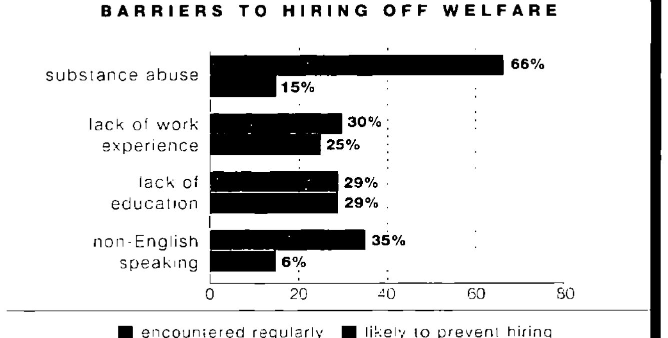
COMPANIES WORK THROUGH MOST BARRIERS TO EMPLOYMENT

While child care, transportation, and work ethic issues remain the top challenges after former welfare recipients are hired, business partners report the largest barriers to employment among this pool of candidates are a lack of education, a lack of work experience, and substance abuse problems.

Specifically, just under half of companies hiring off welfare say they have come across a lack of education (49%), no job or work history (48%), or substance abuse problems (41%) as barriers to employment among the job applicants they've seen.

But, of these three barriers, most companies report being able to work through the education and work experience issues through training and mentoring. That is, only 29% say a lack of education would prevent them from hiring someone and just 30% say the same regarding a lack of work experience. However, most (66%) agree substance abuse is a problem they cannot overlook when making a decision to hire someone off welfare.

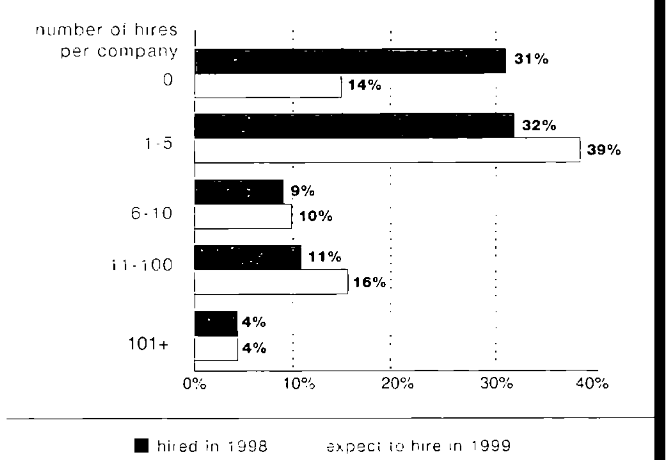
BARRIERS TO HIRING OFF WELFARE



The good news, however, is that only 15% of those actively hiring off welfare report coming across substance abuse frequently among applicants, as seen above. A lack of education (29%) and no work history (25%) are the two barriers seen most frequently.

Business partners surveyed also buck a commonly held perception in some parts of the country that people moving off welfare can not speak English. In fact, although 35% say this would prevent them from hiring someone, only 6% report frequently encountering this problem. And less than one in four (24%) say they have ever encountered this barrier among potential job applicants. ■

HIRING EXPECTATION IS STRONG



large companies (those that are able to hire up to 100 people or more).

All indications point to continued success in helping more Americans move from welfare to work into the next century. With assistance in addressing child care and transportation issues, and an increased commitment from companies toward one-on-one mentoring and forming partnerships with outside agencies, more people will move off welfare and into meaningful, long-term careers. ■

ABOUT THE MEMBER SURVEY

The Welfare to Work Partnership is a nonpartisan, nationwide effort designed to encourage and assist businesses with hiring people on public assistance. The Partnership, formed in May 1997, has now grown to nearly 10,000 businesses.

The membership survey is an ongoing national study designed to track attitudes and practices of Partnership companies. The project was started in February 1998, with subsequent surveys conducted in August 1998 and January 1999.

For this survey, 500 business executives (CEOs, owners, vice presidents, managers, directors, and HR executives) from member companies were interviewed by Wirthlin Worldwide. The sample was stratified by company size and region to represent the Partnership's current membership. Telephone interviews were conducted Jan. 27 - Feb. 5, 1999.

The Welfare to Work PARTNERSHIP
(202) 955-3005
www.welfaretowork.org

WIRTHLIN WORLDWIDE
(703) 556-0001
www.wirthlin.com

The Welfare to Work PARTNERSHIP

MEMBER SURVEY: PROMOTION AND PARTNERSHIP

TRENDS IN EXECUTIVE OPINIONS MEASURED BY WIRTHLIN WORLDWIDE

1999 SERIES NO. 1

COMPANIES ARE FINDING POTENTIAL, PROMOTION AND PARTNERSHIP

LESS THAN TWO YEARS after sweeping welfare reform legislation, Welfare to Work Partnership companies have helped hundreds of thousands of former welfare recipients find their way into the workforce. And the numbers keep growing.

In the latest membership survey, the Partnership's nearly 10,000 member companies report having hired an estimated 410,000 people off welfare during 1997 and 1998. This figure is an approximation based on the reported hiring experience by company size among 500 companies randomly surveyed.

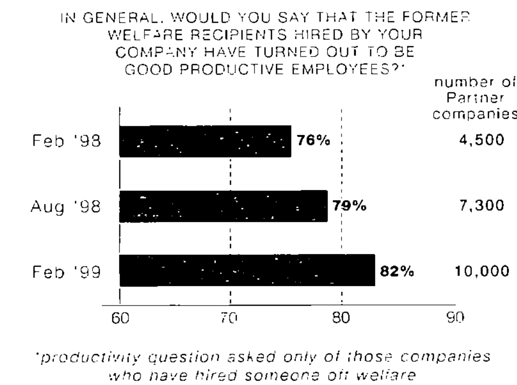
In fact, 90% of business partners to date already have hired someone off welfare or expect to do so this year.

Furthermore, while the partnership has doubled in size over the past year, old and new business partners alike continue to hire employees off welfare at the same or greater rate.

This continued demand for welfare hires has not left a shrinking pool of potential hires in the eyes of executives. Though welfare rolls have dropped, 67% of these businesses still believe they can "continue to find and hire good employees off welfare now and into the future."

As thousands more employees are being hired off welfare by these companies, executives are more likely now than in any previous study to report that these hires end up being good, productive employees (76% in February 1998, 79% in August 1998, and 82% in February 1999).

TRACKING PRODUCTIVITY

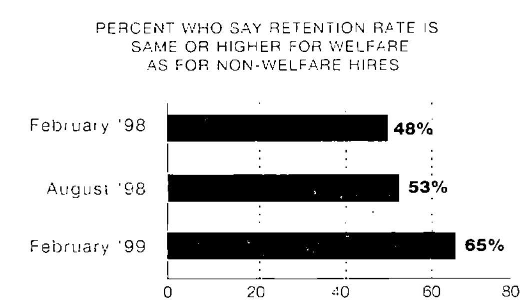


*productivity question asked only of those companies who have hired someone off welfare

Once again, this positive perception is consistent regardless of the number of hires or types of positions hired to fill. In fact, 90% of companies who joined the Partnership in 1998 and have hired someone off welfare report hiring good, productive employees.

Not only are these hires recognized as significant contributors, they are also increasingly likely to retain their jobs at the same or higher rates than are standard-hire employees. This percentage increased from 48% in February 1998, to 53% in August 1998, and to 65% in February 1999.

RETENTION RATES INCREASING



HIGHLIGHTS

1 **SHRINKING POOL?** Executives say no

1 **RETENTION** Companies report rates increasing

2 **PROMOTION DRIVERS** Formal, one-on-one attention, & partnerships are key

3 **WORK READINESS** Companies say they need help addressing this area

3 **COMMUNITY PARTNERSHIPS** Expanding promotion potential for welfare hires

4 **TOP BARRIERS** Companies work through most hiring barriers

CURRENT TRENDS FOR WELFARE HIRES

As indicators of higher performance and retention rates, we need only look at what companies report as trends in the development of their welfare hires.

First, we see an increase in hiring former welfare recipients for salaried positions, up from 19% in August 1998 to 27% currently (72% are full-time jobs with full medical benefits). Second, 91% of Partnership companies report providing welfare to work hires additional training that could lead to promotion. Third, welfare hires are being promoted at the same rate as are standard hires among member companies. Six in ten (60%) report some promotion of welfare hires with an average rate of 22.3% promoted over the last year.

Another sign of a trend toward mobility is that 60% of those businesses who have hired former welfare recipients say an average of one in five (20.5%) already have moved on to a job with another company.

While these findings attest to the ability of former welfare recipients to succeed in the workforce, they also show the commitment of business partners to provide training and promotion opportunities that can lead to success.

MENTORING LEADS TO PROMOTION WHEN IT IS FORMAL AND UTILIZES PARTNERSHIPS

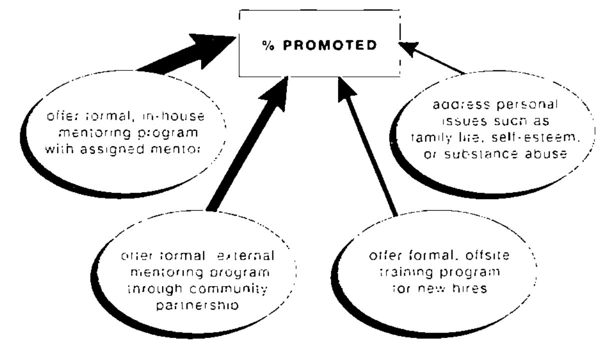
Companies hiring welfare recipients see the need for mentoring, but address this need in a variety of ways.

At this time, 63% of business partners either offer now, or expect to offer soon, some type of mentoring service. Most of these companies (67%) have formally assigned mentors for new welfare hires, while 40% use more informal efforts where employees are simply encouraged to mentor new hires. Notably, close to one-quarter (23%) report having entered into partnerships with community-based organizations for assistance with mentoring services.

Regardless of the approach to mentoring a company takes, advanced statistical analysis of the data shows there are four key drivers of higher promotion rates among employees hired off of welfare.

As shown in the following model, the availability of a formal program which assigns a mentor to a new hire is the greatest predictor of whether that welfare to work employee will be promoted. Another practice highly correlated with welfare hire promotions is forming a partnership with a community-based organization to help assist new employees with personal or transitional issues that may arise. Finally, although somewhat less significant, offering formal off-site training and placing a premium on having mentors address personal issues such as family and self-esteem are also key practices that are likely to lead to promotion.

POSITIVE DRIVERS OF PROMOTION FOR NEW HIRES OFF WELFARE



results from regression analysis: thickness of arrow indicates strength of correlation.

Any of these four practices is a driver toward promotion by itself—but they are not all applicable to every company or circumstance. The important observation is that the most successful mentoring initiatives are formally recognized by the company and are likely to involve partnerships with outside agencies. In fact, the only practice significantly correlated with lower promotion rates is no mentoring program at all.

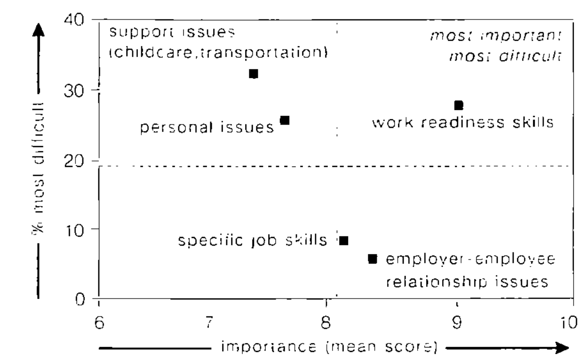
From their own experience, companies offering mentoring report their greatest success has been on-the-job training through one-on-one attention. Nearly half (47%) volunteer this as their most successful practice.

While companies readily acknowledge the benefit of offering welfare hires some form of mentoring, they need assistance in helping welfare hires to address work-readiness skills such as dress codes, work ethic, and punctuality in order to help move their hires to the next level.

As shown on the following graph, companies find work-readiness the most important issue that needs to be addressed (9.1) through mentoring, yet it is among the most difficult for them to provide (27%). Additionally, companies find job skills and employer-employee relationships less important, but much easier to provide. Finally, support issues such as child care and transportation are seen as the most difficult to provide (33%), while personal issues are seen as slightly more important (7.7) and still quite difficult to address (25%).

KEY MENTORING ISSUES

WHICH ARE MOST IMPORTANT?
WHICH ARE MOST DIFFICULT?



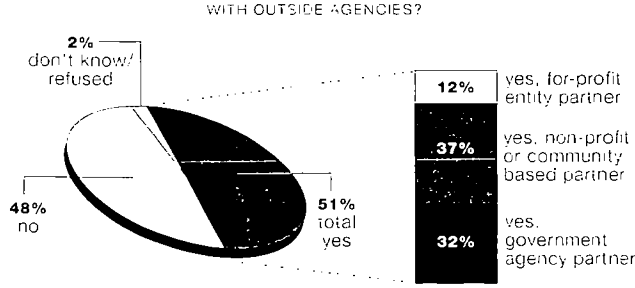
In short, formal, one-on-one mentoring programs are proven practices that lead to promotion—but as companies make such efforts they need help with these important, yet difficult to address, issues involving work-readiness.

PARTNERSHIPS ARE GROWING

More companies are turning to organizations in the community to improve their efforts to hire off welfare. In February 1998, only 25% of partner businesses who had hired looked to community-based organizations for help in finding people to hire. This has climbed to 48% currently. Additionally, more than half (51%) of all partner businesses say they have entered into partnership with government, non-profit, and/or for-profit agencies in their area.

PARTNERSHIPS FORMED

IN HIRING AND RETAINING NEW EMPLOYEES OFF WELFARE, HAVE YOU FORMED ANY FORMAL OR INFORMAL PARTNERSHIPS WITH OUTSIDE AGENCIES?



Most companies entering partnerships do so to help them find and screen potential job candidates off of welfare. Only a few, however, realize the benefits such partnerships can have in addressing the more difficult challenges with mentoring and retention.

In practice, most use outside organizations to either locate potential hires (61%) or to screen them (17%). Only 18% utilize agencies to provide training, 8% for mentoring and 4% for child care and/or transportation assistance. Hence, companies of all sizes are missing an opportunity to receive help in addressing the most difficult issues they face in mentoring.

At present, there is no generally acknowledged, formal process through which companies hiring former welfare recipients can readily identify potential partners to assist in their efforts. Most frequently, these partnerships are initiated through passive efforts such as outside agencies contacting the companies themselves (19%), networking (14%), word of mouth (9%) or through existing relationships (8%).

As a result, the Welfare to Work Partnership is in a position to help facilitate a formal process that will connect companies with agencies in their community.

LOOKING AHEAD: MORE HIRES, MORE SAVINGS IN 1999

As the Partnership prepares to move into the next millennium, executives are clearly optimistic about the future. A solid majority of business partner executives perceive the economy moving in the right direction (86%) and believe welfare reform, too, is headed in the right direction (83%). Further, they perceive corporate America's commitment to making welfare reform work is increasing (5.4 in February 1998 to 5.7 in February 1999 on a 10-point scale).

From an economic perspective, most business partners are not finding it cost prohibitive to hire off welfare. In fact, 16% of companies have seen a cost savings, while 65% report seeing no change at all in the cost to the company since hiring people off welfare.

With this optimistic outlook, Partnership businesses expect to hire even more people off welfare in 1999 than they did in 1998. And the hiring expectation is equally strong among small companies (those that are able to hire just one to five people) and