



Talking Points

How Diverse and Inclusive Apprenticeships Address Employer Needs

A competitive 21st-century workforce requires skilled workers. As employers search for solutions to their workforce needs, apprenticeship is a proven work-based learning model that can provide a pipeline of skilled employees and help businesses develop new, high-quality talent pools that include women, people of color, and opportunity youth.

This tool is designed to help you discuss the value of diversity as you work with employers to bring apprenticeships to their workforce. It is organized by employers' needs, questions marketing staff can pose, facts, and support available to employers as they take steps to build a skilled and diverse staff.

Under a contract awarded by the U.S. Department of Labor, Jobs for the Future is serving as an equity partner in apprenticeship and working to connect women, people of color, and opportunity youth to apprenticeship programs.

This project has been funded, either wholly or in part, with Federal funds from the U.S. Department of Labor, Employment and Training Administration, under contract Number DOL-ETA-16-C-0124. The contents of this publication do not necessarily reflect the views or policies of the U.S. Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement of the same by the U.S. Government.



EMPLOYER NEED SKILLS GAP

ASK	Which positions are the most difficult to find applicants with prerequisite skills? Are any of these skills gaps critical to your mission?
SHARE	“Diverse apprenticeship programs bridge the skills gap.”
FACTS	<ul style="list-style-type: none"> • According to Manpower Group’s 2016-2017 Talent Shortage Survey, employers rank lack of applicants, skills, and experience as the highest reasons for why they are unable to fill vacant positions. • A survey of 1,000 U.S. apprenticeship sponsors found that the top benefits of hosting apprentices were accessing skilled workers (80 percent cited) and reliably confirming workers’ skills (76 percent). • Targeting underrepresented worker segments greatly increases the pool of skilled workers—women and people of color account for about two-thirds of the U.S. population. • Example: Facing a wave of retirements of skilled workers, Georgia Power launched a lineworker pre-apprenticeship program, paired with their apprenticeship, that lowered hiring costs by over 50 percent and increased new hire retention by 18 percent.
HOW	Trusted workforce agencies, community-based organizations, and community colleges in your area that are dedicated to recruiting, screening, and training underrepresented worker groups can create a steady pipeline of diverse candidates for your business—and save your company money dedicated to outreach and initial training activities. In a tight labor market, you can best address the skills gap by finding strong workers paired with internal talent development.

EMPLOYER NEED INTERNAL TALENT DEVELOPMENT

ASK	Do your entry-level workers frequently advance into your difficult-to-fill skilled positions? Is your entry-level workforce more diverse than your mid- and upper-level workforce?
SHARE	“Companies with narrow hiring requirements can miss the chance to build a loyal, long-term workforce. Apprenticeships enable dedicated frontline workers to advance and contribute more.”
FACTS	<ul style="list-style-type: none"> • Requiring experience for entry-level jobs disproportionately excludes young workers. With apprenticeships, businesses can rapidly onboard these workers to learn on the job. • Example: Vanguard’s yearlong training program offers current workers mentorship and a range of skills, culminating in a credential and promotion. The program fast-tracks early-career employees to advisory roles. • A large study of employers shows that the productivity of apprentices more than doubled from year 1 to year 3 of their programs. • Example: Siemens found that apprentices’ strong knowledge enabled them to complete a variety of tasks more flexibly and quickly than other non-apprentice hires. • Example: Fourteen percent of all employees at Northrup Grumman Shipbuilding have completed one of their apprenticeship programs, and 240 program graduates have moved into leadership positions (70 are vice presidents, directors, and senior managers).
HOW	Look beyond your company for help with internal talent development. Over 300 community colleges in the Registered Apprenticeship College Consortium can jointly develop and deliver apprenticeship programs. Your local workforce board or an intermediary can identify high-quality, community-based organizations that also offer mentorship and other supportive services to maximize the success and contributions of diverse communities. These partners can help access resources to defray the training costs of workers that qualify.

EMPLOYER NEED MAXIMIZING COMPANY VALUE: PART 1

ASK	Do you worry about the cost of internal development programs?
SHARE	“Apprenticeship programs deliver a positive overall return on investment to employers.”
FACTS	<ul style="list-style-type: none">• The Aspen Institute reports that 9 out of 10 apprenticeship sponsors interviewed agree that apprenticeships are “essential to business plans,” based on employee performance.• In an American University and Urban Institute survey of more than 900 employers, 86 percent would “strongly recommend” apprenticeship programs to other employers.• In the Canadian construction industry, each dollar that an employer invests in apprenticeship has a return of up to \$1.47.• Example: Dartmouth-Hitchcock Hospital found that a combination of cost savings and additional revenues from apprenticeship programs translated into a 40 percent rate of return on investment.
HOW	You can lower the up-front cost of program development by leveraging the federal Office of Apprenticeship investments in industry intermediaries in a wide range of sectors. They can help you determine relevant occupations, and then support you through the entire process of developing and implementing an apprenticeship program at your company. You can also work with your state’s apprenticeship office or federal Office of Apprenticeship representatives in your region.

EMPLOYER NEED MAXIMIZING COMPANY VALUE: PART 2

ASK	Do you worry that creating a diverse workforce may mean that you have to accept employees who are less qualified, reducing your productivity?
SHARE	“Increasing workforce diversity benefits businesses’ bottom line in multiple ways.”
FACTS	<ul style="list-style-type: none">• Research shows that managers in professional services industries prefer to hire people like themselves. This bias limits the number of employees who have the potential to bring new ideas, methods of problem solving, and language skills to the table.• Top-mentioned benefits of diversity in a survey of 400 STEM companies were: new ideas (84 percent), learning opportunities (76 percent), and creativity (69 percent).• A Gallup survey in two large companies found that more gender-diverse business units in retail generated 14 percent greater revenues, and gender-diverse hospitality business units showed 19 percent higher profits.• Research conducted by McKinsey & Company shows that companies in the top quartile for gender or racial and ethnic diversity are at least 15 percent more likely to have financial returns above the national industry medians.
HOW	In-house practices such as mentoring, company-supported affinity or resource groups, and clear pathways for growth and advancement are critical to building and retaining a diverse workforce. In addition to your trusted education and training partners, industry associations often have expertise and resources to support expanding workforce diversity.

EMPLOYER NEED RETENTION

ASK	Is employee retention or turnover a concern? Are there specific frontline positions where turnover represents a heightened risk?
SHARE	“Diverse pre-apprenticeship and apprenticeship programs help businesses retain talent.”
FACTS	<ul style="list-style-type: none"> • According to the Society of Human Resource Management, the average cost per hire across industries is \$4,129—a substantial savings in every turnover case avoided—and costs are compounded by new hire onboarding and training. • Two-thirds of prospective workers surveyed by Glassdoor say diversity is an important factor in evaluating companies and job offers—a value that also translates into reduced company turnover. • Reductions in turnover rates that are associated with pre-employment training programs can be as high as 50 percent. • Example: Gap Inc. hires over 75 percent of graduates from “This Way Ahead,” a training and internship program designed for low-income young people with no work experience. These workers stay twice as long as their entry-level peers. • High-quality pre-apprenticeships in construction have seen apprenticeship retention and completion rates as high as 80 percent—about 25 percent higher than the national apprenticeship retention rate in the industry.
HOW	Many organizations in your region provide pre-employment job training or pre-apprenticeship programs, and continue to offer retention services after their graduates are placed into a job. These organizations can help you tap into public workforce dollars and philanthropic grants to support pre-apprenticeship and apprenticeship training for eligible workers.

EMPLOYER NEED DIVERSITY PLANNING

ASK	Does your company have a diversity and inclusion plan or initiative? Are there specific diversity goals that are important to your business?
SHARE	As business customers grow increasingly diverse, companies benefit from attracting women and people of color underrepresented in many occupations, particularly in STEM.
FACTS	<ul style="list-style-type: none"> • Companies’ customer bases become more diverse. Companies benefit from better public relations and can better compete for business if they reflect the communities that they serve. • By 2032, the majority of workers without a college degree will be people of color. • Business Roundtable members cite apprenticeship collaboration with colleges and other community partners as an effective method for diversity planning. • Leading employers including CVS, Hilton, and The Hartford consider apprenticeship to be a critical part of their diversity strategies. • Example: In contrast with the manufacturing industry as a whole, 60 percent of the 167 apprentices in the new and growing Industrial Manufacturing Technician program to date are people of color, and half are women. The IMT supports more workers in part because it focuses on production workers, not only higher-level occupations.
HOW	Apprenticeship collaboration with colleges and other community partners is an effective method for developing workplace and industry skills, and increasing the number of graduates with in-demand credentials and industry certifications.

Sources

SKILLS GAP

Manpower Group, 2016-2017 Talent Shortage Survey <http://manpowergroup.com/talent-shortage-2016>

The Urban Institute, *The Benefits and Challenges of Registered Apprenticeship: The Sponsor's Perspective*; Lerman, Eyster, Chambers <http://www.urban.org/sites/default/files/publication/30416/411907-The-Benefits-and-Challenges-of-Registered-Apprenticeship-The-Sponsors-Perspective.PDF>

Corporate Voices for Working Families, *A Talent Development Solution: Exploring Business Drivers and Returns in Learn and Earn Partnerships* http://www.cewd.org/Documents/LearnEarn_Report2_web.pdf

INTERNAL TALENT DEVELOPMENT

Business Roundtable, *Work In Progress: How CEOs Are Helping Close America's Skills Gap* http://businessroundtable.org/sites/default/files/immigration_reports/2017.06.01%20BRT.Work%20in%20Progress.How%20CEOs%20Are%20Helping%20Close%20America%E2%80%99s%20Ski....pdf

American University and the Urban Institute, USA, IZA, Germany, *Do Firms Benefit from Apprenticeship Investment?* Lerman <https://wol.iza.org/uploads/articles/55/pdfs/do-firms-benefit-from-apprenticeship-investments.pdf>

U.S. Department of Commerce and Case Western Reserve, *The Benefits and Costs of Apprenticeship: A Business Perspective* <http://www.esa.gov/sites/default/files/the-benefits-and-costs-of-apprenticeships-a-business-perspective.pdf>

Corporate Voices for Working Families, *A Talent Development Solution* http://www.cewd.org/Documents/LearnEarn_Report2_web.pdf

RETENTION

The Society for Human Resource Management, SHRM Benchmarking Report [https://www.shrm.org/hr-today/news/hr-news/pages/shrm-benchmarking-report-\\$4,100-average-cost-per-hire.aspx](https://www.shrm.org/hr-today/news/hr-news/pages/shrm-benchmarking-report-$4,100-average-cost-per-hire.aspx)

Glassdoor, "Two-Thirds of People Consider Diversity Important When Deciding Where to Work" <https://www.glassdoor.com/press/twothirds-people-diversity-important-deciding-work-glassdoor-survey-2/>

Corporate Voices for Working Families, *A Talent Development Solution: Exploring Business Drivers and Returns in Learn and Earn Partnerships* http://www.cewd.org/Documents/LearnEarn_Report2_web.pdf

Forbes, "Why We Must Recognize Alternative Pathways to Economic Prosperity"; Rosenblum <https://www.forbes.com/sites/gradsoflife/2017/06/13/recognizing-alternative-pathways-to-economic-prosperity/#1a019b6319e8>

Columbia/SIPA, *Expanding Opportunities for Middle Class Jobs in New York City*; Fuchs, Warren, Bayer <http://www.constructionskills.org/ColumbiaSIPA03-14.pdf>

MAXIMIZING COMPANY VALUE: PART 1

Aspen Institute, *Recasting American Apprenticeship*; Colburn and Jenkins <https://www.aspeninstitute.org/publications/recasting-american-apprenticeship/>

American University and the Urban Institute, USA, IZA, Germany, *Do Firms Benefit from Apprenticeship Investment?* Lerman <https://wol.iza.org/uploads/articles/55/pdfs/do-firms-benefit-from-apprenticeship-investments.pdf>

Canadian Apprenticeship Forum, *It Pays to Hire an Apprentice: Calculating the Return on Training Investment for Skilled Trades Employers in Canada—A Study of 16 Trades, Phase II* https://www.novascotia.ca/lae/Apprenticeshipboard/documents/CAF-FCA_ROTI_it_pays_to_hire_an_apprentice_ExecutiveReport_En_000.pdf

US Department of Commerce and Case Western Reserve, *The Benefits and Costs of Apprenticeship: A Business Perspective* <http://www.esa.gov/sites/default/files/the-benefits-and-costs-of-apprenticeships-a-business-perspective.pdf>

MAXIMIZING COMPANY VALUE: PART 2

American Sociological Review, *Hiring as Cultural Matching: The Case of Elite Professional Service Firms*; Rivera <http://www.asanet.org/sites/default/files/savvy/journals/ASR/Dec12ASRFeature.pdf>

Gallup, "The Business Benefits of Gender Diversity"; Badal <http://www.gallup.com/businessjournal/166220/business-benefits-gender-diversity.aspx>

Monster Research, "The Competitive Benefits of STEM Diversity: Findings from a 2012 study by Monster Worldwide and Harris Interactive" <https://hiring.monster.com/hr/hr-best-practices/workforce-management/workplace-diversity/benefits-of-diversity.aspx>

McKinsey and Company, "Why Diversity Matters"; Hunt, Layton, Prince <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

DIVERSITY PLANNING

Economic Policy Institute, *People of color will be a majority of the American working class in 2032* <http://www.epi.org/publication/the-changing-demographics-of-americas-working-class/>

Business Roundtable, *Work in Progress: How CEOs Are Helping Close America's Skills Gap* http://businessroundtable.org/sites/default/files/immigration_reports/2017.06.01%20BRT.Work%20in%20Progress.How%20CEOs%20Are%20Helping%20Close%20America%E2%80%99s%20Ski....pdf

COWS, *Moving Apprenticeship into Manufacturing's Future: Industrial Manufacturing Technician* https://www.cows.org/_data/documents/1826.pdf

Jobs for the Future, *Work-Based Learning in Action: The Industrial Manufacturing Technician Apprenticeship*; Scott http://www.jff.org/sites/default/files/publications/materials/WBL%20IMT%20Apprentice%20CS_062316.pdf