Employer Role in Hard-core Trainee Success

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One of our national goals is to move long-term unemployed workers from secondary to primary labor markets. Obviously, the success of programs designed to achieve this goal depends heavily on the behavior of participants in the program—both trainees and employers. Research to date, however, has been more concerned with trainees than with employers.

From the employer's perspective, the success of a manpower training program might depend on the types of trainees hired (e.g., are they the "cream" of the disadvantaged or the truly hard-core?); the nature of the trainee's job; the support given the program by co-workers, supervisors, and middle management; the efficiency and effectiveness of local program administrators, job developers, tutors, instructors, counselors, and other supportive personnel; and a host of other factors.¹

Project JET

This study examines the role of the employers in Project Jobs, Education, and Training (JET), a federal manpower program conducted in Buffalo, New York.² Project JET was conceived in 1966 by a coalition of white businessmen and black civil rights organizations in Buffalo, especially the NAACP and the Chamber of Commerce, and was intended to combine educational and on-the-job training for adult blacks with severe educational handicaps. Individual employers were to supply jobs and release their trainees for two hours each day for tutoring in the "three R's." Employers were then to be reimbursed \$30 per week for each

¹ See, for example, David B. Lipsky, John E. Drotning, and Myron D. Fottler, "Some Correlates of Trainees Success in a Coupled On-the-Job Training Program," *Quarterly Review of Economics and Business*, XI (Summer, 1971), 41-61; John E. Drotning, David B. Lipsky, and Myron D. Fottler, *Jobs, Education, and Training: Research on a Project Combining Literacy and On-The-Job Training for the Disadvantaged*, Final report submitted to the U.S. Department of Labor, Office of Manpower Research, 1972; and Louis A. Ferman, *Job Development for the Hard-to-Employ*, Policy Papers in Human Resources and Industrial Relations, No. 11, Institute of Labor and Industrial Relations, University of Michigan-Wayne State University, January, 1969.

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trainee hired. The objective was to elevate a hard-core worker to the level of an eighth-grade education within a period extending to 44 weeks, while providing him with steady employment and some skill training.

JET combined several elements to become one of the truly innovative manpower programs in the country. First, JET'S target clientele consisted of adult, black, heads of households who were disadvantaged in terms of their education and work histories. Second, JET was a "coupled" program, combining both literacy and on-the-job training for the worker. (By 1966, the government was beginning to realize the advantages of on-the-job training over institutional manpower training.) Third, JET sought to involve the private sector in a large-scale effort to provide comprehensive services for the trainee, including tutoring, counseling, and other remedial services. Between 1966 and 1969, Project JET placed over 700 trainees with more than 230 employers in the western New York area. By 1970, however, the local portion of a national manpower effort (NAB-JOBS) had largely superseded JET.

Sample and Methods

Data were obtained for 226 hard-core trainees employed by 118 organizations. Personal information about trainees was gathered from project files. In addition, interviews were held with employers. In large firms, the personnel manager was the typical respondent, whereas in smaller firms it was the owner or general manager. Thus, the estimation of employer attitudes is based on a single employer representative.³

Program success is measured by the trainee retention rate, the proportion of trainees hired who completed the training period. Retention is not the only nor necessarily the best measure of program success. However, it is a convenient measure, is widely used as an index by

³ Initial field testing indicated that intra-firm attitude consistency was high and that one interview would probably suffice. Moreover, in smaller firms where the chief executive was interviewed, his opinions most likely set the tone for the entire plant. In large plants, interviewing the personnel manager was viewed as the best means of obtaining employer opinions regarding hiring decisions.

policy makers and administrators, and has been the focus of much previous research.⁴ Moreover, noted, most employers agreed to a 30- to 44-week contract with JET. A trainee who completed such a long period of steady education and training had obviously gone a long way toward reversing a record of consistent job failure. (Approximately 42 per cent of the trainees in this sample completed the program.)

In the analyses below, each employer response is weighted by the number of trainees hired. This is done because there was a tendency for larger employers to hire more trainees than smaller employers (firms with over 200 employees hired an average of 2.3 trainees; firms under 200 employees hired an average of 1.8 trainees).

Other characteristics of the firms and trainees. Employers participating in Project JET by no means represent a random selection of all firms in the western New York area: (1) JET firms tend to be larger than the population of firms in the area (the average JET employer had 349 employees); (2) JET employers are heavily concentrated in manufacturing (about 60 per cent of all JET firms are in manufacturing, compared to about 9 per cent of all employers in Erie and Niagara Counties); (3) about one-fifth of the JET firms are in the service sector (slightly under the overall proportion for western New York); (4) another one-fifth of the employers are in wholesale and retail trade (whereas 40 per cent of all firms in the two-county western New York area are in that sector); and (5) JET employers are more heavily concentrated in urban areas (about two-thirds are in either Buffalo or Niagara Falls, compared to the 56 per cent of all western New York employers located in these two cities). This pattern of participation reflects a number of complex factors, too numerous to discuss here. However, it is partly the result of the job development practices followed by JET. There was a conscious effort made to enlist large manufacturing concerns.

Although JET initially ran an "outreach program to recruit disadvantaged workers, it soon found that an efficient grapevine developed as a "recruiter." Trainees, then, constitute a

⁴ We also had information on whether trainees continued in employment after their termination from the program. Use of this as a dependent variable did not significantly alter the results presented here.

group at least sufficiently motivated to seek help from JET headquarters, located on the border of Buffalo's large, black ghetto. In other respects, the JET trainee bore the characteristics of a typical disadvantaged worker. For example, nearly half had been unemployed 15 weeks or more, or had never been employed, while 36 per cent were on welfare at the time of their entry to the program. More than 85 per cent were black, many being recent migrants from the South.

Trainee vs. Employer Characteristics

Although this study deals with the role of the employer, we must be careful not to attribute to the employer results of the program essentially associated with individual trainees. Accordingly, several tests of personal trainee characteristics were made in order to assess their degree of influence. The most important characteristic is age, and it was found that the average age of trainees completing the program was higher (37.5 years) than the average age of trainees leaving the program (33.5 years). However, a chi-square revealed that this difference is not significant. Similarly, other personal trainee characteristics failed to distinguish successful from unsuccessful trainees. The fact that success is not a function of characteristics of the trainee himself strongly suggests that it may depend upon the work environment into which the trainee is placed.

Therefore, four categories of employer variables are examined: (1) structural and organizational characteristics, (2) employer motives for participating in Project JET, (3) variables pertaining to the tutoring, counseling, and supervision of a trainee, and (4) general employer attitudes.

Structural and Organizational Characteristics

Larger firms had greater success in retaining employees as the following figures show:

<i>Size of employer</i>	<i>Retention rate</i>
Less than 200 employees	33.6%
201–500 employees	51.7
Over 501 employees	64.7
Total sample	<u>42.5%</u>

Because large employers operate principally in the “primary” labor market, this finding partially verifies the importance of moving hard-core trainees out of the secondary labor market into the “mainstream.” Also, large employers are probably better equipped to handle the problems of disadvantaged workers. After all, they generally have larger personnel departments and specialists equipped to handle a diversity of employee problems. Further, since large employers are likely to operate in less competitive product markets and to enjoy higher profit margins, they are better able to absorb the costs associated with training (e.g., increased supervision and lower productivity).

Size alone reduces the risk associated with hiring a disadvantaged worker, since the failure of a single trainee will have minimal impact on the employer’s total operation. It may be easier for large employers to absorb workers who never will achieve the firm’s normal work standards. At the least, large employers can afford to be more patient with high risk workers.

Large employers are more visible, both to government agencies and to civil rights organizations, which often make major employers the target of equal opportunity campaigns. In this regard, the retention of hard-core trainees will almost certainly have a bigger payoff for large firms than for small. In fact, some large firms in this sample hired executives whose sole task was to oversee the company’s programs for disadvantaged workers. Further, there are certain correlates of employer size which also seem to influence trainee retention. For example, large companies are typically high-wage companies, and monetary incentives seem to be

effective with hard-core trainees.⁵ (However, when employer size is controlled, the relationship between wages and retention is greatly reduced.)

Unionization is also a correlate of company size. The presence of a union does not seem to influence trainee retention independently of employer size. Nevertheless, the union may facilitate the assimilation of trainees.⁶ With union support, employers may have an easier time “selling” a hard-core training program to rank-and-file employees. Also, it can be argued that collective bargaining increases management’s ability to communicate with its workers, either directly or through union channels. This ability may be helpful in dealing with disadvantaged workers.

Thus size helps retention. How about growth in employment opportunities? It has often been argued that disadvantaged trainees are likely to fare badly when employment is contracting.⁷ The data in Table 1 provide partial support for this proposition. For example, in firms with 200 or fewer employees, only 17.3 per cent of the trainees completed their training in the face of decreasing employment in their company during the previous year. On the other hand, it does not follow that trainees benefit by expanding work opportunities. Within each size category, the highest retention rates are in firms with *constant* employment. If this finding is valid, it may be because trainees prosper in a stable rather than a changing environment. To the extent that uncertainty and instability accompany employment expansion, trainees fare poorly.

Insert Table 1 Here

⁵ Lipsky, *et al.*, *op. cit.*, pp. 47-48.

⁶ John E. Drotning, David B. Lipsky, and Myron D. Fottler, “Union Attitudes Towards Significant Aspects of Job Training Programs for the Disadvantaged,” *Labor Law Journal*, XXII (January, 1972), 13-24. See also John E. Drotning and David B. Lipsky, “How Union Leaders View Job Training Programs,” *Monthly Labor Review*, XCIV (April, 1971), 65-66.

⁷ This is certainly true in a general, “macro” sense, as the recession of 1970 demonstrated. Our test is concerned with the plant, or “micro” level.

Finally, it was hypothesized that locally owned firms, concerned about the welfare of the Buffalo community, would make a more strenuous effort to ensure Project JET'S success and, secondly, that trainees would perform better in companies already employing large numbers of blacks. Neither hypothesis was demonstrated.⁸

Employer Motives

Why did employers enter the JET program? Did their attitudes affect program success? Several indices of employer motivation were examined. For example, during the interview employers were given a list of five reasons for hiring JET trainees and asked to rate their importance. Most (about 60 per cent) ranked "concern for the disadvantaged as an important reason for hiring trainees. "Economical source of labor" and "unable to fill jobs from any other source" were considered important reasons by a minority of JET employers (approximately one-fourth in each case). "To cooperate with Chamber of Commerce" is ranked low by most employers, while "to advance progressive image of Buffalo" divides employers about equally. Large employers who were motivated to participate in Project JET because of economic incentives were less likely to retain as high a percentage of their trainees as large employers who were not motivated by financial gain or market factors. Among small employers, employer motives appeared to have had somewhat less influence on trainee retention.

As pointed out earlier, all employers were offered a federally financed subsidy of \$30 per week for each trainee hired. About a dozen employers (principally large firms) declined the subsidy. Among firms with more than 200 employees, those refusing the subsidy retained almost 90 per cent of their trainees (15 out of 17). Those accepting the subsidy retained just over 50 per cent of their trainees (33 out of 62).

A significant number of employers claimed "no previous experience with the disadvantaged." Contrary to what one might think, large employers without previous

⁸ Firms employing large numbers of blacks typically do not operate in the primary labor market and hence are not conducive to long tenure for hard-core trainees. Usually these firms offer only casual employment opportunities and many are job shops with fluctuating employment needs for unskilled workers.

experience were much more likely to retain trainees than those with experience. Once again, this relationship probably reflects the importance of the primary labor market to the success of hard-core trainees. Employers without any previous experience with the disadvantaged probably require a high-skilled, stable workforce and were motivated to participate in Project JET by a developing awareness of the grave social problems growing out of ghetto unemployment. Many of these employers have suburban plants in the newer manufacturing sectors (electronics, aerospace, chemicals, etc.).

Tutoring, Counseling, and Supervision

Consistent with the findings above, there was also a tendency for trainees hired by firms with normally high entry requirements to complete the JET program. (Trainees hired by employers who normally hired workers of comparable quality tended to fail.) These tendencies were evident among both large and small employers. It should be noted that entry standards are simply another way of distinguishing between employers in the primary and secondary labor markets. Employers in the primary market have higher entry standards and must make an exception for hard-core trainees. These firms are prepared to make a special effort to deal with the problems of hard-core workers, and their retention rates were substantially higher when compared to employers who did not need to make exceptions for the JET trainees.

Insert Table 2 Here

The data in Table 2 trace the effects of additional tutoring, counseling, and supervisory variables on trainee retention. Note first the inconsistent finding in Part (A): small firms tended to retain trainees who did not achieve the educational level required by the firm, while large firms retained trainees who did. Employers in the primary market (usually large firms) may require workers to meet certain minimum standards-if not when hired, then eventually on the job. Small employers probably have somewhat looser standards and view achievement of a certain “educational” level as less critical to successful tenure. However, consistent results are

obtained in Parts (B) through (E). For example, trainees counseled on a regular basis (at least once a month) showed higher rates of success. The lowest retention rates were among those trainees who were counseled infrequently or not at all. Some of these trainees were employed in remote plants difficult to reach by JET counselors on a regular basis, and, in addition, JET simply did not have enough staff to do a thorough counseling job with every trainee.

Part (D) shows that trainees who received (or needed) closer supervision compared to other new employees tended to not complete the program. The relationship here is very strong for both large and small employers. When combined with our other results, this finding seems to indicate the following: employers who recognized the special problems of the hard-core, but who did not single out trainees for special (and conspicuous) attention once they were on the job, were most likely to retain the trainee.

Finally, Part (E) shows a significant association between employer satisfaction with JET'S "daily arrangement" for tutoring and trainee retention, for both employer size categories. For many employers, the release of JET trainees for two hours of tutoring each day proved especially inconvenient. This was particularly true in plants where the nature of the production process required substitutes to be available for trainees on released-time. Also, some employers simply did not have available space which provided the peace and quiet needed for effective tutoring. Employers suffering disruption because of tutoring arrangements either had to make do or arrange alternative tutoring schedules (often a difficult task). Bethlehem Steel, for example, tutored all of their trainees for eight hours every Monday. The trainees then worked a regular work schedule from Tuesday through Saturday. These compromises were never very satisfactory, however, and the Part (E) data show that employers who were dissatisfied with these daily tutoring arrangements were more likely to have high trainee attrition rates.

Employer Attitudes and Perception

Once more we get some unexpected results. Respondents (top executives) were asked whether "lower management" supported the firm's effort to hire and train the disadvantaged.

A majority of employers (about 60 per cent) answered in the affirmative. However, the employer's perception of lower management's attitude had no relation to trainee retention. In a related question, employers were asked their opinion of the attitudes of co-workers toward JET trainees. Again, there was no relationship between perceived co-worker attitudes and trainee retention.⁹ Nor was it possible to distinguish successful from unsuccessful trainees on the basis of employer evaluations of their job performance. (Possibly, however, these findings may reflect only the fact that interview respondents were somewhat removed from these issues.)

Next respondents were given a list of four factors related to successful job performance and were asked to rate their importance: (1) "ability to get along with co-workers and bosses," (2) "neat appearance," (3) "promptness and dependability," and (4) "no alcohol or drug problems." Among small companies, employer opinions were unrelated to trainee retention. However, among large employers, a definite pattern emerged, which provides an interesting insight about the association between employer attitudes and trainee success. For each of the four factors, retention was associated with *neutrality*, that is, no strong feelings by employers one way or the other about the importance of these factors to successful job performance. Perhaps "neutrality" can be equated with "open-mindedness"; it appears that large employers without rigid views on these matters are more likely to retain trainees than employers attaching weight to them.

Respondents were also asked to evaluate the importance of four possible factors causing poverty: racial prejudice, poor education, lack of social awareness by the white community, and black laziness. Once again, among small employers, retention was unrelated to expressed employer attitudes on these factors, but among large employers a significant relationship emerged between employer attitudes and trainee retention. There was a tendency for trainees to be retained by large employers who discounted the importance of black laziness

⁹ Co-workers were, surprisingly, very supportive of their firms' efforts to employ the disadvantaged. See Drotning, et al., "Worker Attitudes Towards Black Hard-core Trainees," *Journal of Economics and Business*, XXV (Fall, 1972), 26-31.

and emphasized instead racial prejudice, poor education, and lack of white social awareness. In other words, large employers expressing “enlightened,” “liberal,” or “progressive” views (or possibly “unrealistic,” “naive,” or “paternalistic” values, depending on one’s point of view) had the highest trainee retention rates.

A hypothetical question was presented to employers: given the choice between hiring a trainee with the skills needed for the job but a criminal record of hiring a trainee without the skills needed for the job who was also receiving welfare payments, which would the employer prefer? JET administrators suggested this question because they felt that it was not hypothetical and that employers often had very definite preferences between the two types of trainee. Many JET trainees were ex-convicts, but had acquired a variety of skills “hustling” in the streets or in prison training programs.¹⁰ Many other trainees had been welfare dependents nearly all their lives, were without skills or training, and thus were considered virtually unemployable. Interestingly, there is a significant association between employers’ preferences and trainee retention (see Table 3). Employers preferring welfare recipients without skills over ex-convicts had markedly more success with their trainees, and this is true for both employer size categories. This does not mean that these employers restricted their hiring to welfare clients, or that such trainees necessarily fared better in the program than ex-convicts. Indeed, caution must be used in interpreting the result.

Insert Table 3 Here

Nevertheless, it might be argued that employers not equipped with organizational resources to train workers would be willing to risk the hiring of skilled trainees with criminal

¹⁰ For a discussion of the relation of illicit activities to ghetto employment, see Michael J. Piore, “On-the-Job Training in the Dual Labor Market: Public and Private Responsibilities in On-the-Job Training of Disadvantaged Workers,” in Arnold R. Weber, et al., eds., *Public-Private Manpower Policies* (Madison: Industrial Relations Research Association, 1969), pp. 101-132.

records, On the other hand, employers prepared to incur added training and supervisory costs (above the reimbursement offered by JET) might find the welfare recipient the more attractive choice. This interpretation is appealing because it is consistent with our earlier findings. Employers equipped to train the welfare client are likely to operate in the primary market. As suggested earlier, they may never have had experience with welfare clients, but they do have the financial and organizational resources to tackle the problem. Possibly, too, employers who elected the “ex-convict” choice may have been implicitly giving greater weight to the *rehabilitative* function of the program than to its *developmental* function (i.e., the opportunity to develop the unused potential of ghetto workers). If so, success seems related to the employer’s emphasis on trainee development rather than rehabilitation.

Finally, there was a clear relationship between trainee success and an employer’s overall opinion of JET’S effectiveness in combatting hard-core unemployment. Moreover, large employers retaining trainees planned to hire more: successful experience apparently bred commitment for employers in that size category. Positive attitudes and trainee success do in general appear highly correlated, particularly for large employers. However, the direction of causation here is difficult, if not impossible, to disentangle. It may be that successful experience leads to favorable attitudes, rather than the reverse.

Summary and Conclusions

The key finding of this study is that variables associated with the employer seem to be more crucial to the success of this particular manpower training program than the characteristics exhibited by disadvantaged workers. More specifically, employer size appears to be the single most important factor related to trainee success. However, other employer-related variables also seemed to affect trainee retention if size is controlled:

(1) Retention rates were higher among unionized, high-wage companies with stable employment.

(2) Employers (particularly those with more than 200 employees) who participated in Project JET for financial reasons, or because of labor market shortages, did not tend to retain trainees.

(3) A successful tutoring program and regular, periodic counseling were associated with low attrition rates. On the other hand, successful firms did not need (or did not choose) to give extra supervision to hard-core trainees beyond that given regular employees.

(4) Employer attitudes which can be characterized as “liberal,” “open-minded,” and “optimistic” were associated with trainee success.

These findings, as well as some open-ended responses contained in the employer interviews, indicate that a successful employer posture for programs of this sort combines the following: a recognition of the special nature of the hard-core trainee, an ability and willingness to provide resources to deal with the problem, patience while the worker is trained and acclimated, and a certain amount of “benign neglect” in dealing with the trainee on the job itself. In connection with this last point, findings in the larger research of which this study is a part imply that orientation sessions with supervisors and co-workers may be dysfunctional in that they focus attention on the special treatment being given disadvantaged workers and consequently foster resentment.¹¹

Finally, the consistency of these findings lends strong support to policy prescriptions derived from the dual labor market model. Although the trainees in the present sample had a good deal of work experience, it was confined largely to the secondary labor market. Increased aggregate demand alone cannot solve ghetto unemployment and poverty problems. Manpower programs such as Project JET are needed to open opportunities for disadvantaged workers in the primary labor market.

¹¹ Drotning, et al., *Jobs, Education, and Training* . . . , pp. 180-210, 265.

TABLE 1
RELATIONSHIPS BETWEEN TRAINEE RETENTION AND CHANGES
IN FIRM EMPLOYMENT OVER THE PAST YEAR

Change in employment	Average retention rates			
	Firms with 200 or fewer employees ^a		Firms with more than 200 employees ^b	
	%	n	%	n
Increasing	26.7	(4)	56.3	(9)
Constant	46.2	(30)	87.5	(14)
Decreasing	17.3	(9)	48.8	(21)

^a All relationships significant at .01 level.

^b All relationships significant at .05 level.

TABLE 2
THE EFFECTS OF TUTORING, COUNSELING, AND
SUPERVISION ON TRAINEE RETENTION

	Average retention rates			
	Firms with 200 or fewer employees		Firms with more than 200 employees	
	%	n	%	n
(A) Do trainees achieve educational level required by firm through tutoring?				
Yes	32.8	(19)	77.1	(37)
No	45.7	(21)	50.0	(2)
Can't judge	19.4	(6)	33.3	(9)
	$p < .10$		$p < .01$	
(B) Do JET counselors monitor trainees periodically?				
Yes	37.6	(47)	62.3	(43)
No	5.9	(1)		(0)
	$p < .05$		ns	
(C) How often do counselors monitor trainees?				
At least once every two weeks	26.7	(12)	75.8	(25)
Once a month	47.9	(34)	70.4	(19)
Less than once a month	16.7	(2)	23.5	(4)
	$p < .01$		$p < .01$	
(D) Comparison of supervision given to JET trainees and other new employees				
JET trainees receive closer supervision	15.6	(5)	12.5	(2)
Initially supervision is closer	37.3	(28)	76.5	(26)
Supervision is similar from start	41.7	(15)	71.4	(20)
	$p < .05$		$p < .01$	
(E) Is employer satisfied with JET daily tutoring arrangement?				
Yes	43.6	(17)	78.8	(26)
No	28.7	(29)	47.8	(22)
	$p < .10$		$p < .05$	

TABLE 3
THE INFLUENCE OF EMPLOYER HIRING PREFERENCES
ON TRAINEE RETENTION

Employer prefers:	Average retention rates			
	Firms with 200 or fewer employees ^a		Firms with more than 200 employees ^a	
	%	n	%	n
Trainee with skills needed for job and criminal record	24.1	(19)	16.7	(4)
Trainee without skills needed for job and on welfare	52.1	(25)	78.9	(30)
Doesn't know; can't judge	30.8	(4)	72.4	(14)

^a All relationships significant at the .01 level.