classes needed to graduate high school.”

— Mike Wiggins
Executive Vice President of Human Resources
Southwire Company

Southwire Company (Southwire) is a privately held wire and cable manufacturer headquartered in Georgia. Its commitment to improving the communities in which it operates has put it on the leading edge of education initiatives for decades. In 2007, it launched 12 for Life—a program that lets students combine their studies with practical, real-world experience at a customized Southwire manufacturing facility. Through contextualized work-based learning, a robust support system and a paycheck, Southwire’s 12 for Life program gives at-risk students a pathway to success by completing twelve years of school while meeting Southwire’s high production standards and filling the company’s talent needs. The initiative has contributed to an increase in the graduation rates—from 55 to 75 percent—for students at risk of dropping out of high school, and to date, 428 students have graduated from the program. Southwire benefits from a pipeline of skilled and ready workers, and it continues the company’s tradition of giving back to the community.
What Are Employment Pathways?

Employment pathways represent the full range of investments employers can make to expand the talent pool to include opportunity youth. Employment pathways can consist of everything from a relatively modest investment in mentoring one or more young adults to a much more significant investment, such as designing a comprehensive, best-practice employment pathway program. In the White House Council for Community Solutions’ “A Toolkit for Employers: Connecting Youth & Business,” employment pathways are defined as a “series of activities, or planned experiences designed to steer opportunity youth on a trajectory to advance their employment qualifications and ultimately lead to stable, long-term opportunities.” In a recent report, the Manpower Group refers to pathways to work as “demand-driven, training-to-employment programs” that aligns skills training with real work opportunities.

Despite nuanced differences in their definitions, effective employment pathways train young adults with workplace skills that match workforce needs, provide young people with work-based learning experience, and offer critical wraparound supports. More critically, effective employment pathways produce positive outcomes for both young adults and employers, creating increased opportunities for young adults while simultaneously expanding the talent pool for employers.

Despite nuanced differences in their definitions, effective employment pathways train young adults with workplace skills that match workforce needs, provide young people with work-based learning experience, and provide critical wraparound supports.
Snapshot: Learn and Earn

Learn and Earn models depend on partnerships between employers and education providers. These collaborations build the talent pools employers need and offer employees the opportunity to gain tangible skills and earn a postsecondary degree or credential, as well as a path to a brighter economic future. Between 70 and 80 percent of students who are enrolled in higher education have to work. Learn and Earn models provide these students with the ability to balance the dual demands of education and work, which is critical for low-income young adults. Learn and Earn models highlight the importance of the continuous on-the-job training needed to ensure that current employees’ skills match workforce demands and to keep employees engaged at the company. Several employer best practices associated with Learn and Earn models are considered best practices within the employment pathway approach, including public and private partnerships, internships, mentoring, career navigation, and apprenticeships. Corporate Voices for Working Families recently produced “A Talent Development Solution: Exploring Business Drivers and Returns in Learn and Earn Partnerships,” which highlighted the findings from the emerging field and twenty-two best-practice examples, including those from Year Up, CVS Caremark, Expeditors, and Pacific Gas and Electric.

In addition, the employment pathways approach sits on a continuum and sometimes overlaps with the emerging Learn and Earn field. Although they share some similarities, including a key role for partnerships, employment is the primary goal of the employment pathway approach; Learn and Earn models are designed to help young people who are already employed obtain postsecondary credentials while they are working. Ideally, once an employment pathway reconnects a young adult to work, the employer will have a Learn and Earn model in place to help that young person continue his or her education while working.

In this section, we provide an overview of employment pathways and the roles that employers can play in these initiatives as well as explore the elements of effective employment pathway models. Finally, we examine more closely business best practices around employment pathways and the important functions that both corporate leadership and partnerships play in the most successful initiatives.
Effective Employment Pathways

- Outreach & Assessment
- Pre-Employment Training
- Retention
  - Work-based learning experience
  - On-the-job training, continuing education
- Pre-Employment Training
  - Skill development
- Hiring

Sustained Business Engagement

Wraparound Social Support Services

Connection with an Engaged Adult/Mentor
Overview of Employment Pathways

There is no silver bullet or single most effective employment pathway approach. The best approach for any particular organization depends on a variety of factors, including the differing needs and assets of an employer, the young adults, and the community. As a result, employment pathways vary greatly in terms of focus, duration, and intensity. Employment pathways may be led and implemented by nonprofit, education, or employer partners, but virtually all best-practice examples have strong employer participation. Employers can support employment pathways in many ways, including helping partners develop relevant curriculum; hosting a career day or a job shadowing program; having employee volunteers mentor, provide career navigation, or teach particular workplace skills; offering internships and apprenticeships; and hiring young adults. In addition, employers that are involved in successful employment pathways usually possess strong corporate leadership and a solid partnership with a community organization.

Elements of Effective Employment Pathway Models

In 2007, the W.K. Kellogg Foundation’s New Options Initiative asked Corporate Voices for Working Families (Corporate Voices) to convene a group of corporate partners to explore attitudes about and barriers to hiring opportunity youth. Through that process, Corporate Voices, along with corporate and strategic partners, identified a series of activities that would help address real and perceived challenges to hiring opportunity youth. Over the past several years, as we have documented numerous approaches that produce results for young people and employers, we have refined the core elements of employment pathway models. Again, there is no single best approach, but at the most comprehensive level an effective employment pathway includes five sequential phases for the young adult. It also includes continuous supports that ensure success for the opportunity youth and the employer.

Outreach and Assessment

Often conducted by a community-based partner organization, the recruitment and assessment phase identifies potential participants in the program and gauges the young adult’s educational background, skill level, work history, and risk factors before admission into the program. Screenings may include a job-skills-assessment tool, such as ACT’s WorkKeys®, which measures the professional skills and career readiness of candidates, interviews, and referrals from program partners. Effective programs typically include an application and interview process that screens young adults for motivation and identifies the risk factors and the need for supports to enhance the likelihood of success.
An employment pathway with a particularly strong outreach and assessment component is the City of Albuquerque’s partnership with Innovate+Educate, which uses a skills-based hiring initiative approach to increase job opportunities for young people without a high school or college degree. Using ACT’s WorkKeys assessment to measure the young person’s skill level in several categories, the city is able to evaluate a candidate based on his or her skills and consider applicants who do not have educational credentials or are new to the workforce. Michael Smith, the director of the Public Service University for the City of Albuquerque, explains that the city now has access to a previously untapped “pool of people that we never saw before.” Additionally, candidates who participate in the WorkKeys assessment are offered the opportunity to enhance their skills at no charge so they can apply for different or future job openings.

Michael Smith, the director of the Public Service University for the City of Albuquerque, explains that the city now has access to a previously untapped “pool of people that we never saw before.”

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**Pre-Employment Training: Skills Development**

Skill development is a major focus of employment pathways and a critical component of successful models. Best-practice programs offer training focused on a combination of technical skills and educational skills and critical workforce/professional skills, such as professionalism, teamwork, and communications. These programs integrate academic-, workforce-, and technical-skills development, and they contextualize the training so that it is more engaging and relevant to real-world applications. Although the skills training may be provided by the employer directly or by a partner organization, McKinsey & Company reports that it is essential for the employer and community partner to work together to develop the professional skills curriculum. Employer input into the training curriculum ensures that the training program focuses on those skills that are valued in the marketplace.

**Gap Inc.** worked with community partners to implement This Way Ahead, a four-phase initiative that includes career exploration, job readiness training, competitive internship opportunities, and ongoing career support. The second phase—job readiness training—runs for eighteen weeks using a curriculum jointly designed by community partners and Gap Inc.’s Learning & Development team. Gap Inc. employees volunteer time to teach some of the classes. The curriculum covers many of the skills needed to find a job, such as resume writing and interviewing. It also includes workforce skills, including conflict resolution, customer service, smart decision-making, and presentation skills. Every year, approximately two-thirds of This Way Ahead interns are hired as part-time employees. Seventy-four percent of the Gap Inc. employees who volunteer as mentors for the program said their involvement improved their own leadership skills and 100 percent said that working with the interns was professionally rewarding.
Pre-Employment Training: Work-based Learning Experience

For many opportunity youth, real workplace experiences are the key to success. According to a recent McKinsey & Company report, 60 percent of young people believe they learn skills through on-the-job training, a belief supported by 72 percent of managers. Work-based learning experiences range from a one-day job-shadowing experience to an extended and structured internship (which should include a wage, stipend, or academic credit) to a formal apprenticeship to learn a trade.

An example of a best-practice employment pathway model with a particularly strong work-based learning component is Year Up, a one-year, intensive training program that provides low-income young adults, ages 18 to 24, with a combination of hands-on skills development, college credits, and a corporate internship. During the first six months of the program, Year Up provides a rich, contextualized training curriculum that focuses on technical and professional skills in a peer-learning community. Students then apply those skills during the second six months with an internship at one of Year Up’s 250-plus employer partners. Year Up delivers consistently strong outcomes for the young adults, with 84 percent of Year Up graduates employed or enrolled in college full time within four months of completing the program.

“State Street’s partnership with Year Up has become an integral component of our strategic plan to grow a pipeline of future IT employees. Year Up’s program brings enormous value to its corporate partners and has a measurable impact on the lives of young adults.”

- Joseph Antonellis, Vice Chairman, State Street Corporation

From the employer partner perspective, 90 percent of Year Up interns meet or exceed their internship manager’s expectations. According to an employer survey, employers’ interest in Year Up continues to grow because Year Up offers a value proposition that aligns well with core business objectives. Interns enter the workplace prepared to develop the full range of skills that will ultimately make them valuable contributors and quality employees. The internship is structured to be low risk and high reward, and Year Up responds to employer feedback and continually adapts to meet employer and industry needs.
Hiring
The ultimate goal of all employment pathway models is to prepare opportunity youth for future success in the workplace. Although most programs do not guarantee that participants will be offered a job, programs often provide career counseling to help young adults pursue job opportunities following completion of the program. An example of a program that excels in this area is Pacific Gas & Electric’s (PG&E) PowerPathway™ program. With PowerPathway™, PG&E is building California’s capacity to produce the skilled workers needed by the energy and utilities industry. PG&E is creating job-training and career-advancement opportunities for underserved communities in partnership with the public workforce investment system and community colleges across the region. In 2012, PG&E expanded enrollment opportunities in the PowerPathway™ Skilled Crafts training programs to low-income young adults ages 18 to 24. Although not all of the candidates that participate in the PowerPathway™ program receive jobs at PG&E, they gain substantive work-readiness training and skills relevant to the field. Most importantly, they are considered work-ready, competitive candidates for future opportunities within the booming energy sector. Currently, 70 percent of PowerPathway™ graduates are hired within the energy and utilities industry, and 17 percent of those graduates are between the ages of 18 and 24.10

Retention
Effective employment pathway models produce benefits for young adults, employers, and the community — with retention being the most valuable outcome for any employer’s talent strategy. To retain workers, on-the-job training and skill development does not stop once the young adult is hired. The Learn and Earn approach, mentioned at the beginning of this section, highlights partnerships between employers and higher education institutions that provide ongoing skill development toward a postsecondary credential. Employers who engage in Learn and Earn partnerships may report higher retention rates.

Thus far, retention rates for young people hired through employment pathways are difficult to track because opportunity youth who transition into the workforce through employment pathways may fall through the cracks once they become “part of the workforce.” Community partners do not often track a young adult’s trajectory after he or she completes an employment pathway program, and employers do not disaggregate retention data for particular employment pathways. In addition, the current benchmark for success for employer engagement is the number of young adults hired through these pathways. As more employers incorporate this approach as a talent strategy, it will be important to examine retention rates to understand the long-term impact of employment pathway investments. This area will require additional investment, study, and analysis.
Additional Elements of Employment Pathways

Throughout the five phases of the employment pathway model discussed in the previous sections, a number of elements are essential to support the success of young adults and employers:

- **Connection with an Engaged Adult/Mentor:** Connecting the young adult to a mentor within the company and/or the partner organization is essential. Mentors help young people navigate challenges, set career goals, join networks within the workplace, link to professional organizations, and teach them how to seek and keep jobs. In addition, mentoring affords current employees professional development opportunities and produces loyal employers with career and promotion potential.

- **Wraparound Social Support Services:** Opportunity youth are likely to face life challenges that have derailed them in school or work in the past. They may be homeless, single parents, or live in foster care. They may have struggled with substance abuse or speak English as a second language. To help young adults overcome these and other challenges, employment pathways should provide young adults with support services. Partner organizations usually fill this role rather than employers.

- **Continuing Education and Skills Development:** More than half of all new jobs through 2021 will require some type of postsecondary credential (certificate, associate’s degree, or bachelor’s degree). The best employment pathways re-engage young people through work and then connect them to ongoing skill development and postsecondary education. Employers that invest in employment pathways typically possess a strong culture and commitment to skill development for employees, providing tuition assistance benefits and other supports.

- **Sustained Business Engagement:** Employment pathway models are most effective when they are driven by a business need that motivates the employer to invest over the long term. When partner organizations lead employment pathways, it is important that the partner dedicate capacity to managing the employer relationships.

From the employer perspective, two final factors prove crucial to the success of employment pathways: strong external partnerships and a strong internal champion.

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“"The typical image of mentoring is often of younger children paired with adults. But as young people get older and face mounting challenges, there are less structured opportunities for mentoring relationships. At MENTOR, we work to advance quality mentoring across the age continuum and we are optimistic about the future of mentoring older youth because we see more and more employers linking workforce development to mentoring based on the opportunity to better realize human and economic potential.”

— David Shapiro, CEO, MENTOR

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"Driving Employer Demand for New Sources of Talent"
External Partnerships

Many of the employers that undertake these initiatives have a history of strong partnerships with community and education partners. Although a small number of employers create employment pathways entirely within the company, most employers are not interested and do not have the capacity to provide the range of necessary supports. They recognize that they must build on existing partnerships to engage a variety of local organizations to create strong pathways. Effective models are based on partnerships that include an employer and at least one of the following: a nonprofit community-based organization, an education provider, a faith-based organization, and/or a workforce organization. Examples of successful employment pathway partnerships include Southwire and Carroll County School System, Gap Inc. and The Door, and JP Morgan Chase and Year Up.

Partners play varying roles, including recruiting participants, providing life- and work-skills training, securing wraparound supports, hosting a graduation ceremony for participants, and increasing public recognition for the initiative. Partners bring content expertise, commitment to a social mission, access to a broader employee base, an opportunity to make a difference, and other equally compelling benefits to the employers. Although partnerships have immense benefits, they can be challenging due to differing expectations and priorities as well as conflicting values, language, or organizational culture. Ongoing communication among the employer and the partners is essential to success. This means communicating frequently, providing ongoing feedback, and incorporating the feedback into a continuous improvement strategy. Other factors in building strong partnerships include up-front time for planning, setting clear expectations, and ongoing dedicated time to manage the partnership as it evolves.

Leadership Is Important

Leadership at the CEO or executive management level shepherds an employment pathway initiative within a business and ensures its success. One such leader is Dan Wall, senior vice president of Expeditors, a global logistics management solutions corporation. Expeditors hires young adults who are in high school but do not plan to pursue higher education due to cost, lack of motivation, or other reasons. The company’s employment pathway, Opportunity Knocks, offers these young adults a part-time job with the promise of full-time employment with benefits if they meet or exceed expectations and graduate high school. Wall created Opportunity Knocks based on his own experience of joining Expeditors at age eighteen in an entry-level job and working his way up to his current, senior-level position. Under Wall’s leadership, Opportunity Knocks provides young adults with much-needed mentoring, encouragement, and opportunities to acquire job skills. At the same time, Expeditors is able to explore future talent and boost its connections in the communities where it operates.
Benefits and Risks of Employment Pathways

The employment pathway approach produces positive outcomes for the employer and the young adult. As highlighted thus far in this report, employers gain a skilled pool of talent and realize outcomes, including increased diversity, loyalty, productivity, and positive reputation, because of employment pathways. At the same time, young adults acquire skills, build networks, and gain access to employment opportunities. To further explore the business drivers and benefits to employment pathways as well as common barriers and challenges, please see “What Is the Business Case for Employment Pathways?” section in this report.

As with any innovative practice, risks and challenges are associated with building employment pathways. The most common risks include the following:

• The young adult is unable to meet employer expectations (in either technical or professional skills).
• Pre-existing negative perceptions may be reinforced through a negative experience.
• The approach may require more commitment and resources than other talent strategies and may prove more labor intensive than the employer expected.
• Over-reliance on a single internal champion within the employer; if that champion leaves, the program may fail.
• Many employers partner with intermediaries in the community to recruit and screen participants and provide wraparound supports; however, employers that do not find the “right” fit or do not enter into a full collaborative partnership do not realize the full range of possible outcomes.
• The intermediary partner fails to meet employer expectations or needs.

Best-Practice Examples

On the following pages is a chart that compiles best-practice examples that involve employers from across the country and that represent a variety of industries, including health care, retail, financial services, technology, and manufacturing.47
<table>
<thead>
<tr>
<th>Company</th>
<th>Employment Pathway</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture</td>
<td>Skills to Succeed</td>
<td>A corporate citizenship initiative aiming to equip 500,000 people with the skills to get jobs or build businesses by 2015 through work with local nonprofits, such as NPowr’s Technology Service Corps, which provides free IT career training to underserved young adults.</td>
</tr>
<tr>
<td>Bank of America Foundation</td>
<td>Workforce Development and Education Initiative</td>
<td>As part of a three-year, $50-million effort to support education and workforce development opportunities, Bank of America offered 1,500 paid internships at the company and at local nonprofits as well as job placement programs in conjunction with more than 80,000 employee volunteer hours in 2012.</td>
</tr>
<tr>
<td>Baxter International inc. (Baxter)</td>
<td>Science@Work</td>
<td>Partnering with the Chicago Public Schools to support teacher training and student development in biotechnology, Baxter has affected 60,000 students in 150 schools. Last year, Baxter introduced an internship program under the Science@Work initiative that offers workplace opportunities and professional skills development.</td>
</tr>
<tr>
<td>City of Albuquerque</td>
<td>Skills-Based Hiring</td>
<td>Through the Skills-Based Hiring initiative, Innovate-Educate partners with the City of Albuquerque and uses ACT’s WorkKeys skills assessment to screen potential job applicants for entry-level open positions. This partnership allows the city to identify skilled workers for open positions based not just on traditional educational achievements, but also on the skills needed to excel in the job.</td>
</tr>
<tr>
<td>CVS Caremark</td>
<td>Pathways to Pharmacy</td>
<td>CVS Caremark’s Pathways to Pharmacy is a nationwide internship program to help at-risk youth take a first step in a pharmacy career path.</td>
</tr>
<tr>
<td>Expeditors</td>
<td>Opportunity Knocks</td>
<td>Vision, leadership, and passion for developing young, raw talent changes individual lives, grows future talent, and benefits this global logistics company.</td>
</tr>
<tr>
<td>Fidelity Investments (Fidelity)</td>
<td>Citizen Schools</td>
<td>Fidelity’s long-term, strategic partnership with Citizen Schools provides low-income, middle-school youth with work, life, and academic skills while offering employee volunteers the chance to participate in meaningful professional development opportunities.</td>
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<tr>
<td>Company</td>
<td>Employment Pathway</td>
<td>Description</td>
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<tr>
<td>Ford Motor Company Fund</td>
<td>Ford Partnership for Advanced Studies (PAS) Next Generation Learning Initiatives</td>
<td>To build a stronger pool of talent and help students achieve academically, Ford PAS Next Generation Learning Initiatives mobilize all sectors of the community and bring them together to transform high schools and the workforce development system.</td>
</tr>
<tr>
<td>Gap Inc.</td>
<td>This Way Ahead</td>
<td>Gap Inc.'s This Way Ahead initiative provides low-income young people with opportunities for skills development and career exploration. This program enables young adults to see a brighter future while providing Gap Inc. employees with meaningful development opportunities, deeper connections with co-workers, and increased loyalty to Gap Inc.</td>
</tr>
<tr>
<td>Healthcare Employers</td>
<td>Stepping Up</td>
<td>Stepping Up is an employer-led partnership comprised of health care, labor, education, and community organizations that administer an employment pathway program. It offers training, education, and career support services for low-skilled residents and incumbent workers, supplying local health care employers with a skilled workforce.</td>
</tr>
<tr>
<td>H-E-B Grocery Company</td>
<td>Career Lattice Program</td>
<td>Career lattice programs engage young adults in learning and provide essential skills and job training.</td>
</tr>
<tr>
<td>IBM</td>
<td>Pathways in Technology Early College High School (P-TECH)</td>
<td>P-TECH schools offer students with science, technology, engineering, math, and other workforce, skill-based curricula; the opportunity to simultaneously earn a high school diploma and associate's applied science degree in computer systems or electromechanical engineering technology; and premier consideration for entry-level positions with IBM.</td>
</tr>
<tr>
<td>JP Morgan Chase</td>
<td>Year Up</td>
<td>JP Morgan Chase partners with Year Up in six locations across the country. Since 2007, it has hosted 277 interns. The company has hired approximately 20 percent of those interns after they have completed the Year Up program.</td>
</tr>
<tr>
<td>Living Classrooms</td>
<td>Workforce.io</td>
<td>This interactive web platform connects employers with the credentials and talent they are searching for and offers opportunity youth a direct connection to open positions.</td>
</tr>
<tr>
<td>Manpower Group</td>
<td>TeachReach</td>
<td>Originally developed in the 1990s to help employers with an IT skills shortage, TeachReach has expanded to meet the talent needs of other industry sectors. Manpower Group acts as project manager, identifies potential candidates, provides a training/support program, and places graduates in entry-level positions within the industry. To date, TeachReach projects have affected more than 25,000 people and placed 16,000 workers in sustainable jobs.</td>
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<tr>
<td>Company</td>
<td>Employment Pathway</td>
<td>Description</td>
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</tr>
<tr>
<td><strong>Multiple Employers</strong></td>
<td>Cristo Rey Jesuit High School Models, Corporate Work Study Program</td>
<td>The Corporate Work Study Program combines four days per week of high school coursework with one day of work-study on site at a local company. Businesses enhance their talent and diversity pipeline while students gain work experience and the ability to finance up to 70 percent of school tuition. This nationally recognized model is used in 25 schools and partners with more than 1,000 companies nationwide.</td>
</tr>
<tr>
<td><strong>Multiple Employers</strong></td>
<td>Genesys Works</td>
<td>Genesys Works offers high school students from low-income backgrounds pre-employment training followed by placement in internships at corporations to gain critical work experiences in information technology. The goal of Genesys Works is to provide students with workplace experiences and skills and to support them in graduating high school and entering college.</td>
</tr>
<tr>
<td><strong>Multiple Employers</strong></td>
<td>Urban Alliance</td>
<td>Urban Alliance is an employment program for under-resourced high school seniors in Washington, D.C., Baltimore, MD, and Chicago, IL. The program prepares students for a life of work and self-sufficiency through paid internships with companies, formal training, and mentorship.</td>
</tr>
<tr>
<td><strong>National Academy Foundation (NAF)</strong></td>
<td>Career Lattice Program</td>
<td>A national network of more than 500 career academies, which focus on one of five themes: finance, hospitality, tourism, information technology, and engineering. The capstone of the NAF program is a paid internship for the student with one of NAF's 2,500 corporate partners. NAF serves more than 50,000 students in 41 states.</td>
</tr>
<tr>
<td><strong>Pacific Gas &amp; Electric Company (PG&amp;E)</strong></td>
<td>PowerPathway™</td>
<td>PG&amp;E created a training program that invests in its future workforce and targets underserved communities. PG&amp;E maintains a 98 percent retention rate among graduates.</td>
</tr>
<tr>
<td><strong>Southwire Company</strong></td>
<td>12 for Life</td>
<td>Via contextualized work-based learning, a robust support system, and a paycheck, Southwire's 12 for Life program gives at-risk students a pathway to success by helping them complete twelve years of school while meeting Southwire's high production standards and meeting the company's talent needs.</td>
</tr>
<tr>
<td><strong>TJX Companies, Inc.</strong></td>
<td>Youth Business Institute</td>
<td>Current TJX associates teach a ten-week professional and personal development program on job readiness skills to high school students and provide exposure to career pathways.</td>
</tr>
</tbody>
</table>
24        DRIVING EMPLOYER DEMAND FOR NEW SOURCES OF TALENT
What Is the Business Case for Employment Pathways?

Employers that currently provide employment pathways for opportunity youth do so for a variety of reasons, including difficulty finding or hiring skilled talent, concerns about turnover, desire to increase employee diversity, commitment to serving the community, or concern about the young adult population. In many cases, the employers are initially motivated to create a pathway as part of their corporate social responsibility or philanthropic initiatives. However, the majority of employers choose to expand employment pathways when they see that the pathway is meeting core business goals relating to talent.  

Traditionally, employers use a return-on-investment (ROI) calculation to predict or measure the value of a particular strategy. About half of employers recently surveyed report that they “highly value cost-benefit analysis and tracking data when they make decisions about whether to invest in hiring/training/support practices.” The simplest ROI for a hiring practice looks at turnover rates and training costs to assess the value of the new practice. A more comprehensive approach factors in productivity. However, to develop a comprehensive ROI of employment pathways, it is important to capture the value of the full range of benefits. Capturing this information has been a challenge because some of the benefits that drive decision making, such as increased diversity, employee engagement, and corporate social responsibility, are not easily measured or monetized.
The shared value model, developed by Michael Porter and Mark Kramer, provides another approach for capturing value. Porter and Kramer define shared value as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.” Companies create shared value in three distinct ways: reconceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the company’s locations. As with ROI measures, however, companies do not have a framework for capturing progress on social goals or a way to evaluate how social performance improves the business bottom line. Porter and his colleagues at FSG are working on a framework to capture, track, and analyze data so that employers can better understand and maximize shared value strategies.

**Key Business Drivers and Benefits**

Although employers cite a range of reasons for engaging in employment pathways, the primary business driver is usually to build a strong pipeline of work-ready talent. This can include a number of benefits, such as

- increased skills of entry-level talent pool,
- enhanced recruitment strategies,
- low-risk or low-cost talent exploration,
- higher retention rates,
- increased worker productivity, and
- a more professional workforce.

In addition to the benefits linked to talent, employers recognize a number of additional benefits through effective employment pathways, including

- increased diversity,
- increased employee satisfaction and engagement,
- increased brand equity,
- improved public perception and reputation, and
- advancement of corporate social responsibility or philanthropic goals.
Building a Talent Pipeline of Ready and Skilled Workers

Employment pathway best practices are often found in industries such as health care, information technology, and utilities in part because these industries have experienced talent shortages due to growth in the sector and/or the aging of their skilled workforces. The health care industry is one of the most innovative sectors when it comes to creating pathways to work for unemployed young adults and other “harder to hire” populations. For instance, in 2006, Rhode Island’s hospitals were competing with each other to hire skilled talent from local communities. Based on the business demand to have a pool of ready and skilled workers, they created Stepping Up. Stepping Up is an employer-led partnership comprised of health care, labor, education, and community organizations that offers training, education, and career support services for low-skilled residents and incumbent workers, supplying local health care employers with a skilled workforce. Through Stepping Up, local hospitals are able to fill their labor shortages with a diverse workforce and create a work-ready talent pool.  

Increasing the Diversity of the Workforce

As the country becomes more diverse, many employers want to ensure that their workforce reflects the population base of the communities in which they operate. Employers ranging from a white-collar professional company like UBS Bank to a large retailer such as CVS Caremark (CVS) effectively use employment pathways to increase the diversity of their workforces. UBS partners with Year Up to develop skilled and diverse talent. CVS Pathways to Pharmacy initiative provides disadvantaged young adults a pathway to become pharmacists, including an internship program that combines classroom instruction with hands-on experience at a CVS/pharmacy store. Following the internship, students are eligible to continue to work and earn national certification as pharmacy technicians. A smaller number of participants move on to six years of undergraduate and graduate studies in pharmacy, which traditionally have a low percentage of diverse students. Through Pathways to Pharmacy, CVS is increasing the diversity of its workforce while building a skilled and diverse pipeline of future pharmacists.

“[D]iversity management makes good business sense and good common sense. Our industry today is rapidly changing and increasingly complex. In this environment, having a broad range of ideas and viewpoints through a diverse workforce increases our chances of success with our customers, clients, patients, and communities.”

— David L. Casey, Vice President, Workforce Strategies and Diversity Officer, CVS Caremark
Advancing Corporate Social Responsibility and Philanthropic Goals

Beyond building a strong pipeline of skilled talent, many employers invest in employment pathways as part of their formal, ongoing corporate social responsibility initiatives or through informal work to improve the local community. For instance, Gap Inc. created This Way Ahead, an employment pathway that provides career readiness, job training, and first-time work experience for young adults as a corporate social responsibility/foundation initiative. Some business leaders create employment pathway opportunities because they benefited from support early in their own careers, and they are committed to creating opportunities for others. For example, Dan Wall, senior vice president of Expeditors, created Opportunity Knocks based on his personal experience of starting his career at the company as an entry-level employee and working up to executive leadership. Wall created Opportunity Knocks to formalize the mentoring and professional-development support he received within the organization.

“I was like these kids — from a working class family trying to make ends meet. My father was and still is a truck driver, and my mother worked as a waitress. There were no expectations for college as none of my family had ever gone. I am a first-generation college graduate. Now I have started a different cycle with my kids, who are expected to go to college, and Expeditors is extending that to others through Opportunity Knocks.”

— Dan Wall, Senior Vice President, Expeditors

<table>
<thead>
<tr>
<th>Benefits for Opportunity Youth</th>
<th>Benefits for Society/Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Skills development</td>
<td>• Alleviate the economic burden on taxpayers and society</td>
</tr>
<tr>
<td>• Work-based learning experiences</td>
<td>• Increase earnings and tax revenues</td>
</tr>
<tr>
<td>• Career pathway</td>
<td>• Alleviate the burden on social services, the criminal justice system, the health system, etc.</td>
</tr>
<tr>
<td>• Employment</td>
<td>• Provide an influx of human talent to the community</td>
</tr>
<tr>
<td>• Credentials</td>
<td></td>
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<tr>
<td>• Professional networks</td>
<td></td>
</tr>
<tr>
<td>• Reconnection to society and education</td>
<td></td>
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<tr>
<td>• Family-sustaining wage</td>
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</table>
Measuring Value and Outcomes

To increase the number of employment pathways available to young adults, it is essential to measure the value and outcomes of these investments. For those employers already providing opportunities, measuring provides the data needed to demonstrate the value of investments made in employment pathways. These data can then be communicated to internal and external stakeholders. In addition, it is critical to clearly articulate and demonstrate the value and outcomes of existing models to persuade more employers to create employment pathways.

Current State of ROI Measurement

Most companies report business benefits and outcomes by calculating ROI to understand the impact of a particular investment on the bottom line. Because effective employment pathways yield a variety of benefits that go beyond factors such as retention and productivity, a traditional ROI analysis does not adequately measure the full value of employment pathways. In 2011, Corporate Voices partnered with two labor economists to develop a tool that could be used by companies to analyze the ROI of an employment pathway initiative. The resulting report, “Why Companies Invest in ‘Grow Your Own’ Talent Development Models,” profiles three companies — CVS Caremark, Johns Hopkins Hospital, and PG&E — that have made significant and sustained investments in the work readiness of their lower-skilled and entry-level talent, which includes the opportunity youth population. The report explores the business drivers for these investments, calculates the ROI that the firms derive from their programs, and delineates the broader economic and social argument for employer engagement in skills training. Key findings from the report include the following:

• There is a real and tangible ROI for workforce readiness programs that is valued.
• The monetized benefits are most often recognized in the form of higher employee retention rates.
• Companies assign significant value to non-monetizable rewards, including increased workforce diversity and greater community engagement.
• Companies typically do not collect the data they need to assess the full value of their programs.

Improvements on this front are needed to recognize the benefits these programs provide to the companies.

In addition to calculating the ROI for each profiled company, “Grow Your Own” also includes a user-friendly, online ROI tool designed for employers to calculate the costs and benefits of their own training investments. However, due to a variety of challenges associated with easily capturing the value of diversity, employee engagement, and corporate social responsibility benefits, the ROI calculator in “Grow Your Own” captures only traditional and easily monetized costs and benefits, such as search, training, and hiring costs and retention and productivity benefits.
“Grow Your Own” served as a modest first step in measuring the ROI of employment pathway programs and for some companies, focusing on a traditional ROI is all that is needed to make the business case for employment pathways. However, analyses that fail to capture both the direct and indirect business value created by a program can significantly underreport ROI.

In 2012, the White House Council for Community Solutions Employer Working Group, co-chaired by Gap Inc. and McKinsey & Company, revisited the issue of how to measure the value of employment pathways in “A Toolkit for Employers: Connecting Youth & Business.” Public Private Possibilities worked with McKinsey & Company to articulate the elements of a comprehensive ROI. Guidelines for employers are included in the toolkit. McKinsey & Company took the ROI work a step further and produced an “Employer Reporting Supplement” that ultimately was not included in the published toolkit. The supplement makes a strong case for measuring and tracking program outcomes for long-term support and sustainability of an employment pathway initiative. It also provides information about how an employer can capture the data needed to build a more comprehensive ROI, although it does not indicate the particular analytical approach that could be used to calculate the monetary value of some of the critical elements.

Year Up is currently developing a simple but comprehensive model that could be used by employers to calculate a complete ROI for employment pathway investments. It is working with a number of different employers to understand how to capture the value of employee engagement, corporate social responsibility and public relations, and diversity with the goal of developing basic formulas to be included in the model. Once the model is built, Year Up plans to work with one or more of its employers to apply the model to calculate the full ROI of the Year Up partnership. The goal is to use this process to refine the model so that ultimately it can be shared with other employers and used to calculate ROI for different employment pathways.

The supplement makes a strong case for measuring and tracking program outcomes for long-term support and sustainability of an employment pathway initiative.

Current State of Shared Value Measurement

As with ROI work, a framework and tools to measure the impact of creating shared value is still in its infancy. In “Measuring Shared Value How to Unlock Value by Linking Social and Business Results,” FSG examines why measuring shared value is important, the progress to date, and emerging practices at several leading companies, including Coca-Cola Brasil. FSG explains that measuring shared value is important for several reasons, including the following:
• Executives and managers need actionable data to make a business case and inform improved business decisions.
• Measuring shared value can be used to avoid conflation and confusion with other measurement approaches.
• Companies have limited expertise linking social results to business results.
• Businesses are leaving value on the table.
• Measurement frameworks create a line of sight for investors.

The report explains that shared value measurement must be anchored in a shared value strategy, and it must build on existing corporate measurement practices. Coca-Cola Brasil used the four-step, integrated framework to better understand the benefits of its Coletivo Initiative. The goal of the Coletivo Initiative is to increase the employability of low-income young adults in Brazil while strengthening the company’s retail distribution channels and brand strength to increase product sales. Using the four-step, integrated strategy, Coca-Cola measured four key indicators: youth job placement, youth self-esteem, company sales, and brand connection. The company found that 30 percent of participants landed a first job. In addition, Coca-Cola realized better retailer performance and stronger brand connection across the community, both of which improved product sales.

FSG’s report on shared value measurement is a strong first step in helping employers measure shared value initiatives. Further work is needed to connect social benefits to the business bottom line and provide employers with tools and information to measure, assess, and realize the full range of benefits associated with employment pathway models and other shared value initiatives.

The ability to measure and report the value and impact of employment pathways is critical for expanding opportunities and increasing employer demand. Whether measurement is done using an augmented ROI or through the shared value model, it is necessary to move this work forward by developing and applying a comprehensive model to a variety of employment pathway models so that we can continue to refine the business case employment pathways and engage more employers.
What Are the Barriers for Business?

In order to build employer demand for opportunity youth, it is important to understand the barriers that keep employers from hiring opportunity youth. Based on work with employers over the past several years and the experience of partner organizations, two major categories of barriers exist: perception and business practice. For many employers, perceptions and misperceptions about who is talented are a primary barrier that prevents them from creating employment pathways. For others, the primary challenge is a need for further evidence or a lack of knowledge of best practices about how to find, train, support, or hire opportunity youth. For some employers, current social norms—namely the absence of expectations that best-practice employers use employment pathways—presents a barrier. It is also important to acknowledge that sustained high unemployment through the recession of 2007–2009 has created a drag on work to spur employer demand for opportunity youth. This work is designed in part to prepare employers so that as the economy recovers and the competition for talent increases, large numbers of employers will know how to develop opportunity youth as a source of skilled and diverse talent. In this section, we share findings from our work, which have been validated and further refined in research commissioned by W.K. Kellogg Foundation’s New Options Project.

For many employers, perceptions and misperceptions about who is talented are a primary barrier that prevents them from creating employment pathways.
Overview of Recent Movement-Building Research

The New Options Project engaged Maddock Douglas to conduct research in the employer community to inform an employer-movement-building strategy to stimulate the demand for hiring of opportunity youth. The key findings of the research suggest the following:

- There is a market of medium-to-large employers open to alternative hiring practices that could lead to hiring opportunity youth as entry-level employees.
- Employers of all sizes are open to alternative hiring practices, but the “sweet spot” is in the range of 100 to 500 employees.
- Pre-existing employer attitudes and behaviors demonstrate a deliberate focus on developing innovative hiring practices over time:
  - Eighty-eight percent of employers say that their future success depends on finding and keeping the right employees.
  - More than 80 percent of employers make it a priority to evolve and experiment with hiring and retention practices.
  - Fifty-five percent of employers say their organization’s hiring practices have evolved in the last five years.
- About half of employers highly value cost-benefit analysis and tracking data when they make decisions about whether to invest in hiring, training, or support practices.

These findings confirm that four major barriers keep employers from adopting innovative practices to hire opportunity youth:

- perceptions about opportunity youth,
- need for additional evidence,
- lack of internal support and/or external partners, and
- current social norms in employer community.

Perceptions of Opportunity Youth

For some employers, perceptions and misperceptions about who is talented prevents them from creating employment pathways. Some employers possess a negative perception of opportunity youth based on existing stereotypes and a lack of interaction with the population. These employers think of opportunity youth as a monolithic group of “kids hanging out on the corner and up to no good.” Other employers are unaware of the population. Still others are aware of the population but do not think of them as a viable source of talent. These employers might say, “We don’t hire those kids” or “We require everyone to have a four-year degree.” Although shifting negative perceptions is also important, the primary targets for perception-shift work are the second and third groups—those who are unaware or have mixed-perceptions and experiences. Helping employers see that this population is a source of diverse, skilled, and valuable talent and other employers are using employment pathways to tap into this population is critical to drive employer demand for opportunity youth.
Need for Further Evidence

Another group of employers is aware of and open to working with opportunity youth but unfamiliar with model business practices to implement employment pathways. To become engaged in the work, they need information about what has worked for other employers like them. They are not sure where to look for this information, and their traditional go-to sources, such as the Society for Human Resource Management (SHRM), do not focus on opportunity youth as a source of talent. These employers need access to reliable information, including case studies of effective employment pathways, and, ideally, access to a peer-learning community where they can connect with other employers to gain a better understanding of what has worked for them.

In addition, before taking what they consider a risk (investing in opportunity youth), many employers need stronger evidence that hiring from this population will reap benefits. They want solid evidence that engaging opportunity youth is a sound decision for the organization. For example, two-thirds of amenable employers want to know that hiring opportunity youth will result in a higher-quality employee base. They are also interested in knowing that hiring these young adults will lead to additional benefits, such as increased retention rates and reduced hiring costs. In essence, these employers want to understand the business case and ideally need a clear framework (such as an ROI or shared value analysis) to grasp the financial implications of hiring opportunity youth.

Two-thirds of amenable employers want to know that hiring opportunity youth will result in a higher-quality employee base.

Lack of Necessary Internal Supports and External Partners

Other employers are open to engaging with opportunity youth but do not because they think they lack the adequate internal structures that they imagine must be in place to engage opportunity youth successfully. Many employers that rely on a high-school degree or GED to screen entry-level talent may think that using employment pathways may be too difficult or unpredictable. Specific internal capacity concerns reported in the Maddock Douglas findings include the following:

- uncertainty as to how to evaluate, interview, and engage these young adults;
- lack of knowledge of appropriate training, specifically focused on professional skills, such as written and verbal communication and business etiquette;
- concern that they will have to invest more time in mentoring and coaching supports, which they think will be more comprehensive than what is currently delivered to their entry-level employees; and
- belief that these young adults will need help with personal challenges, such as childcare and transportation, which they feel is not their job as employers to do.
Another challenge, particularly for large employers, is the lack of communication and shared strategy across different business functions, which means, for example, that human resources may not be aware of particular priorities within corporate social responsibility and vice versa.

Compounding these challenges, many employers do not know how to find partners who can help them find, train, and support mentees, interns, or new hires. For many employers, partnering with a nonprofit or educational partner requires considerable time, commitment, and resources. 

Partnerships are critical to most successful employment pathway models, and facilitating better and easier cross-sector collaboration is an important step in increasing employer engagement.

Current Social Norms in the Employer Community

Finally, at a slightly more abstract level, social norms in the employer community bar many employers from creating employment pathways. In general, employers do not take responsibility for preparing the future workforce; instead, the majority of employers believe that the education system is primarily responsible for ensuring a skilled pool of entry-level talent.

Changing social norms requires more than just a shift in perception and business practices; the employer community must enact a wide range of structural changes and revised expectations. Unlike other issues, such as environmental sustainability, diversity, and workplace flexibility, the employer community does not yet have a collective expectation or shared commitment that best-practice companies can and will create employment pathways for opportunity youth.

Given the wide range of employers’ perceptions about opportunity youth and their differing levels of knowledge about whether and how to create employment pathways, the drive in employer demand must be designed to move employers along a continuum of increasing awareness, knowledge, and commitment to action. The continuum on the following page illustrates the starting point for employers in terms of attitudes and current practices.

Regardless of where particular employers sit on this continuum, the goal is to address their barriers and move them to the right so that ultimately they create employment pathways for opportunity youth. In the final section of this report, we identify several strategies designed to help individual employers address and overcome whatever barriers stand in the way of their engagement with opportunity youth. In addition, these strategies are designed to move the employer community as a whole so that employment pathways become the “new normal” for employers.
Employee Continuum

1. **NEGATIVE PERCEPTION**
   - Do not have a favorable view of opportunity youth

2. **UNAWARE/OBLIVIOUS**
   - May not know about opportunity youth and do not have an opinion

3. **FIRST-STEP HELP**
   - Aware of opportunity youth, open to engaging with them but do not know how to take the first step, need tools

4. **NEED EVIDENCE**
   - Aware of opportunity youth, open to engaging with them but need more evidence to take action

5. **TRIED BUT FAILED**
   - Engaged opportunity youth but the experience did not go well

6. **NEED TOOLS**
   - Aware of opportunity youth, just starting to figure out how to engage but do not have the tools and resources to implement employment pathways

7. **ENGAGED**
   - Provide employment pathways for opportunity youth, may have faced challenges and overcome them
Strategies to Increase Employer Demand for Opportunity Youth

Our nation’s workforce will not be competitive if we fail to maximize the potential of all of our young people. With nearly seven million young adults not employed and not in school, we are at risk of losing a generation of innovation and talent. As the primary consumer of talent, the employer community is an essential stakeholder in addressing this challenge. However, while the employer community is increasingly concerned about the lack of skilled, entry-level talent, only a small number of innovative employers are using employment pathways to develop a new talent pipeline for opportunity youth.

Over the past several years, work has been underway to develop, integrate, align, and elevate a set of related initiatives focused on driving employer demand to create employment opportunities for opportunity youth. This demand-driven strategy has been gaining momentum, with a number of national initiatives—including the Clinton Global Initiative America’s Reconnecting Youth Group, Opportunity Nation, the Opportunity Youth Network, Innovate+Educate, the America Forward Coalition, and the White House Council for Community Solutions—recognizing the employer community as a key stakeholder in creating employment pathways for opportunity youth. Although we remain far from a tipping point, building on the existing momentum work is underway to elevate and accelerate this strategy in order to flip the switch on employer demand for opportunity youth. Selected next steps in this work are discussed briefly below as are some emerging efforts that would contribute to stronger outcomes in the broader work.

With nearly seven million young adults not employed and not in school, we are at risk of losing a generation of innovation and talent.
Employer Movement Building — Working with Business Leaders to Change Social Norms

Employer leadership will be essential to any successful effort to change social norms in the employer community. This component of the overall strategy is being developed in consultation with business leaders who have experience with employment pathways and who are committed to helping drive this change. Early efforts are underway to understand how to cultivate and support an employer-led effort. We are looking to examples of recent movements that have effectively shifted perceptions and changed corporate culture, such as environmental sustainability and workplace flexibility, for guidance on how to collaborate with business leaders to change social norms about opportunity youth in the employer community. In addition, small groups of employers in several regions are convening to explore how they may be able to support broader understanding and use of effective employment pathways for opportunity youth.

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Ad Council PSA Campaign

Shifting perceptions about opportunity youth within the employer community is fundamental in any effort to drive employer demand for this population. The Ad Council PSA campaign, Pathways to Employment, offers unprecedented potential to catalyze broad employer leadership and drive demand to work with opportunity youth and leverage their potential to fuel business growth. The campaign will empower businesses to develop a skilled workforce, transforming the lives of young adults so that they can thrive in the twenty-first century economy. To activate employer demand, the campaign will focus on two priorities:

1) shifting perceptions of opportunity youth from social liabilities to essential economic assets; and
2) changing business practices so that employers of all sizes engage in mentoring, internship, and hiring initiatives that target opportunity youth.

The Ad Council and Arnold Worldwide are working to create and distribute a comprehensive, integrated communications program across a full range of traditional and digital media. The PSA campaign is expected to be released in the spring of 2014.
Employer Engagement Platform
A comprehensive online platform, which will provide employers with the information and tools they need to take action, is being developed to support the Ad Council PSA campaign. The Employer Engagement Platform will fill a void that currently exists by creating, collecting, and curating employer-focused resources on why and how employer should engage opportunity youth. By using these resources, the platform will

- build awareness among employers about opportunity youth, who represent a source of untapped talent that can address their unmet hiring needs,
- educate employers with the evidence they need to be convinced that hiring from this pool of untapped talent is good for business,
- inspire employers on an emotional level so they become motivated to adopt and promote employment pathways,
- empower employers with the tools they need to implement employment pathways and to make the case for those pathways within their organization, and
- create opportunities for employers to connect with peers to learn from one another about opportunities and challenges presented by new employment pathways.

The platform will be launched in conjunction with the release of the PSA campaign.

Supporting Best Practices: Codification, Replication, and Scale
One of the most effective ways to duplicate best practice employment pathways is to drive employer demand so that employers are directly engaged in replication, using private sector resources to reach scale. Several employment pathway models have produced sustained results over time and may be ready for scaling efforts. Other models are succeeding in small pockets of excellence. All of these models have strong employer engagement and help opportunity youth connect to skills and work. However, more work is needed to codify existing and new models and understand how best to support replication and scale. Questions that need further exploration include the following:

- Which employers are ripe for scaling employment pathways? What is the best way to segment the employer community — by sector, geography, or size?
- What are the key outcomes for employers and young people? What metrics can demonstrate these key outcomes?
- What kind of infrastructure is needed to support replication and scale among employers and other partners?
The first key step to driving widespread adoption of models is further codification of best practices. Although we have completed case studies on the models, more rigorous codification of key elements and employer and young adult outcomes is needed. Another important step is to create a set of road maps for employers interested in replication. Replication can also be supported through local, regional, and/or sector-based convenings. Finally, it will be important to foster ongoing employer learning communities where employers can share best practices, challenges, and strategies. Additional capacity and more permanent infrastructure will be required to drive replication to the point of scaling model practices.

Policy Change Initiatives
While the majority of the work to drive employer demand is focused on changing perceptions and business practices, in the long term, changing public policy will be important as well. Changing public policy so that legislation supports effective employment pathways and encourages employers to make investments in opportunity youth is a critical component of the employer-movement-building strategy. A coalition of organizations have been working on a set of policy goals that are designed to target increasingly scarce public investments to employment pathways models that produce strong outcomes for young people and employers. These goals advance policies, remove barriers, and provide indirect incentives to encourage employers to create employment pathways. The policy work is bipartisan, and rests upon best practices that are shared with policy makers to help them understand what works for both employers and young adults.

Changing public policy so that legislation supports effective employment pathways and encourages employers to make investments in opportunity youth is a critical component of the employer movement building strategy.
Conclusion

As a nation, we cannot afford to write off the 6.7 million young adults who are not in school or working, and employers can play an important role in reconnecting them by creating employment pathways to work. Considerable groundwork has been laid to engage employers as a key stakeholder, and continued efforts are needed to drive employer demand and catalyze an employer movement. Given the scope of the work at hand, no single organization or initiative acting alone will be fully successful. However, building on the tremendous existing momentum and with greater collaboration, integration and leverage of many disparate strands of activity, it will be possible to achieve success at the broadest levels. Investments in the demand-focused strategies explored in this report will sustain and accelerate the current momentum, allow organizations to collaborate to deepen employer engagement, and lead to the creation of new and expanded employment pathways for opportunity youth. We look forward to the time when employers rely on opportunity youth as a valuable source of skilled and diverse talent and employers of all sizes use employment pathways to do their part to develop and hire these motivated and talented young adults.
For the past seven years, Corporate Voices for Working Families (Corporate Voices) played an important role incubating the employment pathways work and the related demand-focused strategy. Corporate Voices was part of a broader coalition that was led by Public Private Possibilities and included Year Up and the New Options Project. In 2013, Corporate Voices closed and the Employment Pathways Project was created in part to carry forward this body of work.


The burdens on the taxpayer and society are based on the 6.7 million cohort over their lifetimes. See Belfield, Levin, and Rosen, “The Economic Value of Opportunity Youth,” 2.


This population of young adults is commonly referred to as disconnected young adults and at-risk young adults and was most recently rebranded as opportunity youth. This report will refer to this population as opportunity youth.

According to Opportunity Nation, for the first time, today’s young adults risk having lower educational attainment rates, on average, than their parents, and only 6 percent of children born to parents at the bottom of the income distribution make it to the top. See “Economic Mobility,” Opportunity Nation. http://www.opportunitynation.org/pages/economic-mobility.


Elyse Rosenblum worked with Corporate Voices for ten years, Year Up for five years, the New Options Project for two years, and recently launched the Employment Pathways Project. She created Public Private Possibilities to integrate and align the work of all these projects and accelerate impact.

Paraphrased from the speech “Summer Jobs+ Announcement” by President Barack Obama.


In a separate Manpower Group study, research found that 51 percent of U.S. employers had difficulty finding appropriately qualified staff. See “Wanted: Energized, Career-Driven Youth,” 4.

https://candidate.manpower.com/wps/wcm/connect/95191c004b8145d69fd6bf1abee959/Wanted_Energized_Career_Driven_Youth.pdf?MOD=AJPERES.

In “Are They Really Ready to Work,” employers reported that the skills they value most in entry-level employees include both education and critical workforce skills such as communication, professionalism, and teamwork. http://www.conference-board.org/publications/publicationdetail.cfm?publicationid=1218.


First presented in September 2011, Opportunity Nation’s “Opportunity Index” provides the nation’s first tool that ranks and analyzes the opportunity levels for Americans at the county, state, and national levels. The 2012 report found that the single factor most strongly correlated to an area’s Opportunity Index was its presence of opportunity youth and percentage of disconnected young adults. Generally, states with higher levels of disconnected youth tended to have far lower opportunity scores than other areas with comparatively lower levels of disconnected youth. “Opportunity Index,” 17. http://b.3cdn.net/servnat/243704c9b2a3366c81_u7m6bvf96.pdf.

K-12 education reform may focus on incorporating career exploration, mentoring, and internships and/or integrating essential workforce skills into the K-12 system or on greater and more effective career and technical education. Postsecondary Education Reform may focus on increasing affordability, supporting persistence among low-income young people; creating multiple, stackable credentials, and/or supporting serious innovation at the community college level that would help young people combine education and work. The Apprenticeship Model Exploration examines the implications of introducing the German apprenticeship system, which ensures that young adults have access to educational and financially supported apprenticeships. The Collective Impact Approach works to support communities that use the collective impact model to address youth employment in their areas, including scaling those programs and models that are producing strong outcomes for young people and employers.


Stanley stayed with Goodwin Procter for almost two years after graduating from Year Up, and in May 2012, he transitioned to ARIAD Pharmaceuticals, Inc. in Cambridge, MA as a service desk technician II. See Bridgeland and Milano, 5.


ACT WorkKeys® is a job skills assessment system that helps employers select, hire, train, develop, and retain a workforce. More information can be found at http://www.act.org.

Innovate+Educate skills-based hiring initiative is funded in part by the W.K. Kellogg’s New Options Project. http://www.innovate-educate.org/about/bio/jamai_blivin/.


Workforce/professional skills are also commonly referred to as soft skills. However, the term “soft skills” undervalues the skills that are most highly valued by employers (communication, teamwork, professionalism, and critical thinking). These types of skills will be referred to as workforce/professional skills throughout the report. See “Are They Really Ready Work?”


“Education to Employment: Designing a System That Works,” 68.

For definitions and more information on job shadowing, internships, and apprenticeships, see “A Toolkit for Employers: Connecting Youth & Business.


“The Value of Mentoring,” MENTOR. http://www.mentoring.org/about_mentor/leadership/senior_leadership/.

“In Wanted: Energized, Career-Driven Youth,” 16.


For more information about employers that support postsecondary credential attainment of their workforce, see Corporate Voices’ report, “A Talent Development Solution.”


The best-practice chart was developed, in part, based on the work of Gap Inc. for the White House Council for Community Solutions.


Douglas, “NOP Employer Movement Research.” This presentation is not available for public use but is available to share, upon request.


Ibid., 2.

Other sectors known for their commitments to employment pathway development include the energy and utilities sector with the leadership of Center for Energy Workforce Development and the information technology sector, particularly Year Up’s partnerships, Accenture’s NPower initiative and Genesys Works. See “Stepping Up,” Corporate Voices for Working Families. http://www.cwworkingfamilies.org/system/files/CVCaseStudies_SteppingUp.pdf.


Ibid.


Douglas, “NOP Employer Movement Research.”

Corporate Voices for Working Families. Expeditors.


Ibid., 6.

The “Employer Reporting Supplement” was created by McKinsey & Company for the White House Council for Community Solutions. The supplement was not included in “A Toolkit for Employers: Connecting Youth & Business” because it was deemed too complicated for the toolkit. Instead, the toolkit includes a section with high-level guidelines about how to begin to think about measuring value and impact. This supplement is not a public document but available upon request.


The four steps to this integrated measurement strategy, which focuses on the intersection of business and social value creation, include identifying the social issues to target, making the business case, tracking progress, measuring results, and using insights to unlock new value. See Porter, “Measuring Shared Value.”

Ibid., 3.

For more information on Maddock Douglas, please visit www.maddockdouglas.com.

Douglas, “NOP Employer Movement Research.”

The Society for Human Resource Management is the world’s largest association devoted to human resource management and represents more than 260,000 HR professionals. For more information, visit www.shrm.org.

Douglas. “NOP Employer Movement Research.”

Ibid.

Ibid.


Documented in “Are They Really Ready to Work?” the business community overwhelmingly identified educators as the sector most responsible for creating a workforce ready to compete, e.g., K-12 Education (75.6 percent), Four-Year College (68.4 percent), and Two-Year College (45.2 percent).
Bibliography


