

# Workforce Readiness Principles

Businesses throughout the United States are facing a crisis. Young people today – the workforce of tomorrow – are not prepared to contribute to or succeed in a knowledgebased economy. This crisis is one that threatens our nation’s ability to compete in a rapidly changing and more competitive global economy. And if left unresolved, it is a crisis that will undercut the standard of living and way of life for our children – and theirs. But it is also a problem with solutions, if we can harness the skills, resources and vision of all the stakeholders – parents, business leaders, educators, community leaders, policy makers, and young people themselves.

## Introduction

The U.S. economy depends upon a strong pool of new entrants to the workforce who will continue the American traditions of innovation, research and development. In order to remain globally competitive, employers need a talent pipeline that is filled with young people who have a broad range of skills, including applied skills such as professionalism, oral and written communication, teamwork, innovation and critical thinking, which may be more easily developed beyond the traditional education system. Given the significant and ongoing changes in the global economy, and the accompanying demands in the workplace, keeping America competitive will require changes in the way young people are educated.

Improving the workforce readiness of young people is a growing priority within the business community. Consequently, business must play a leadership role in articulating the necessary changes to prepare tomorrow’s workforce for the challenges of the 21st Century and working toward achieving those changes. Business has already begun this process by defining workforce readiness skills to include not only basic academic skills, but also critical applied workplace skills. Business can lead the change by acknowledging that the existing tangle of fragmented efforts for young people must be transformed into a comprehensive, integrated and coordinated system of engaging learning opportunities and developmental supports where young people can develop the full range of the skills they will need to be successful in school, work and life.

To accomplish this will require corporate-style accountability and coordination practices to hold communities responsible for putting in place the type of high-quality, integrated system of services, supports and opportunities young people need to thrive. It will require greater collaboration among all entities, including business, to work together to ensure that young people have the range of opportunities they need to develop the skills necessary to succeed in school, work and life. Finally, it will require that business drive change by focusing its philanthropic investment in systems and strategies that advance a more holistic, integrated and coordinated approach to preparing young people for success in school in the workplace and in life.

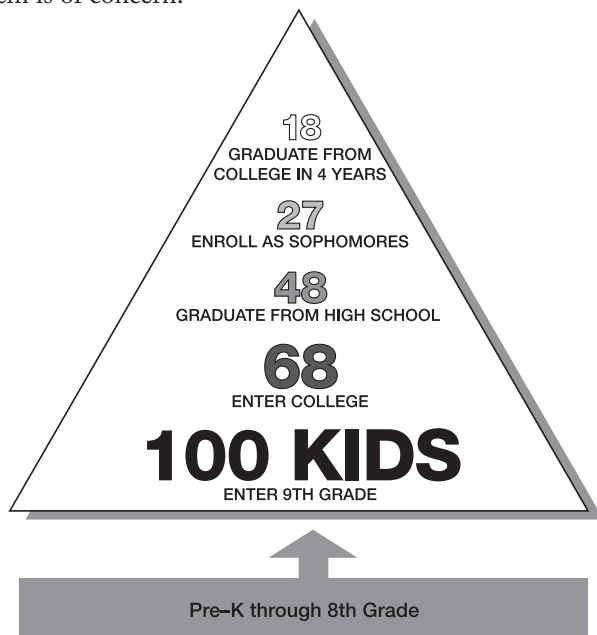
## The Business Case for Change

It is a truism in corporate America that having a high-quality workforce is the backbone of any company. Business leaders from across all sectors, all regions and from companies large and small agree that an educated, skilled workforce is a business imperative. The coming demographic crunch, caused by retiring baby boomers and lower birth rates, combined with a talent crunch, is causing concern throughout the business community.<sup>1</sup> Leaders in the business community are alarmed that there are not enough young new entrants to the workforce – that we are literally running out of people. On top of that, today there is growing concern that the young people who are

## Corporate Voices for Working Families

entering the workforce are underprepared, and that without substantial changes to expand a ready workforce, U.S. businesses will become less competitive and the overall economy will suffer.

The U.S. Department of Labor projects that between 2010 and 2025 up to 95 million baby boomers will leave the U.S. workforce, but only 40 million members of Generations X and Y will be available to replace retiring workers.<sup>ii</sup> In addition to changing demographics, with the boomers' retirement on the near horizon, another reason for the labor shortage is that the talent pipeline is leaky. While a college degree is not a requirement for successful entry into the workforce, employers do project that they will hire more new employees with a college degree, and fewer with only a high school diploma. Against these projections, the data on attrition in the education system is of concern.



Another area of concern focuses on the skill level of new entrants, regardless of level of educational attainment. Corporate Voices' recent workforce readiness survey confirms that employers are already experiencing a significant skills gap among new entrants among those coming out of high school and two-year and four-year colleges).<sup>iii</sup> In *Bridging the Skills Gap*, the American Society for Training and Development (ASTD) identifies several factors behind today's skills gap including:

**Jobs are changing:** changes including global competition, the transition to a knowledge economy, and the use of

technology mean that there is an increased demand for highly skilled workers.

**Educational attainment is lagging the need for skills:** educational attainment is increasing more slowly than it has in past decades.

**Workforce growth is slowing:** smaller numbers of new workers will enter the workforce in the current decade than in the past decade. This coincides in the United States with the impending retirement of the baby boomer generation.<sup>iv</sup>

For business, the financial costs of the skills gap are substantial. The costs include recruitment costs, turnover costs, and training costs, alone estimated at \$109 billion annually.<sup>v</sup> In addition, while more difficult to calculate, the cost of lost innovation and productivity is also substantial. In addition to the direct costs to business, for society as a whole, the economic costs of low educational achievement are also significant. Deficits in basic skills cost businesses, colleges and under-prepared graduates as much as \$16 billion annually in lost productivity and remedial costs.<sup>vi</sup> The combined income and tax losses from a *single year's dropouts* is about \$192 billion—1.6 percent of the gross domestic product.<sup>vii</sup>

Given the high cost to business, to society, and to young people themselves, it is time for the business community to redouble its efforts by calling for change and providing leadership to help transform the education system into one that is comprehensive, integrated, and coordinated so that it meets the needs of all young people. Such an effort is a necessary and important investment in the future of individual businesses and the American economy.

## Current Context - How Youth are Doing

As a society we are not adequately preparing young people to make successful transitions to either higher education or work. By the time they reach adulthood, only four in 10 young people are doing well: working or attending college, in good health, and active in their communities.<sup>viii</sup> As illustrated above, educational attrition is a major concern. High school graduation rates are particularly alarming for African American, Hispanic and Native American young people, with only 50 percent of ninth graders graduating on time.<sup>ix</sup> Young people themselves report that making successful transitions to secondary education and/or work is challenging: 40 percent of public high school graduates say they are unprepared for college or work.<sup>x</sup>

## Corporate Voices for Working Families

From a workforce readiness perspective, these statistics are alarming. If excellence is necessary for America to continue to effectively compete in the global economy, then there is much work to be done in preparing the next generation of professionals to enter the workplace. Here's why:

- Less than one-quarter of employers, 23.9 percent, report that new entrants with four-year college degrees have “excellent” basic knowledge and applied skills, and important deficiencies exist among college graduates.<sup>xi</sup>
- The deficiencies are greatest at the high school level, with 42.4 percent of employers reporting the overall preparation of high school graduates as deficient.<sup>xii</sup>
- Teen employment is the lowest it has been in 57 years and unemployment rates are particularly high for low-income African American and Hispanic high school graduates.<sup>xiii</sup>

Viewed through each of the above lenses, overall well being, educational achievement and workforce readiness, it is evident that substantial numbers of young people are not getting adequate learning opportunities and necessary support to develop the full range of skills they need to succeed in school, work and life. As a result, the incoming workforce is not adequately prepared to fill the jobs being created as the baby boomers begin to retire.

### What Can Be Done

The good news is that much is known about what it takes to improve the odds for young people. With some of the most important workplace skills in the applied areas – professionalism, communication, teamwork and critical thinking – we need a system that supports social, emotional and cognitive development in an integrated and systemic way. Research and practice suggest that improving workforce readiness will require changing what happens during the school day and inside the school building. Equally important, it will require a more comprehensive look at the full range of places where young people spend their time. “A New Day for Learning” calls for and highlights this new approach – the development of a comprehensive and seamless system of learning opportunities that meets the holistic learning and developmental needs of children and youth.<sup>xiv</sup> In working to create an integrated and comprehensive system, it will be particularly important to recognize that youth development organizations and afterschool programs are critical delivery systems for many of the applied skills that employers value most.

In order to meet the growing demands and ensure that today's youth are well-prepared to enter the workplace of the 21st Century, we need a new system for learning that coordinates and integrates these and other learning environments together with school-based learning. This transformation will require that all stakeholders work together towards this common goal. Corporate Voices has joined the Forum's Ready by 21 Partnership, along with educators, through the American Association of School Administrators, community leaders, through the United Way of America and America's Promise, and policymakers, through the National Conference of State Legislators. This partnership will bring all stakeholders together to meet the Forum's Ready by 21™ Challenge by working at the national and state and local level towards their shared goal of building a coordinated and integrated system that ensures that young people are ready for college, work and life.

### Corporate Voices for Working Families Principles

The following principles are designed as a guide in creating a new system, or systems, for preparing young people to make successful transitions to work in the 21st Century. As employers, we are particularly interested in strategies that will improve workforce readiness, because we believe maximizing and harnessing the talents of the next generation will be critical in keeping America competitive in the future. We are also committed to strategies that will increase the number of young people who stay in school, graduate from high school and pursue higher education, because an ever-increasing percentage of jobs in the 21st Century will require a college education. Finally, we believe that it is important to explore strategies that can be used to re-engage disconnected youth – those young people who have already dropped out of high school – because we anticipate with appropriate training and support they too can be valuable employees who will contribute to the success of our companies and our economy.

The following principles are interconnected; they are not listed in priority order. Corporate Voices will use these principles as a framework to assess existing school, after school and community based programs and initiatives, consider philanthropic priorities, and to review and formulate policy positions. We encourage all of our partner companies and other business leaders to use these principles individually and collaboratively as they move forward in their work.

## Corporate Voices for Working Families

**YOUTH.** An integrated approach to learning and development must reach all young people, provide additional supports to youth in disadvantaged situations, and address young people as active participants in designing and implementing solutions. It should:

- Be designed to reach *all* young people.
- Focus particular attention on youth in disadvantaged situations, many of whom may need additional support to make successful transitions to adulthood.
- Engage young people in designing and implementing solutions.

**LEARNING.** An integrated approach to learning and development must support a full range of learning opportunities across multiple developmental areas; such learning opportunities must be available in a wide range of settings throughout the day, before, during and after school and throughout the year. It should:

- Provide high-quality learning experiences that foster the interconnections among young people's social, emotional, cognitive and physical development and stimulate and sustain their engagement in learning.
- Support the mastery of the broad skill set needed for successful entry to the workplace including both academic competencies and applied skills.
- Broaden the range of places and amount of time young people learn to include in school and out of school, at home, in after-school programs and community-based programs.
- Ensure that every young person has an opportunity for work-based learning in the form of apprenticeships, internships, summer or year-round jobs, mentoring, and/or job shadowing.
- Hold the same high expectations for success for all young people while also respecting and supporting the diversity of young people's backgrounds, as well as the different ways that young people learn.

**PROVIDERS.** An integrated approach to learning and development must recruit, train and compensate a professional staff that has the skills, knowledge and attitudes needed to support young people. It should:

- Create ongoing training and professional development opportunities for educators.
- Create a set of working conditions and compensation benchmarks that will reduce turnover and increase growth internally.
- Include providers that reflect the diversity of the community in which the system exists.

**INFRASTRUCTURE.** An integrated approach to learning and development requires an infrastructure for coordinated and strategic action. It should:

- Harness sustainable resources to support and facilitate the coordination of initiatives throughout a city or state.
- Identify, manage and coordinate funding streams from federal, state and local governments as well as private entities.
- Collect and share information on best practices, and offer training and technical assistance.
- Provide leadership, communication and advocacy on behalf of a system, or systems.

**ACCOUNTABILITY.** An integrated approach to learning and development utilizes multiple assessment mechanisms that measure a range of outcomes and rely on improved collection and use of data. It should:

- Include multiple assessment tools to measure the full range of workplace skills young people need, including essential workforce readiness outcomes such as professionalism, communication, interpersonal skills, decision making, teamwork, and leadership.
- Collect the data and conduct the research needed to identify best practices, assess system performance, and report these results to stakeholders.
- Use ongoing research and evaluation to implement continuous improvement processes that put the lessons learned into practice.
- Support rigorous, longitudinal research that will build a research base to demonstrate the value of the integrated system approach.

## Corporate Voices for Working Families

**ALIGNMENT.** An integrated approach to learning and development requires educators, business and community leaders to align their goals and strategies. It should:

- Foster alignment of curricula so that academic and other developmental goals are reinforced in programs throughout the system.
- Look to the corporate model of effective inter-departmental alignment.
- Work with state and local policy coordinating bodies that align efforts for children and youth across departments and agencies.

**PARTNERSHIPS.** An integrated approach to learning and development requires bringing all relevant stakeholders to the table across sectors and systems. It should:

- Create effective and efficient governance mechanisms that support community planning, program development and oversight.
- Involve key stakeholders at the federal, state, and local levels, and encourage public/private partnerships to improve quality, effectiveness, efficiency, and accessibility.
- Incent collaborative models that promote adequate, efficient, and shared financing mechanisms that minimize duplication of effort and identify priorities for public investments in times of budgetary constraints as well as a blueprint for future expansion.

## Recommendations and Conclusion

Based on these principles, it is clear that there is much work to be done in creating a comprehensive, coordinated and integrated learning system that will meet the needs of all young people. Corporations, with an ongoing need for skilled young people to enter their workforces, have much to offer to, and much to gain from, a stronger talent pipeline. In order to remain competitive in the global economy, business must work with educators, policymakers and other community-based leaders to implement strategies that improve the workforce readiness of young people in this country. Corporations also have a more general interest in the well-being of young people because in time they will be customers, innovators, investors, colleagues and neighbors. The following recommendations

primarily focus on steps the business community can and should take in this effort.

### Corporations Should Create a Coordinated Workforce Readiness Strategy

Over the past decade, the corporate sector has made a significant investment in education and education reform efforts. However, too often, companies have found it difficult to quantify the return on that investment, or have confidence that their investments have made a meaningful difference in improving outcomes for young people. In addition, while many companies have developed a particular program in a local community, taking such efforts to scale remains daunting. Given that corporations depend upon skilled talent, and that the corporate sector has much to offer in terms of knowledge, experience and resources, it is critical that the business community collectively, and businesses individually, develop a more coordinated strategy to address these challenges. Aligning strategies, both internally and throughout the business sector is a critical next step in improving workforce readiness.

In addition, the corporate sector must be clear and united about what “skilled talent” means. In the information age, mastery of basic academic content is no longer sufficient. Similarly, while we do face a shortage of scientists and engineers, a narrow focus on STEM (science, technology, engineering and math), will not lead to a pool of new entrants who can innovate and create across all sectors of the economy. Instead, business leaders need to articulate what their hiring teams already know: successful new entrants must have a strong work ethic, the ability to communicate, strong technology skills, facility working on a diverse team, and strong critical thinking and problem solving skills. These are the skills that cut across all sectors, from retail and hospitality to manufacturing to financial services and beyond.

### Corporations Should Track Workforce Readiness Training Investments

Corporations invest substantially in workforce readiness training --moving skill level from deficient to adequate --for new entrants to the workplace, although the total cost to business for this training is unknown. Corporations should track their workforce readiness training investments so that they gain a better understanding of what they invest. With this knowledge, business leaders will be able to make more informed decisions about where in the talent pipeline they can most efficiently and effectively invest to ensure that new entrants are prepared to succeed in the workplace.

## Corporate Voices for Working Families

Corporate Voices for Working Families has partnered with the American Society for Training and Development, The Conference Board, and the Society for Human Resource Management to develop a research project that will identify the total amount that business invests in workforce readiness training. Once we identify the total cost to business of this training, Corporate Voices will lead a discussion in the business community about whether these considerable resources might be better targeted to ensuring that young people develop critical workplace skills before they enter the workplace.

### **Corporations Should Focus Special Attention on Creating Alternative Pathways for Disconnected Youth**

Business is increasingly concerned about the drop-out crisis in this country. With almost half of young people dropping out of high school in poor urban centers, and three in ten young people dropping out of high school nationwide, it is no longer possible to ignore the implications for the talent pipeline. While there is unanimous agreement that high school drop-out prevention is one crucial strategy, there is growing awareness in the business community that it cannot afford to ignore this population.

The business community has a critical role to play in creating alternative pathways to employment for disconnected youth. Corporate Voices and its partner companies have articulated key elements of a pathway for disconnected youth: pre-employment training designed to develop key workforce readiness and life skills; incentives to facilitate hiring of disconnected youth; social support to help ensure successful transitions to work; on-the-job mentoring and career advancement coaching, and a sustained business engagement effort focused on expanding the pool of employers that implement such a pathway. The next step is to begin to implement elements of the pathway and to take successful models to scale so that disconnected youth have opportunities to make successful transitions onto a career path.

### **Corporations Should Increase Effective Collaboration Across Sectors**

Increasing collaboration between business and the education and nonprofit sectors is one of the most promising strategies addressing the workforce readiness challenges we face. In July 2007, Corporate Voices joined with The Conference Board to convene leaders from the business, education, nonprofit and government sectors to explore opportunities and challenges for working together to improve workforce readiness. One of the primary themes from that meeting was the importance

of moving beyond blame while increasing collaboration across sectors. Finding ways to work together and leveraging each sectors' unique strengths will lead to increased quantity and improved quality of engaged learning opportunities and improved workforce readiness.

Corporate Voices is engaged in numerous initiatives to build bridges across and among sectors including our cross stakeholder work through the Forum for Youth Investment's Ready by 21 Partnership as well as our collaborations with other business organizations such as The Conference Board, the Society for Human Resources Management and the American Society for Training and Development. In addition, we are working with our partner companies to help them deepen their cross sector work, and we are providing technical assistance to education and community stakeholders to help them work more closely with business.

### **Corporations Should Increase Their Leadership in the Public Policy Arena**

Business has a critical role to play in calling for and helping move the changes needed to improve learning opportunities and workforce readiness for young people. Business leaders, particularly at the highest levels of business, have a large bully pulpit. It is critical that they use that platform to talk to policymakers about the changes needed in our education system so that it is transformed into a system that is seamless, coordinated, integrated, and able to provide the opportunities and training young people require in order to make successful transitions to the workplace.

Such leadership is needed at all levels of government. At the state level, in many states there is an opportunity to work with state children's cabinets as well as P-16 and P-20 councils, all of which are designed to encourage business to participate. At the federal level, business must begin to speak in one clear voice about the need for integrated, comprehensive learning system to improve workforce readiness and maintain U.S. competitiveness.

### CONCLUSION

Corporate Voices for Working Families knows that different approaches must be taken now to prepare our nation's young people – our next generation of workers and citizens – to be successful on the job and throughout life. And to achieve results, we must create an integrated system of learning and development that

incorporates a new examination of the following: young people, settings for learning, professional competencies and compensation, relevant accountability measures, aligned goals across sectors, better cross-sector partnerships, and an infrastructure to coordinate actions to achieve a quality workforce for the 21st Century.

### About Corporate Voices for Working Families:

Corporate Voices for Working Families is the leading national business membership organization representing the private and public sectors on public policy issues involving working families. A nonprofit, nonpartisan organization, we improve the lives of working families by developing policies that reflect collaboration among the private sector, government and other stakeholders. To create this bipartisan support, we facilitate research in several areas that spotlight the intersecting interests of business, community and families: workforce readiness, family economic stability and flexibility in the workplace. Collectively our 50 partner companies, with annual net revenues of more than \$1 trillion, employ more than 4 million individuals throughout all 50 states.

For a more comprehensive position paper - *Tomorrow's Workforce: Ready or Not. It's a Choice the Business Community Must Make Now - regarding the 21st Century workforce crisis*, please go to our website at [www.cvworkingfamilies.org](http://www.cvworkingfamilies.org). An executive summary of our Workforce Readiness Principles is also available on our website.

- i Manpower Inc. *Confronting the Talent Crunch-White Paper*, 2007. [http://manpowerblogs.com/holmes/files/hardest\\_jobs.pdf](http://manpowerblogs.com/holmes/files/hardest_jobs.pdf) accessed March 25, 2008
- ii U.S. Department of Labor, *Developing Youth Talent: Challenges for the 21st Century Workforce*. May, 2008.
- iii Consortium. *Are They Really Ready to Work?* Washington, DC: The Conference Board, Corporate Voices for Working Families, The Partnership for 21st Century Skills, and The Society for Human Resource Management. 2006
- iv American Society for Training and Development. *Bridging the Skills Gap: How Skills Shortage Threatens Growth and Competitiveness... and What to do About It* 2006 - <http://www.astd.org/NR/rdonlyres/94B67899-27AD-4826-9B8C-EA3A2D486E66/12998/SkillsGapWhitePaper.pdf> accessed March 25, 2008
- v American Society for Training and Development. ASTD International Conference and Exposition. June 5, 2007. <http://astd2007.astd.org/PDFs/Handouts%20for%20Web/Handouts%20Secured%20for%20Web%205-17%20thru%205-22/TU204.pdf>
- vi U.S. Chamber of Commerce, Business and Education Network, Annual Report 2006. <http://www.uschamber.com/NR/rdonlyres/eu2eouw4kkafjaa6b2h4en2uh2hptjbpq6kjyxxn44bvaxcdaa6cv k2ex5vm5akdob3pdoemv5danttd25nnemfxh/BENcasestudy.pdf> accessed March 25, 2008
- vii Bill Milliken, 2007. *The Last Dropout: Stop the Epidemic!*
- viii Gambone, Klem & Connell. (2002). Finding Out What Matters for Youth: Testing Key Links in a Community Action Framework for Youth Development. ix Forum for Youth Investment, Ready for College Report. April 1, 2006 <http://forumforyouthinvestment.org/files/ReadyforCollege.pdf> accessed March 25, 2008
- x Peter D. Hart Research Associates/Public Opinion Strategies conducted for Achieve, Inc.. *Rising to the Challenge: Are High School Graduates Prepared for College and Work?*
- xi Id. at 31.
- xii Id.
- xiii Forum for Youth Investment, Ready for College Report. April 1, 2006 <http://forumforyouthinvestment.org/files/ReadyforCollege.pdf> accessed March 25, 2008.
- xiv A New Day for Learning, a Report of the Time, Learning and Afterschool Task Force. <http://www.edutopia.org/pdfs/ANewDayforLearning.pdf> accessed March 26, 2008