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Signaling Success: Boosting Teen Employment Prospects

April 2013

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Signaling Success: Boosting Teen Employment Prospects

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April 2013

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EXECUTIVE SUMMARY

Since 1999, the share of employed teens in Massachusetts plummeted from 53 percent to 26.8 percent during 2012. This reflects a national trend in declining teen employment rates over the last decade. We need to think of early work experience as more than a way to put a few extra dollars into teens' pockets so that they may be able to buy a variety of amenities conducive to teen life—or in some cases to help families meet their food and shelter costs. While working certainly has the ability to bolster the consumption of teens and their families, working at an early age generates a set of additional and longer lasting benefits that are manifest in improved lifetime employment and earnings outcomes as well as improved educational attainment outcomes. Through this study, we have learned that employers of entry-level workers such as teens take recruitment and hiring very seriously and engage in a variety of activities to find prospective workers they believe will contribute to output and profitability in their organizations. The findings of this study can inform the ways that schools, community-based organizations, workforce boards, career centers and businesses can intervene to help increase youth employment.

About our Study

In the spring of 2012, Commonwealth Corporation and the Drexel University Center for Labor Markets and Policy launched a study to improve our understanding of the underlying causes of this dramatic decline in teen employment rates. Through this study, we sought to identify employer perceptions of teens in the workplace and, using what we learned, to develop pragmatic strategies to reverse the 12-year decline in teen employment. In the spring and summer of 2012, we conducted a survey, interviews and focus groups with nearly 200 businesses. The research questions in this effort focused on five areas: 1) perceptions of teens' hard skills (reading, writing, math, technology); 2) perceptions of teens' work behaviors; 3) the effect of teen employment laws on hiring decisions; 4) factors affecting hiring decisions; and 5) hiring preferences. We targeted businesses in sectors that have historically hired teens: fast food, grocery stores, retail stores, community banks, long term care and educational organizations. Most of the businesses that we engaged in this study were located in Massachusetts. We also engaged businesses from Pennsylvania, New Jersey, Washington State, Indiana, Rhode Island, Maine, California, Florida, Wisconsin and New York. In addition to hearing from employers, we also conducted two focus groups with approximately 30 teens.

Major Findings

This paper provides details about what we learned from the surveys, interviews and focus groups. Highlights include:

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- Employers perceive teens' math, writing and reading skills as comparable to adults who are applying for entry-level jobs in their firms;
- Employers perceive teens' technology skills as far superior to the skills of adults who are applying for entry-level jobs in their firms;
- Employers perceive teens' work behaviors as inferior to work behaviors of adults or college students, in particular attendance, punctuality and quit rates; these work behaviors are one of the most significant barriers to hiring teens;
- Teens do not understand the signals that they send to employers during informal interactions such as requesting an application or in formal interactions such as interviews; they are generally not well-coached or prepared for the hiring process;
- Online applications are a major barrier to hiring for teens, in particular, they are not well prepared or coached about the personality testing that is imbedded in the application process;
- Employers highly value references for teens from individuals who understand the business and culture of the firm and have a longstanding relationship with the firm; this may include current high-performing employees, relatives, teachers or staff in youth-serving organizations;
- Employers find it difficult to connect with teachers or guidance counselors in high schools, with the exception of career and technical high schools;
- Some employers, particularly those in retail, do not hire teens under the age of 18 as a result of employment laws that restrict the scheduling of teens.

Along with the findings from employers, the Drexel Center on Labor Markets and Policy also conducted analysis of the United States Department of Labor's O*NET database to examine whether or not our findings on the knowledge, skills, abilities and behaviors that employers seek in entry-level positions are corroborated in this comprehensive data system. In a companion report, entitled ***Building Blocks of Labor Market Success***, the analysis of O*NET data reinforces what we heard from employers. The findings from this companion report include:

- The skill requirements for most teen jobs are low and should not present a barrier to employment;
- Within skills that are required, oral comprehension and active listening ability appear to be the most critical in the occupations in which teens work;
- In regard to behavioral traits, there is not a wide gap between the requirements of entry-level jobs/lower skilled jobs and higher skilled jobs. The behaviors: dependability, self-control, cooperation and integrity are important for all types of jobs.

Applications for Programs and Practice

A major purpose of this study is to understand why the job market fortunes of teens have declined and to attempt to develop a set of remedies that have the potential for improving

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the ability of teens - both in school and out of school - to find unsubsidized private-sector jobs that help improve their long-term employment and earnings experiences. We found that many of the barriers to hiring teens that are identified in the study can be addressed through training, coaching and supports that develop job seeking and retention skills of teens and address the perceived risk of hiring teens on the part of employers. In addition, organizations and institutions that serve teens, including high schools, can play a role in preparing and supporting teens and vouching for them with businesses in their local labor market.

Massachusetts is one of the few states in the nation that has committed public funding to support teen employment. Through the YouthWorks program, the Commonwealth has committed $43 million over five years to put close to 27,000 young people to work in summer and year-round subsidized jobs. The Commonwealth also funds the Connecting Activities program that supports career specialists who work with high schools to prepare and place teens into summer and year-round jobs. Recently, the Board of Elementary and Secondary Education created an Integrated Career and College Readiness Task Force that prepared a report and released recommendations to strengthen and incorporate career and college readiness into the curriculum and goals of the secondary education system. All of these efforts contribute to a strong foundation on which to build the capacity of secondary and post-secondary education, career centers and workforce boards and community-based and non-profit youth-serving organizations to engage with the business community to dramatically increase the employment of teens through partnerships that prepare, coach and support teens in job search and job success.

We would like to thank Stacy Holland, President of the Philadelphia Youth Network, for her assistance in developing and testing the questionnaire we used to survey employers. We would like to express appreciation to the sixteen workforce boards in the Commonwealth who administered the survey with businesses in their region and the Workforce Boards of Hampden County, Central Massachusetts, Merrimack Valley, MetroNorth and the North Shore for organizing focus groups of businesses and youth that were administered by Paul Harrington, Director of the Drexel University Center on Labor Markets and Policy. We would also like to thank the 200 businesses who took the time to provide feedback through the survey, focus groups and interviews. Commonwealth Corporation would also like to gratefully acknowledge the contributions of our colleagues Susan Lange, Edward Wilson, and Amanda Marsden.

RECRUITMENT AND HIRING AT THE ENTRY LEVEL

It is commonplace to note that firms, both large and small, recognize that their employees are a fundamental component of their ability to prosper in good economic times as well as bad. Firms pay billions of dollars each year on the education and training of their employees through in-house staff development training, formal schooling, including degree programs, formal apprenticeship and in virtually every occupation some kind of informal on-the-job

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training. [1] Employers develop elaborate supervision and monitoring systems to insure that their workers are productive, again reflecting the fundamental role that workers play in organizations. Compensation systems are similarly designed to enhance the productivity of workers while potentially reducing the costs of monitoring employees. And, increasingly elaborate recruitment and screening systems have been put in place to identify prospective employees who are more likely to be productive and who require less costly supervision.[2]

This paper examines the last topic of recruitment and hiring with reference to entry-level occupations that are often considered low-skill, low-wage, high turnover occupations---occupations where employer recruitment and screening efforts are thought to be minimal since skills requirements are low, training costs quite minimal and so the volume of workers to choose from is quite high—making one worker readily substitutable for another.[3] Yet, our research reveals that employers of entry-level workers don't view labor as readily substitutable and take considerable care in their hiring decisions. Employers at the entry level engage in a variety of activities to find prospective workers they believe will contribute to output and profitability in their organizations. The employers we contacted universally engaged in a variety of formal and informal recruitment and screening activities to hire staff for retail sales clerk, food service worker, and cashier positions and a host of other jobs that historically were entry-level occupations for teens to begin developing work experience in a formal work setting.

The occupations that we studied include those occupations that account for the largest share of employment for persons aged 16 to 19 - collectively these 20 occupations account for about 60 percent of all employment among working age teens in the nation. We use the term 'historically teen occupations" in an advised sense since we have a seen a substantial reduction in the proportion of teens employed in these occupations.

YOUTH UNEMPLOYMENT: BACKGROUND AND CONTEXT

Since 1999, the employment rate for working-age teens has declined both in the Commonwealth as well as nationally. In 2012, only 27% of working-age teens in Massachusetts were employed, down from 54% in 1999. Nationally, the teen employment rate declined from 45% in 1999 to 26% in 2012. Over the last decade teens have been increasingly replaced by older workers—those aged 55 and older—in entry-level occupations or what we have called "historically teen occupations."

1 American Society for Training and Development, 2012 *State of the Industry Report* http://www.astd.org/Publications/Research-Reports/2012/2012-State-of-the-Industry

2 Fali Huagn and Peter Capelli, *Employee Screening: Theory and Evidence*, Singapore Management University, Research Collection, School of Economics Paper 895 http://ink.library.smu.edu.sg/soe_research/895

3. We found this view to be particularly prevalent in parts of the workforce development system where youth program administrators told us on a number of occasions that they did not think it helpful to place teens in entry-level jobs. Rather they wanted their participants to work in what they considered career occupations, many of which were well outside of the traditional teen labor market occupations.

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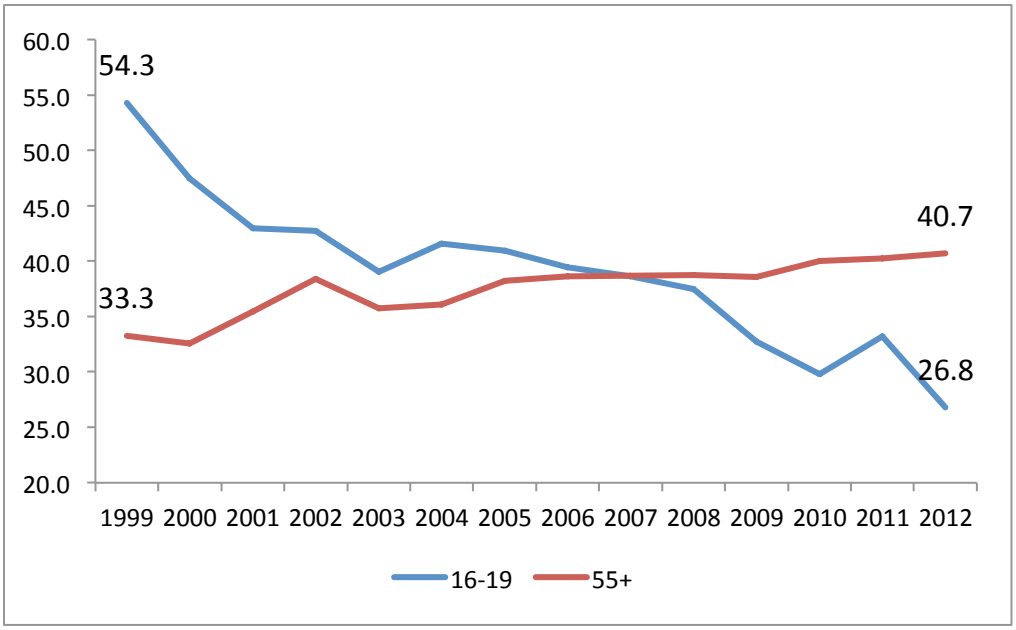
This trend of substituting older workers for teens became particularly pronounced beginning in 2007 with the onset of the 'Great Recession' and has continued through the recovery—up to the present day.[4]

Chart 1
Trends in the Employment Rate of the 16 to 19 and 55+ Civilian Non Institutional Population in Massachusetts, 1999-2012



At the end of the 1990s when the Massachusetts economy was operating at full employment with strong evidence of widespread labor shortages across industries and occupations the fraction of teens who were employed during a given month stood at 54.3 percent. At the same time the employment rate of persons aged 55 and over stood at 33.3 percent. This means that at the end of the 1990s, teens in Massachusetts were about 1.6 times more likely to be employed than were the state's residents aged 55 and over. Yet as the data reveal over the next dozen years, the employment rates of both teens and older workers changed radically and in opposite directions. As the U.S. and Massachusetts economies moved from a period of sustained economic growth during the 1990s to one of economic turbulence beginning in 2001, the job market fortunes of both groups were reversed. Teens saw their employment rates plunge as older workers experienced a rise in their employment rates—as the state and the nation weathered two very difficult economic recessions followed by periods of recovery characterized by sluggish job creation. In this sort of labor market environment, teens found themselves disadvantaged relative to older workers—who increasingly became a substitute for teens and young adults in entry level occupations. By 2012 older workers in Massachusetts were 1.5 times more likely to be employed than were teens—a partial result of rising employment rates among older workers, but largely a consequence of unprecedented decline in the employment rates of teens. (Chart 1)

[4] Neeta P. Fogg and Paul E. Harrington "Rising Demand for Older Workers Despite the Economic Recession: Accommodation and Universal Design for the New American Workforce," Public Policy and Aging Report, National Academy on an Aging Society Vol 21, Number 1.

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The decade long decline in teen employment is not specific to Massachusetts; it is a national trend that, if not confronted, will have adverse effects on America's highly skilled workforce. While teen employment has always been important, it is even more critical today. In the post-recession economy, previous work experience is one of the primary filters used by employers when making hiring decisions. Across the country, as baby boomers and our aging workforce transition into retirement, we face a serious succession challenge if we are not able to prepare emerging workers with the skill set necessary to find and succeed at work.

A major purpose of this study is to try and understand why the job market fortunes of teens have declined while those of other age groups have improved and attempt to develop a set of remedies that have the potential for improving the ability for teens - both in school and out of school - to find unsubsidized private sector jobs that help contribute to the social and human capital development of teens and thus improve their long-term employment and earnings experiences. Early work experience for teens should not be thought of as a way to put a few extra dollars into teens' pockets so that they may be able to buy a variety of amenities conducive to teen life—or in some cases to help families meet their food and shelter costs.[5] While working certainly has the ability to bolster the consumption of teens and their families, working at an early age generates a set of additional and longer lasting benefits that are manifest in improved lifetime employment and earnings outcomes as well as improved educational attainment outcomes. The advantages of early work experience are described in greater detail below.

IMPORTANCE OF EARLY WORK EXPERIENCE

The productive capacity of individuals, often referred to as 'human capital' includes a variety of proficiencies such as:

- **Cognitive Abilities** that help individuals acquire knowledge and reason with that knowledge to engage in a productive activity. Memory, mathematical reasoning, oral comprehension and expression are key elements of cognitive ability.
- **Skills** including those capacities that facilitate the rapid acquisition of knowledge including basic skills like reading, writing and mathematics skills.
- **Knowledge** refers to domains of a set systematic body of principles, facts, methods and processes that pertain to occupational domains these cross the gamut of fields ranging from building and construction to food production to chemistry and physics.
- **Work Activities** refers to problem solving and decision making in a job context, including activities like scheduling, judging or estimating quantities, compiling or coding information, interpreting information and establishing work objectives and methods to achieve those objectives.

[5] Lisa Dodson and Randy Aldelba, How Youth Are Put At Risk by Parents' Low-Wage Jobs, Center for Social Policy, University of Massachusetts, Boston, Fall 2012

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- **Work Styles** refer to personal characteristics that influence job performance. The characteristics include traits like conscientiousness, self-control, social orientation, persistence and initiative.

These proficiencies are acquired in a variety of ways over an individual's life. The costs associated with their acquisition are often referred to as investment. Human capital acquisition is thought of as an investment for two primary reasons. First, like investment in physical capital, like buildings or machinery, the investment raises the productive potential of the investor. A firm that builds a new building does so with the intent of increasing output and raising revenues and profits over the productive life of the building. Similarly, costs associated with human capital investment are incurred with the idea that the future productive capacity of the individual making the investment will increase with improved employment and earnings streams over the individual's working life. Investments in human capital are made in three broad areas including formal schooling ranging from pre-school to advanced degrees at colleges and universities; job training including formal on the job training, work based adult education and apprenticeship programs. Finally, work experience itself is viewed as a way that individuals develop proficiencies that are valued at the workplace. Work experience is thought to influence many work style traits outlined above including time management, interpersonal relations, workplace behavior, punctuality and self-regulation.[6] Along with these proficiencies a wide range of traits ranging from physical and mental health to appearance and attractiveness are elements of human capital.[7]

Overall, the gains of working while in high school are perceived by parents, students and employers to be quite positive, although many in the education community see working while in school as a distinctively negative activity. Research has shown that working excessive hours during the school year can have negative consequences such as being disconnected while in school and an increase in the dropout rate. However, these negative outcomes were not generally associated with students who work 20 hours or less per week.

The labor market gains to high school work experience over time were documented by Christopher Ruhm who utilized the National Longitudinal Survey of Youth that tracked high school freshmen and sophomore work activities while enrolled in high school and then examined their employment and earnings experiences during the 1988 to 1990 period. Ruhm found that 6 to 9 years after graduation, those who worked 20 hours per week during their senior year had annual earnings that were 22 percent greater than those who did not work. They were employed in higher level occupations than those who did not work in high school and were more likely to have health insurance and participate in an employer pension plan.[8]

The impact of working while in school is also quite positive at the post-secondary level—especially among community college students. Audrey Light finds that when in-college work

[6] Jeylan T. Mortimer, Working and Growing Up in America, Harvard University Press, Cambridge, 2003
[7] Gary Becker, Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education, Third Edition, University of Chicago Press, Chicago, 1993
[8] Christopher J. Ruhm, "The Extent and Consequences of High School Employment," Journal of Labor Research, Vol. 16, No 3. Summer 1995, 293-303

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experience is included in the calculations of the returns to college among men, the estimated gains are upwards of 25 percent greater than when in-college work experience is excluded in the statistical model. This implies that one quarter or more of the net earnings premium associated with earning a college degree is in fact the product of working while in school—and not a product of the college degree per se.[9] Christopher Molitor and Duane Leigh find that the gains to in school work experience at the post-secondary level are particularly pronounced for two year male college students, many of whom are adults returning to school after an extended time period after high school.

Early work experience is thought to increase a young person's focus on potential adult roles including the role of work decisions in influencing future earnings and the quality of life associated with decisions about work, school and other activities.[10] In short, exposure to work at a young age is thought to contribute to the focus and direction young people need to make decisions about their future life pathways. Related to this are findings that indicate that certain patterns of work behavior while in high school are related to higher levels of educational attainment among students. Using data from a longitudinal Youth Development Study (YDS) in St. Paul, Minnesota, Jeylan Mortimer and others have found that students who work for an extended number of weeks while in school, but more limited hours of work (less than 20 hours per week) are substantially more likely to earn a bachelor's degree than students who do not work or who work more intensively over the course of a week. The YDS study also revealed that students who were thought to have lower academic potential at entry to high school had a substantially better chance of completing college if their employment experiences were characterized by long duration but lower intensity engagement with employers.[11]

HIRING FROM THE EMPLOYER PERSPECTIVE

Perhaps the best way to describe the relationship between job seekers and employers is positive wariness. The relationship is positive in the sense that if a good hire is made then both the job seeker and the employer can end up better off than either were before the hire is made. In this sense both parties approach a hiring transaction in the hope that a successful hire and subsequent employer-employee relationship can flow from that hire.

From an employer's perspective, at least in the labor market context in the U.S. over the last five years, employers are engaged in a selection process from what sometimes can be a vast pool of applicants.[12] In almost every instance the number of job seekers in the labor market

[9] Audrey Light, In-School Work Experience and the Returns to Schooling, Journal of Labor Economics, January 2001

[10] Op.Cit, Mortimer, p.24

[11] Melanie J. Zimmer-Gembleck and Jeylan T, Mortimer, Review of Educational Research, Winter 2006 pp 537-566 and Mortimer Working and Growing Up in America.

[12] Delta Airlines reportedly received 22,000 applications for 300 flight attendant positions "Delta Receives 22,000 Applications for 300 Flight Attendant Jobs, Atlanta Business Chronicle, December 21, 2012 http://www.bizjournals.com/atlanta/news/2012/12/21/delta-receives-22000-applications-for.html. More recently American Airlines announced it planned to hire 1500 flight attendants and closed the application process after 20,000 applications were received in eight days. "Competition Stiff of AA Flight Attendant Jobs," CBS Dallas-Fort Worth December 28, 2012 http://dfw.cbslocal.com/2012/12/28/competition-stiff-for-aa-flight-attendant-jobs/

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substantially exceeds the number of vacant jobs in the nation and this is especially true in occupations and industries that are characterized by below average skills and educational attainment requirements.

Wariness comes into the relationship between job seekers and employers because neither party is completely well informed about the other party involved in the transaction. Information about employment at a firm can often be easy to obtain, especially for entry-level positions. However, information relevant to selecting candidates for a position can be hard to obtain and the flow of that information can be at least partially determined by the job seeker. That is, the job seeker can determine what information to disclose to an employer and what information to withhold, creating the potential for what economists' term "asymmetric information," in this case in a hiring transaction.[13]

Asymmetric information is a case when one party involved in a transaction has more information relevant to the transaction than the other party—and is able to exploit this information in the transaction. Transactions characterized by asymmetric information are commonplace. We might see an information advantage exploited in the sale of a home where a long-time homeowner has insights into problems in a house that are not apparent to the potential buyer. When making large purchases, individual frequently engage in 'due diligence' activities, designed to mitigate at least in part the information asymmetries by securing their own information about the asset to be purchased from a third party source. Just as smart consumers try to mitigate risk when making a big ticket purchase, so employers undertake a variety of activities designed to reduce the risk of making an adverse selection when hiring. We noted earlier that some of the key elements of an individual's productive capacity—their human capital—includes knowledge, skills abilities, their personal physical and mental health as well as their work values and work behaviors. These latter proficiencies are especially important since they will be powerful indicators of shirking (avoiding or neglecting a duty or responsibility while on the job)—across all levels of occupations.

Work values and work behavior can exert a powerful impact on the contribution of a given employee to output, yet these values and behavioral traits may be easily hidden by prospective candidates. Employers like any other investor, generally engage in various types of due diligence activities in an effort to avoid adverse selection of a new employee. Such efforts are important since a poor hire can be very costly to the firm and may take an extended period of time before the firm discovers the deficiencies in the individual and still more time and expense in separating that employee from the organization. Some of the costs of a poor hire are manifested by:

[13] For example, it has become commonplace for college seniors who are seeking employment to alter their on-line profiles removing information that may suggest a less than ideal employee. Carolyn Thompson "College Help Students Scrub On-Line Footprints" Boston Globe, December 28, 2012. http://www.boston.com/news/education/2012/12/28/colleges-help-students-scrub-online-footprints/ZcYWWnZe2SVmbX6pA0ktoL/story.html

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- Diminished ability to acquire new knowledge through both formal employer training programs and informal on-the-job training
- Disruption among other workers
- Dissatisfaction among customers
- Increased monitoring costs and supervisory problems
- Litigation and regulatory actions against the employer

Employers use two distinct sources of information to reduce the risks of making an adverse selection in the hiring process: job seeker signaling and employer screening. Each is discussed in greater detail in the following section.

SIGNALING AND SCREENING BEHAVIORS

Jobseekers engage in a variety of signaling activities to indicate in a much abbreviated, but readily observable way, a trait or set of traits or characteristics that serve as proxy indicators about their underlying productive abilities. Employers learn to interpret these signals based on their past hiring experiences and the subsequent job performance of the hires that are made.[14] Perhaps the most heavily relied upon signal in the hiring process is the level of educational attainment which is thought to be positively connected to the productive abilities of job seekers. Employers use educational credentials as an indicator - albeit an imperfect one - to determine which applicants are more likely to be productive.

The signals that job seekers send about their productive potential are all, to some extent, malleable. Certainly teen job seekers can alter their dress and behavior in a way that improves their image as a job candidate. Thus teen job seekers are able to alter some of the signals they provide to employers to create a more positive image of themselves as potentially productive employees at a given business. However, one important characteristic that employers we spoke with use as a signal of the potential quality of a hire is the age of the job seeker. Our research revealed that the overwhelming share of employers perceived teens—especially high school aged teenagers as potentially inferior workers—and so were less likely to hire them based on the signal of their age.[15] In effect, we found a type of statistical discrimination in entry-level labor markets, where employers viewed teens as less productive and thus frequently eliminated teens under the age of 18 for consideration for employment in their firms. Some of the reasons teens are viewed as less desirable workers are due to legal restrictions and high school extracurricular activities that limit key aspects of teen work.

Screening refers to the process that employers undertake to gather reliable and trustworthy information about applicants for positions in their organizations. The purpose of the screening process is to elicit information from a variety of sources for use by those making the hiring decisions that can help them predict the likelihood of positive future job

[14] Michael Spence," Job Market Signaling," Quarterly Journal of Economics, August, 1973
[15] Researchers distinguish nonmalleable signals by labeling them 'indices' Op Cit Spence, "job Market Signaling"

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performance among a set of candidates for a position and then identify that candidate that is most likely to be successful.

This description may seem overly complex for hiring at the entry level. Surely, firms do not spend much effort in gathering information about entry-level candidates. After all the stakes are relatively low for entry-level jobs. Yet, we find that most employers seeking entry-level workers take considerable care in making their hiring decisions. Our study suggests that most of the risk of a hire at the entry level is on the downside. The difference between the average cashier and the highest productivity cashier at a grocery store may not be very large, but the difference between the average cashier and a poor cashier can be quite costly—in the form of angry customers and missing receipts. In contrast, screening for higher level occupations more often focus on the upside potential of candidates. The difference between an average performing electrical engineer and a high performing engineer can be quite large and lead to new product developments, improved production processes and patents that can contribute substantial increments to organizational output and income.[16] Thus much of the screening efforts at the entry level are aimed at weeding out those candidates who pose increased risk to the company. Indeed, the entire recruitment and hiring process can be best viewed as an effort to eliminate uncertainty in hiring and reducing the risk of a hiring a worker who is likely to perform poorly.

Solid recruitment and screening strategies at the entry level greatly reduce the problem of uncertainty in hiring transactions. Uncertainty occurs in hiring when employers have little or no trustworthy and useful information about job applicants.[17] This situation often occurs when the only information an employer relies upon is their 'gut' feeling when they interview an applicant. Some observers have noted that employers do have access to a considerable amount of information, besides gut feelings but that they do not trust much of it.[18] In these cases the employer finds it difficult to make an informed choice, since the only information that they trust is their own instincts—which often prove wrong. The task of an effective recruitment and screening process is thus to generate information that is trustworthy and informative information about future productivity—eliminating uncertainty and reducing risk.

KEY FINDINGS OF RESEARCH

Employers Report a Regular Stream of Teen Applicants

One of the goals of our research was to ascertain whether and to what degree declining teen employment rates reflected fewer teens applying for jobs in these industries. Among the employers who were surveyed, who participated in a focus group or who were interviewed, the response was that teens were still applying for jobs in that industry and were interested

[16] Steven Hunt, Hiring Success: The Art and Science of Staffing Assessment and Employee Selection, Pfeiffer, San Francisco, 2007
[17] Sam L. Savage, The Flaw of Averages: Why We Understand Risk in the Face of Uncertainty, Wiley and Sons, Hoboken NJ, 2009
[18] James A. Rosenthal, Beyond College for All: Career Paths for the Forgotten Half, Russell Sage Foundation, New York, especially chapter 6.

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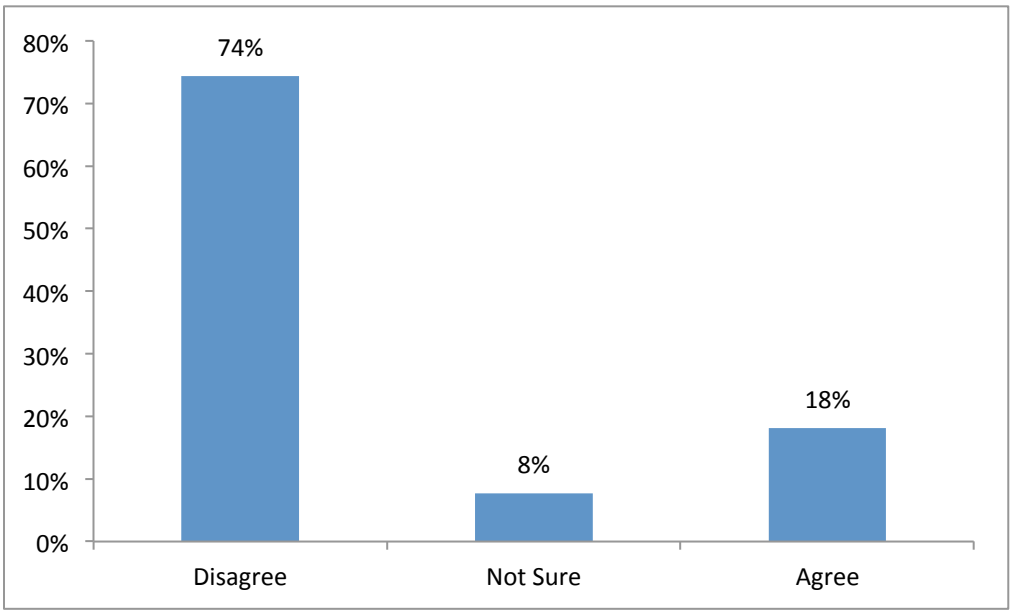
in work in that industry. 73% of the employers that were surveyed disagreed with the statement "teens rarely apply for jobs in this industry." (Chart 2)

Chart 2
Teens rarely apply for jobs in this industry.



Teens skills and knowledge are not major factors in employer hiring decisions

"Big picture knowledge is not a problem; issues are more about beliefs and soft skills." *-Supermarket Human Resources Leader*

We also wanted to understand if declining teen employment rates were a result of teens having weaker basic skills, in particular reading, writing and math skills. Employers indicated that for the entry-level jobs to which teens were applying, their reading, writing and math skills were no weaker than the skills of adult applicants to the same positions. In fact, employers disagreed with the notion that teens' basic skills were weaker than adults. Fifty-three percent of employers disagreed with the statement "teens' reading, writing and math skills are weaker." (Chart 3)

This finding that the majority of employers did not see teens as less productive because of more limited abilities knowledge and skill is consistent with our examination of data from the U.S. Department of Labor's O*NET system. While much evidence exists about the role of these skills in influencing long-term employment and earnings experiences, these proficiencies are much less relevant in entry-level occupations. In a subsequent paper we examine data on ability, knowledge and skill requirements in the top ten occupations for teens relative to other occupations in the American economy using data from the U.S. Department of Labor Employment and Training Administration's O*NET system. We found that the knowledge, skill and ability requirements of teen occupations are quite minimal and as expected among the lowest in the American job market.

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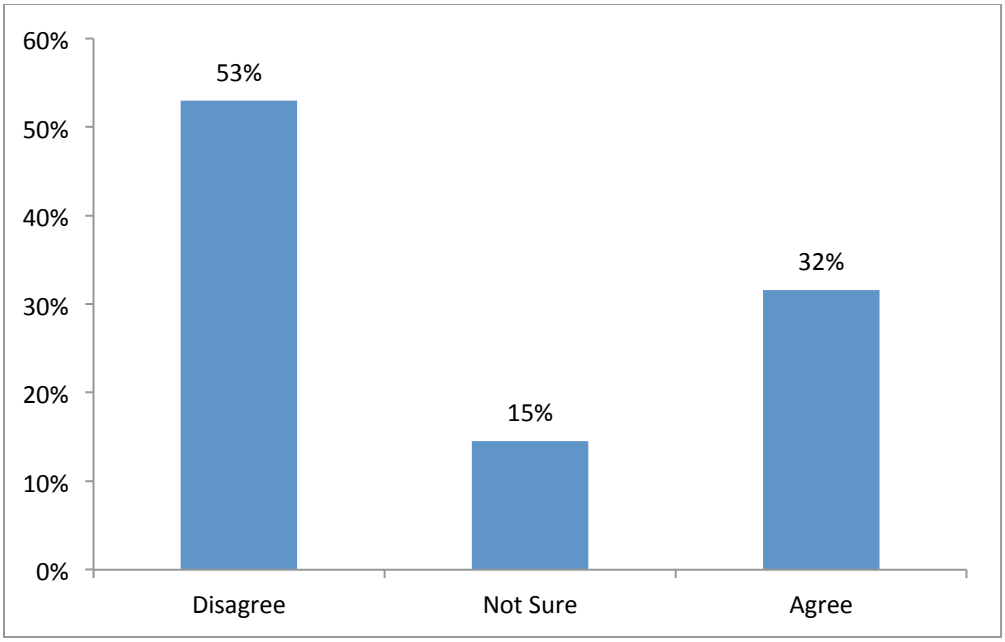
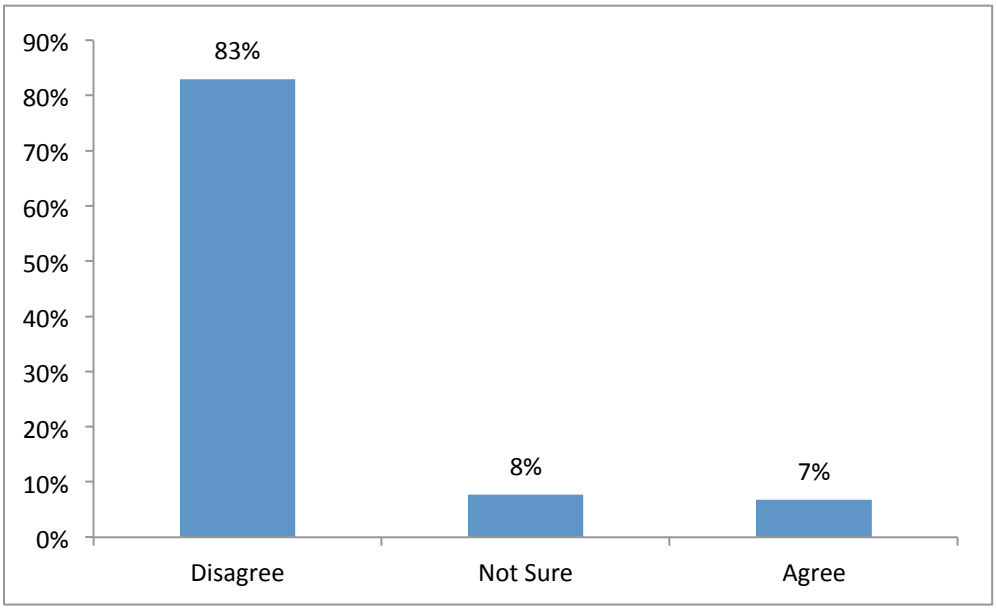
Chart 3
Teens' reading, writing & math skills are weaker.



"Teens bring an asset. They can see the change in an industry. They are social media experts – our young market wants to be texted. Technology skills bring value to our business."
-Real estate business Owner

We asked employers about how teens' technology skills compared to the skills of adults. Not surprisingly in the surveys and focus groups, employers emphasized that technology skills of teens are far superior to those of adults who are applying for entry-level jobs. In fact, 83% disagreed with the statement "teens lack basic computer skills." (Chart 4)

Chart 4
Teens lack basic computer skills.



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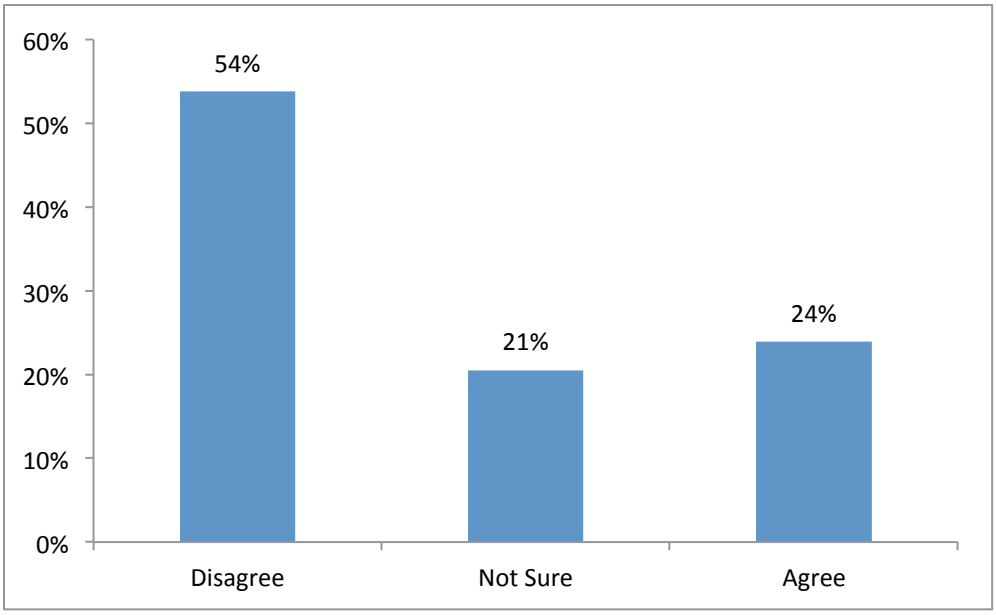
We sought to understand if employers' hiring decisions were affected by their perceptions of teens' sales or customer service skills. Employers indicated that these skills among teens were just as strong, if not stronger, than the sales and customer service skills of adults who were applying for entry-level positions in these industries. Fifty-four percent of employers who were surveyed disagreed with the statement "teens are less capable at sales or customer service." (Chart 5)

Chart 5
Teens are less capable at sales or customer service.



We also surveyed employers to understand if they perceived that training costs or the time it takes to train teens was longer than the time it takes to train adults for entry-level positions. Employers strongly disagreed that it takes longer to train teens. (Chart 6)

The findings relative to teen skills and abilities seems to show that reading, writing and math skills; technology skills; customer service and sales skills and training time are not major factors in their decisions to hire teens.

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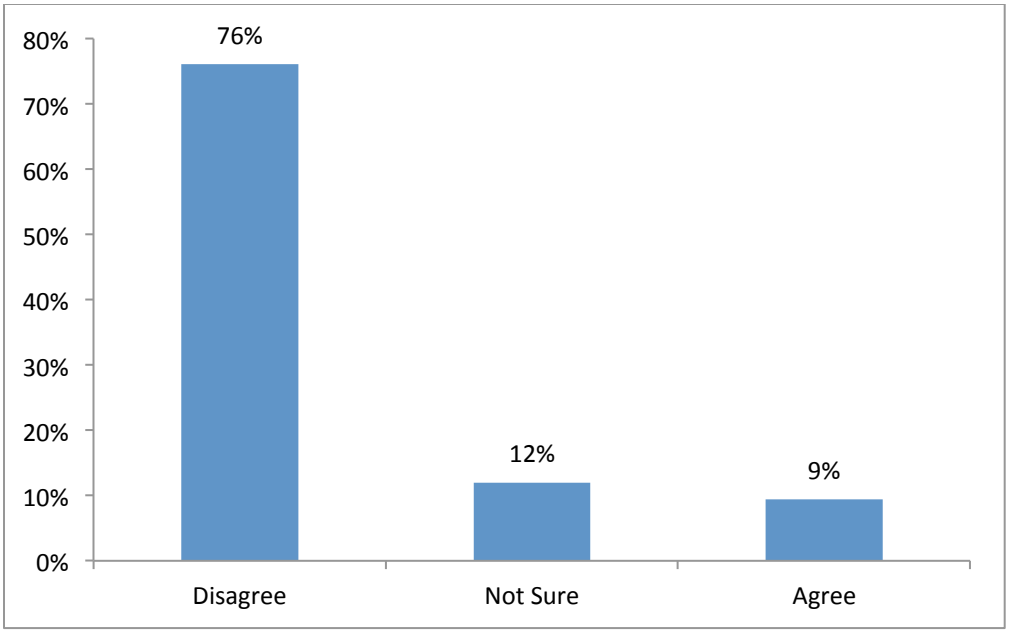
Chart 6
Teens take longer to train than adults.



Teens lack work behaviors valued by employers

Our survey found that teens were viewed much less positively in the area of behavioral or what is sometime referred to as non-cognitive traits relative to other job seekers. It is in fact, these behavioral traits, coupled with poor job seeking skills that drive employer decisions about whether or not to hire a teen. These findings are borne out in the surveys, focus groups and interviews as well as our analysis of data from the O*NET system.

While much evidence exists about the role of cognitive skills in influencing long-term employment and earnings experiences, these proficiencies are much less relevant in entry-level occupations. In a subsequent paper we examine data on ability, knowledge and skill requirements in the top teen occupations relative to other occupations in the American economy using data from the U.S. Department of Labor Employment and Training Administration's O*NET system. We found that the knowledge, skill and ability requirements in these teen occupations are quite minimal and as expected among the lowest in the American job market. However, we found that behavioral characteristics that influence job performance like conscientiousness, dependability, integrity and self-control were assigned similar values in entry-level occupations as they were in higher level college labor market positions.

Employers we met with reported regular problems with dependability and absenteeism among teens that were much less prevalent among other workers. We found that many employers saw older workers aged 55 and older as the most dependable workers who were least likely to be absent. The findings in Chart 7 reveal that more than one half of all employers who participated in our survey thought that teenagers were more likely to be absent on a scheduled day of work. In most of our interviews with employers the problem of 'calling out' was viewed as a major problem when employing teens. A small businessman

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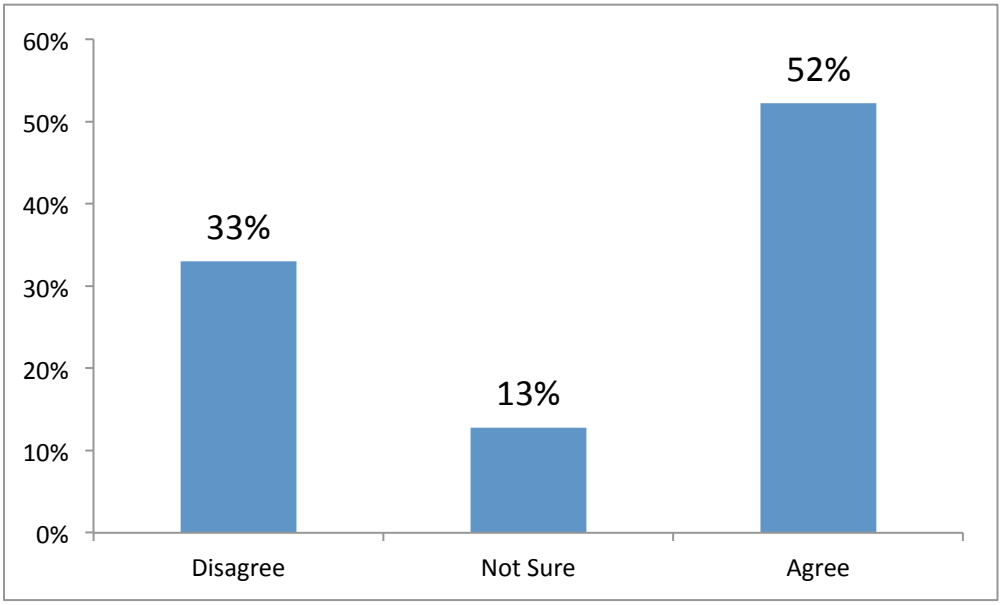
who has several retail stores noted that "not showing up for work causes real problems in retail stores when they are short-staffed." The problem of absenteeism among teens is sometimes made worse by the teen failing to notify his employer that they would not attend work that day. One owner of a small restaurant observed that when an employee fails to show up for work he often has to cover the shift—a substantial burden for him in that he already puts long hours into his business.

Chart 7
Teens are more likely to be absent when scheduled to work.



Among the employers with whom we spoke, a number observed that work behaviors that are taken as a given by adults should not be assumed among teens—especially among those who have never held a paycheck job in the past. Some employers thought that attendance issues might be less about poor attitudes and more about the lack of awareness among teens—especially first-time workers—about what constituted proper work behavior. These employers thought that substantial shares of teens were never taught proper work behavior by their parents or at school. Thus, for at least some employers, poor work behavior among teens is less the product of poor work attitudes and more the result of simply not understanding the level of responsibility and related behaviors that are required at work.

Not all employers were in agreement with this perspective. We found that a number of employers believe that the poor attendance behavior of teens is learned over time as part of their education and their upbringing. A number of employers told us of parents telling their children not to go to work in favor of some other activity. These employers saw that in their communities there were basically no consequences to absenteeism at school. One employer noted that "Absenteeism is from both parents and schools. They can blow off school whenever they want." Thus a subset of teens—often those most at risk of dropping out and not enrolling or completing their first year of college—are thought by employers to be

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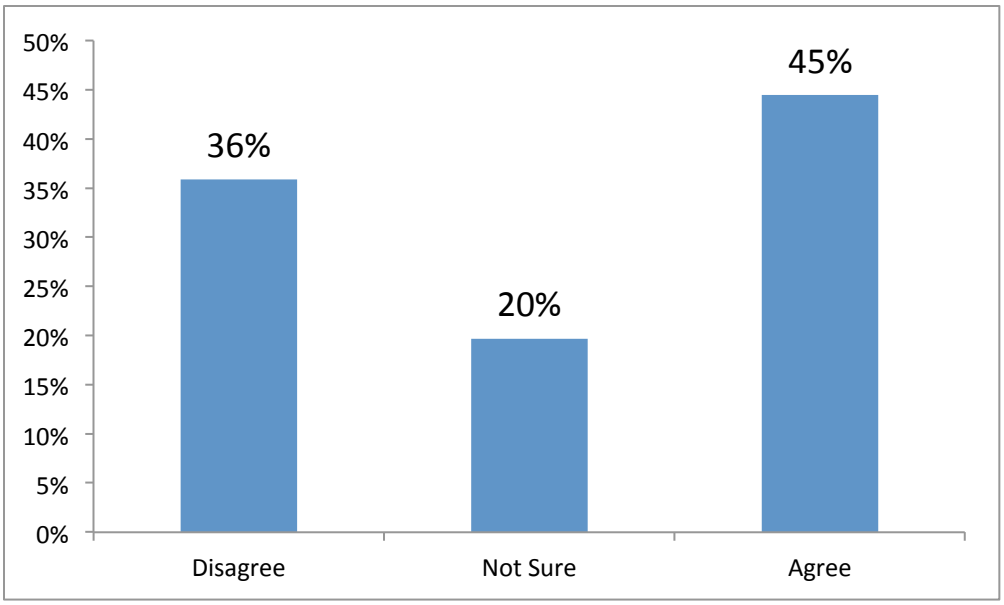
socialized at home and at school to learn that being absent is acceptable behavior—a lesson with very strong adverse consequences when it is applied in the job market.

Teens are also stereotypically viewed as more likely to shirk at work. One simple manifestation is that employers see teens as less likely to be punctual when assigned to a specific shift. Punctuality is important in many entry-level jobs; in some organizations including fast food companies employers offer a wide variety of shift options for their staff—including staff selecting hours of work in future work periods. Scheduling practices such as these require a high degree of punctuality among all workers since the volume of staff moving in and out of the organization is much higher than if the firm simply ran 8-hour shifts. Tardiness to work can place substantial and frequent burdens on other staff as well as supervisors.

Our survey of employers of entry-level workers found that about 45 percent of respondents thought that teens were more likely to be late for work on a given day than were other workers. Just over one third of employers thought teens were no more likely to be late than other workers. (Chart 8)

Chart 8
Teens are less likely to be on-time for work.



Employers also saw teens as shirking their work responsibilities in a variety of different ways aside from attendance and tardiness. Among the entry-level employers that participated in our survey we found that 43 percent thought that teens were less likely to stay with a task and to shirk responsibility for completing a task. (Chart 9) We found that 49 percent of employers said that a teen was less likely to take initiative and seek out a new work assignment when one assignment was completed relative to other workers. (Chart 10)

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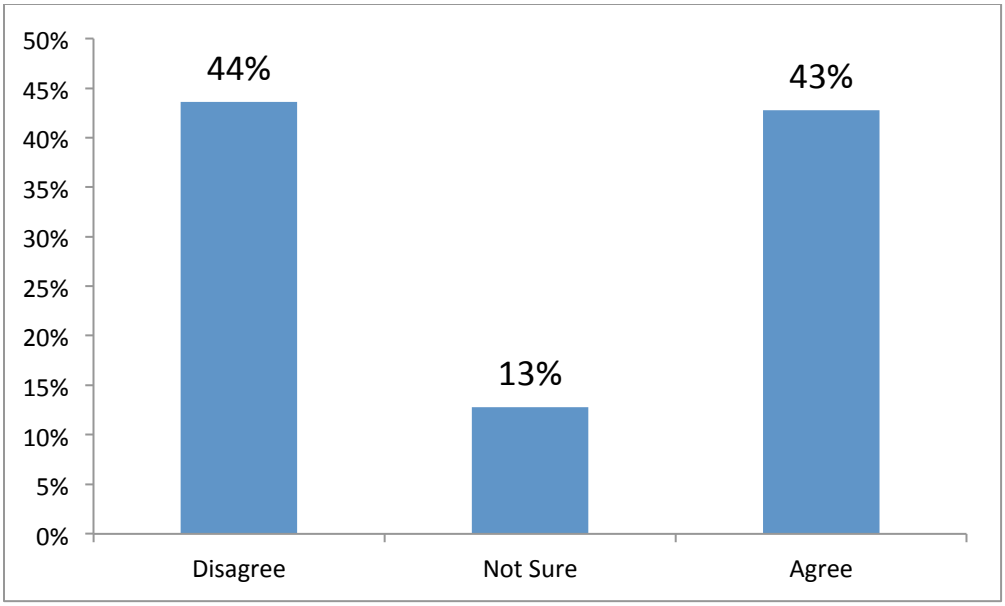
Chart 9
Teens are less likely to stay with a task - more likely to avoid responsibility.



Our follow-on discussions with employers yielded a set of somewhat surprising discussions about the nature and causes of poor job performance. Most employers we spoke with pointed to extensive use of cell phones by teens to text and to use other kinds of social media. One employer said, "What is work ethic? It's different to an 18 year old. 'I did what you told me to do.' They don't see that texting is not cool (at work). In school they finish their assignment and then they can text. Nobody tells them not to." Another employer noted that "texting is rampant, it's tough. We are letting people go for (inappropriate) cell phone use." One employer expressed his frustration with this anecdote; "You ask a kid to move 300 pounds of ice, at 150 pounds they will stop in the middle of this very short task to use the phone." Another employer reported that his firm has adopted a no cell phone policy, if a staffer is caught with a cell phone at work, then they are dismissed.

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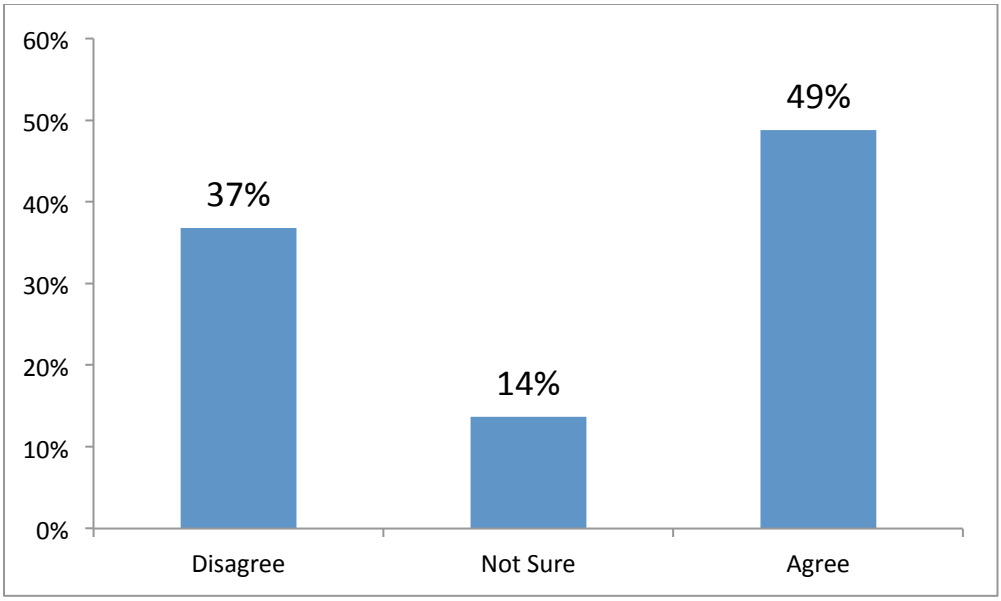
Chart 10
Teens have less initiative - less likely to seek out new duties when a task is completed.



One employer tries to manage the shirking problem of teens by "…thinking forward as a manager," he argues that when workers are done with an assignment—they are –"not thinking what's next" So the manager must be willing to spend considerable amounts of time monitoring and planning the work activities of teens. In contrast, "adults have been slapped around by work experience, they know the drill" suggesting that adults have a better understanding of their roles and responsibilities at the work place and thus less likely to engage in shirking behavior.

Another problem associated with employing teens was that they are more likely to have friends congregating at work. Our survey of employers found that 55 percent of respondents reported that teens were more likely to have friends hanging around the workplace. (Chart 11) Employers we followed up with in the retail sector said this is much more likely among teens than adult employees. An employer in one very large national retail chain said that kids congregating with friends at their retail outlets have been a substantial problem.

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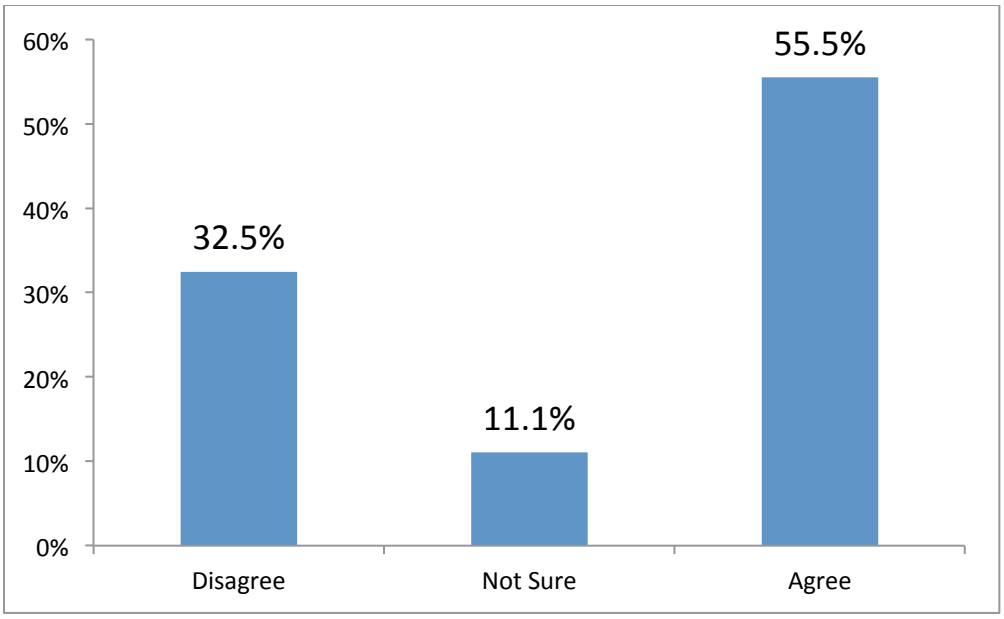
Chart 11
Teens are more likely to have friends hanging around the workplace.



Our survey of entry-level employers found that teens are viewed by entry-level employers as substantially more likely to quit the firm than other workers. (Chart 12) One surprising yet common behavior of teens is for them to accept a position at a firm, work for a week or so and just not show up for work again—leaving the employer to figure out if the newly hired staffer is absent or has left the organization. A large number of employers we spoke with mentioned this type of quit behavior—one that makes hiring a teen somewhat more risky for employers since adults appear to be much less likely to engage in this behavior. When teens quit this way, it is quite common for the teen to fail to pick up their paychecks—they simply disappear from the workplace.

Some employers we spoke with have shifted their staffing activities away from teens in an effort to reduce annual labor turnover rates. Weak job market conditions have meant that substantial excess labor supply conditions have characterized entry-level labor markets for a number of years. A plentiful supply of adults who are less likely to quit has meant that firms have been able to sharply reduce staff turnover, reducing costs and raising productivity. One large food service organization employer we spoke with was able to generate very large reductions in staff turnover by taking advantage of labor market conditions and hiring adults in place of teens.

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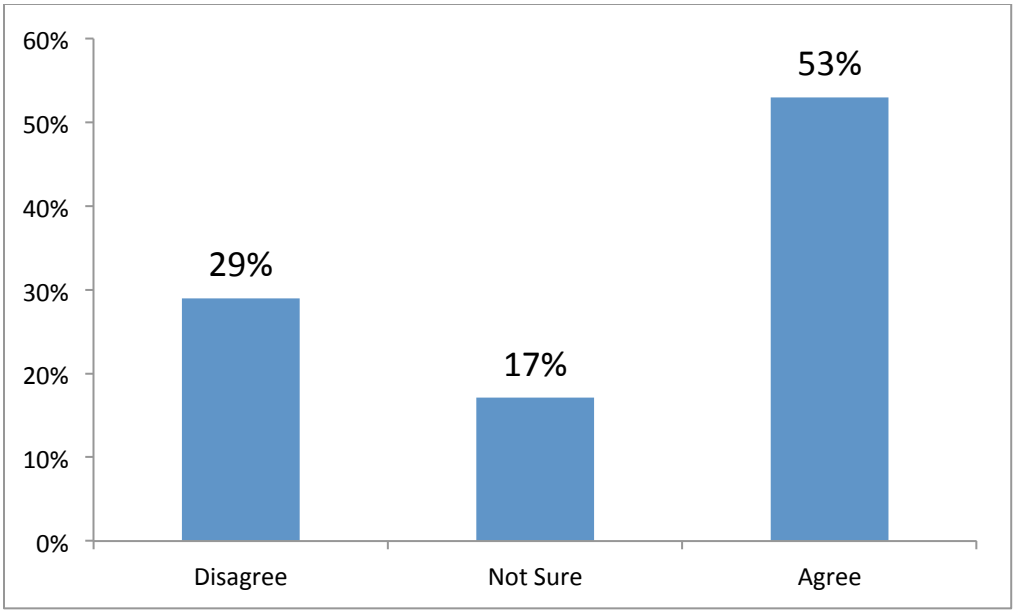
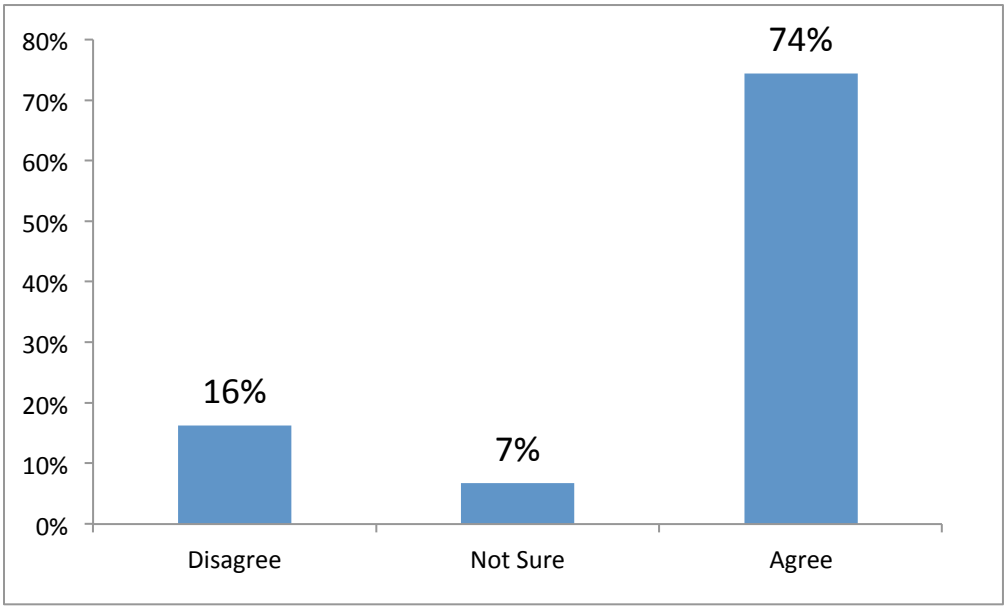
Chart 12
Teens are more likely to quit.



Teen time commitments and work restrictions are viewed as obstacles by employers

Our employer survey on teen hiring found a surprisingly high proportion of respondents who thought that teens were more limited in the hours of work availability relative to other workers. The findings in Chart 13 reveal that three quarters of employers thought that teens have more limitations on their weekly work availability compared to other workers. A number of employers noted that students often bring up limitations on days and hours of

Chart 13
Teens cannot cover many shifts.



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work as part of the job interview process—frequently taking themselves out of consideration for a position when flexibility is high on the job seekers interests about the position. One respondent observed, "Kids can't deal with shifts, they have athletic and social events and a lot of other time commitments." Another employer noted that he can only hire teens for one shift, and so does not engage in seeking a teen candidate pool for positions.

Legal restrictions also play an important role in limiting teen access to entry-level jobs in Massachusetts. Federal and state statutes limit both the shifts that teens are able to work as well as limit the work environment in which teens work. We found that a substantial majority (60 percent) of entry-level employers agreed that they were limited in the willingness and ability to hire teens because of legal restrictions related to the work environment. (Chart 14) Those who are under 18 and wish to work must have a work permit, which are issued under the direction of the local school superintendent. These permits are designed to certify that students have minimum educational qualifications and include information about the name of the employer, supervisor, job title and hours of work for which the student is hired.[19]

Massachusetts law limits both the total weekly hours and shifts that teens under the age of 18 are permitted to work. No employers we contacted reported that the total number of hours that teens are permitted to work under the law limited their willingness or ability to hire teens. Instead the limitation of work for teens on school nights that prohibits teens aged 16 and 17 to work after 10:00 PM is what caused difficulties in hiring 16 and 17 year old teens. A number of employers in the state noted that enforcement of this provision of the law is quite rigorous and that the penalties can be substantial, as a consequence a number of employers—especially in the retail stores, grocery stores and restaurants that remain open until 10:00 PM decided that they would not hire teens aged 16 or 17 since they risked a penalty if the teen employee worked even a few minutes after the closing time. Employers we spoke with reported that they often scheduled their staff to work 15 to 30 minutes after closing to straighten stock and engage in other routine post-closing activities. Some employers whose businesses stayed open until 10:00 PM did employ 16 and 17 year old teens, but ended their shift at 9:30 or 9:45 PM to insure that the youngster had left the store by 10:00 PM and thereby reducing the risk of violating labor law statutes.

[19] Christine Shaw, Child Labor Law Overview (Massachusetts Focus, Federal Overview) Center for Labor Markets and Policy, Drexel University, March 8, 2012

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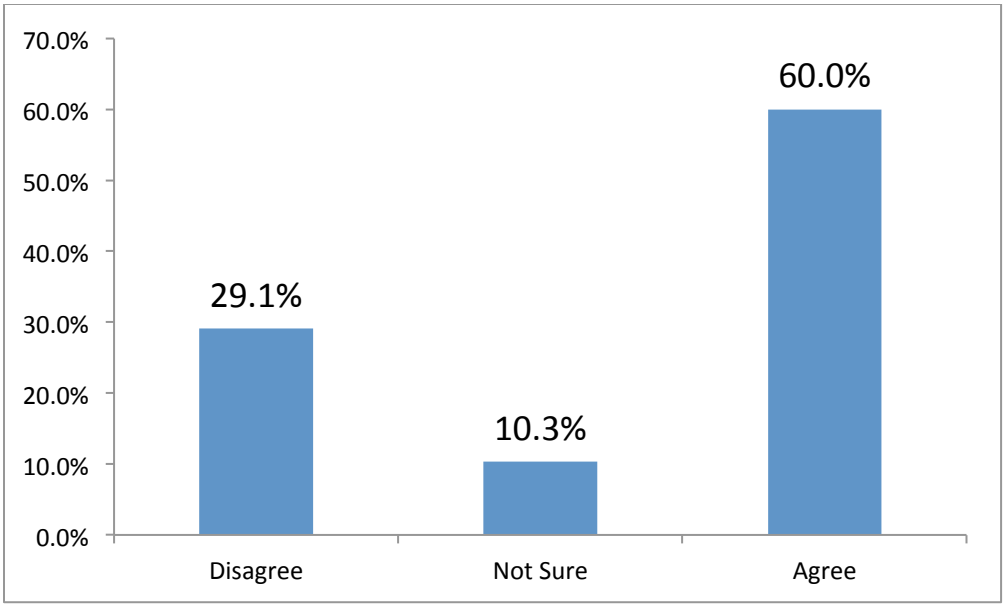
Chart 14
Laws limit employers ability to employ teens.



A number of employers that we interviewed noted that they did not hire teens at all or at least for some occupations because of legal limitations regarding the use of equipment. Essentially the law prohibits youth from using any equipment other than routine office equipment, so grocery store employers in particular reported caution in hiring teens since many jobs in these stores involve using equipment of some type. Similarly, we found that hospital and nursing homes are also much less likely to hire teens under the age of 18 because of restrictions on their use of equipment including meal preparation equipment. One employer we spoke with felt that the rule governing teens' work around equipment was no longer relevant. This senior human resource manager for a local supermarket chain thought that the prohibitions around hiring in-school teens to work in the grocery chains in-store bakeries was 40 years out of date. He noted that the students at area CTE high school who are enrolled in the culinary arts program use baking equipment that is identical to that used in his chain of stores.

Employers in the banking industry report that they do not hire anyone under the age of 18 because of their need to purchase fidelity bonds for employees that protect the bank from employee theft. Such bonds are common in occupations where employees handle large volumes of cash. Bonding companies establish a variety of requirements related to bond eligibility including minimum age for a bond—in this case the age of 18. Similarly, employers in the home health care industry reported that they did not hire teens under the age of 18 because of licensing restrictions.

Understanding signaling and screening can help teens get hired

Signaling by teens, who are seeking work, plays an important role in determining the chances that teens will be successful in finding entry-level jobs. We found a broad range of screening standards and methods were used by employers to screen prospective hires. Our survey and interviews with employers suggest a relatively high degree of sophistication

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among employers when they make entry-level hiring decisions. Few employers we spoke with relied exclusively on gut impressions. Instead they were careful observers of applicants—looking for signals about productivity and undertaking sometimes quite rigorous screening processes to make hiring decisions. The main types of screening tools and processes include the following:

a) **Reliance on educational attainment**

b) **References**

c) **Prior work experience**

d) **Interviews**

e) **Testing at the entry level**

In addition, firms in the retail and grocery industries were especially likely to require that individuals complete a medical examination as a basic screen for employment. These screens are important to assure that applicants can do the lifting and carrying that is often an important element of entry-level employment. Drug screening was also conducted by a number of firms we spoke with, often as part of the physical examination (usually conducted after an employment offer has been made.) Drug screens, credit history and criminal background checks were routine parts of the screening process in some firms in the retail and grocery sectors as well as in banking and health related firms.

a) **Reliance on educational attainment**

Educational attainment serves as a powerful yet cheap signal about the potential productivity of workers. During the course of our research into entry-level hiring choices and teen employment we found a variety of instances where employers relied on educational attainment as a signal of productivity. There is evidence that employers hire college graduates for jobs that would typically employ high school grads. When we asked one entry-level employer about why he hired college grads, he simply responded “because I can.” In another example, a restaurant owner we interviewed located in a city with a heavy concentration of colleges and universities said he originally hired high school students and graduates for entry-level positions in his company. However, as college students became available he began hiring them - finding them to be more productive. Thus he relied on a low cost signal of educational attainment to influence his pool of labor supply.

Other employers used participation in career and technical education (CTE) programs as a signal of potential productivity advantages among high school students. Interestingly, employers did not see sizable knowledge or skill differences between comprehensive high school students and CTE school students. The general complaint among employers was not that high school students lacked knowledge and skills, but rather teens "don’t know how to work.” Students at CTE schools were viewed very positively by employers. Staff involved in job placement at CTE institutions noted that “employers tell us over and over again, we’re sick of hiring people with baggage, we prefer your kids, give us someone with a clean mindset who is willing to work.” Thus enrollment in a CTE program in Massachusetts signaled to employers to expect a better quality worker compared to other young people.

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Employers see CTE schools as places where students have stronger work orientation and behavioral traits, so a connection to a CTE serves as a positive signal about a prospective new hire among employers in the Commonwealth.

Interestingly, we found that employers found students from CTE schools were better prepared at sending positive signals that is creating a positive image for employers when they made contact in a job search. As one employer said, "Vocational schools are preparing kids with the presentation skills better than regular schools". This suggests that in the eyes of employers CTE students are more self-aware and are more prepared to find work than non CTE students and thus send more positive signals (presentation skills) than do comprehensive high school students.

b) **References**

Third-party references were usually required by employers, but perceptions of the trustworthiness of these references varied considerably by the source of the reference. The employers we interviewed heavily discounted references from other employers. They noted that increasingly employer referees are only willing to verify dates of employment and usually will not discuss the job candidate's performance at their prior place of work – with the exception of instances where local employers in a particular industry had long-term relationships with other employers in the area and then were able to get what they saw as useful and trustworthy information about an applicant. Unless information about a candidate came from a member of this sort of informal local employer network, the information was not viewed as trustworthy and was generally discounted in the hiring decision.

References from teachers were viewed as potentially better sources of information than other employers, but we found that teacher references were very rare. Overall the employers that we interviewed had very little contact with local high school or school district staff. The major exception to this was CTE high schools, where employers had regular connections with both teaching faculty in individual occupational specialties as well as with cooperative education staff and school administrators. Nearly 70 percent of those who responded to our survey reported that a reference from a teacher could influence the decision to hire a young person for an entry-level position. (Chart 15) Related to the potential impact that teacher references for student job applicants is the interest that survey respondents had in referrals of entry-level job candidates from local school based work programs and local jobs organizations. Employers were very interested in the potential role that both schools and job training and placement organizations could play in referring teens for positions with 77 percent of survey respondents interested in school or jobs program referrals. (Chart 16)

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Chart 15
A Reference From a Teacher Influences Hiring Decisions.

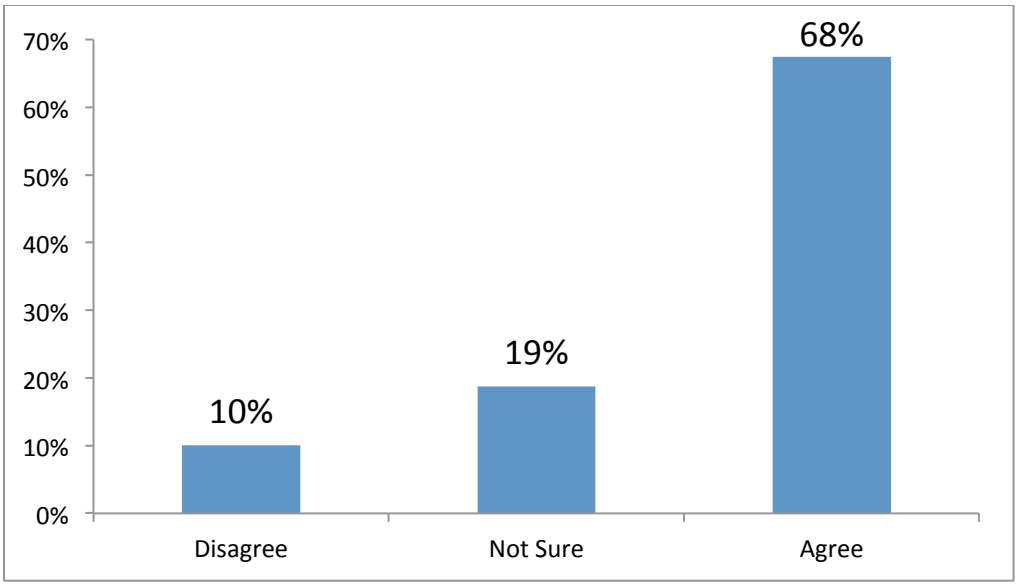
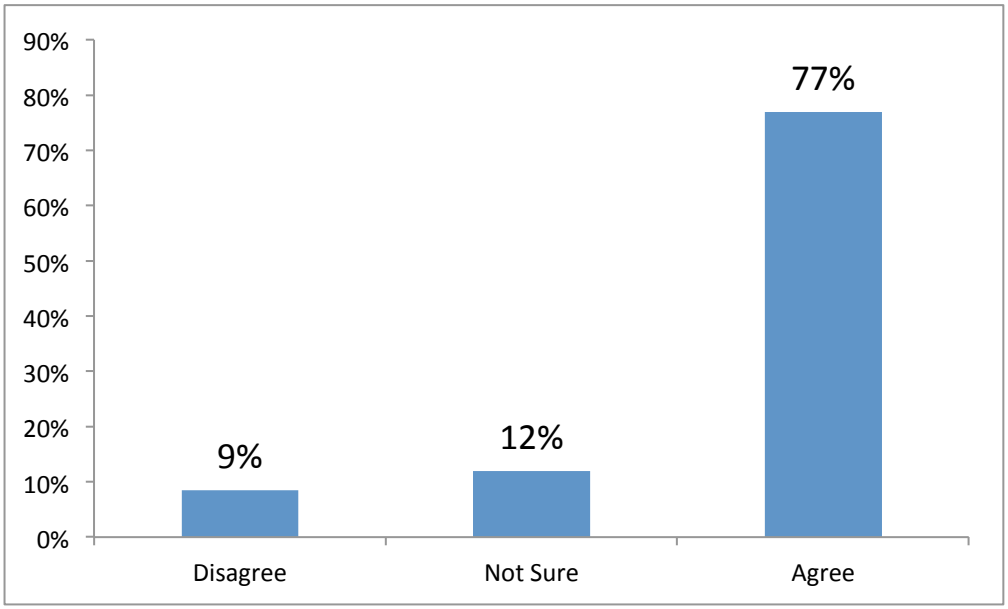


Chart 16
A Reference by a School or Local Jobs Organization Influences Hiring Decisions.



Our discussions with employers indicated that many of them were interested in working with comprehensive high schools and local job training organizations especially with respect to screening in students who were identified as being likely higher performance workers. A major screening criterion they would like to see utilized is a student's school attendance record. As we noted employers are quite concerned about hiring teens because they are more likely to be absent from work. Referrals based, in part, on daily attendance performance of students as well as other screening criteria would likely exert an important influence on a firm's decision to hire—especially if the school or jobs program was able to

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establish a record of good quality referrals to local employers. Some employers we spoke with have had success in hiring students through schools, aside from the highly respected CTE schools, and these occurred when the employer worked to develop a direct relationship with district level staff. However the scale of these relationships was quite small.

Some employers we spoke with have contacted their local school districts about hiring their high school students. In general these attempts have not proven very productive and rarely have led to a referral of a student for a job. Employers believe that high schools and districts are heavily focused on MCAS academic proficiency test scores and therefore have a limited interest in helping their students find work.

One key concern about working with local schools and jobs programs, which was reported by several employers we interviewed, was related to the lack of long-term relationships with local schools and programs—especially in youth summer jobs programs. These employers said that teachers are hired to engage in specific short-term placement activities and are contracted to place a given number of teens for a short period of time. This has not worked out well since these teachers and placement staffs have no incentive to build a long-term relationship with employers. Instead the programs and teachers are focused on 'getting their numbers' and are less concerned about how teens that are referred to a position actually perform. As one employer put it "there is no relationship, just numbers—a summer jobs type program, "This approach stands in marked contrast to the relationship building undertaken by CTE teachers and co-op staff.

We found that one of the most trusted forms of information about job applicants came from current employees. Among survey respondents 86 percent reported that referral by current employees influenced hiring decisions at the entry level. (Chart 17) Our discussions with employers revealed that a number of firms paid modest bounties for referrals of employees. A primary reason that employers said they trusted employee referrals is that the referring employee had a stake in the performance of the individual they referred to the job. Our employers perceive that good performing employees were more likely linked to people like themselves and that the network of relationships of high performing employees was likely to yield additional high performing job candidates. One employer noted that "my number one source is a question I ask my good staff--'got any friends'… who'd be interested in working here?" Even large employers that utilize various web based recruitment and screening systems including psychological profiling report that word of mouth through employee networks is a good way to find entry-level staff. The HR director at this company observed that "a good employee will take the new person along." Another employer noted that when employee referrals are used it creates "peer-pressure to be productive."

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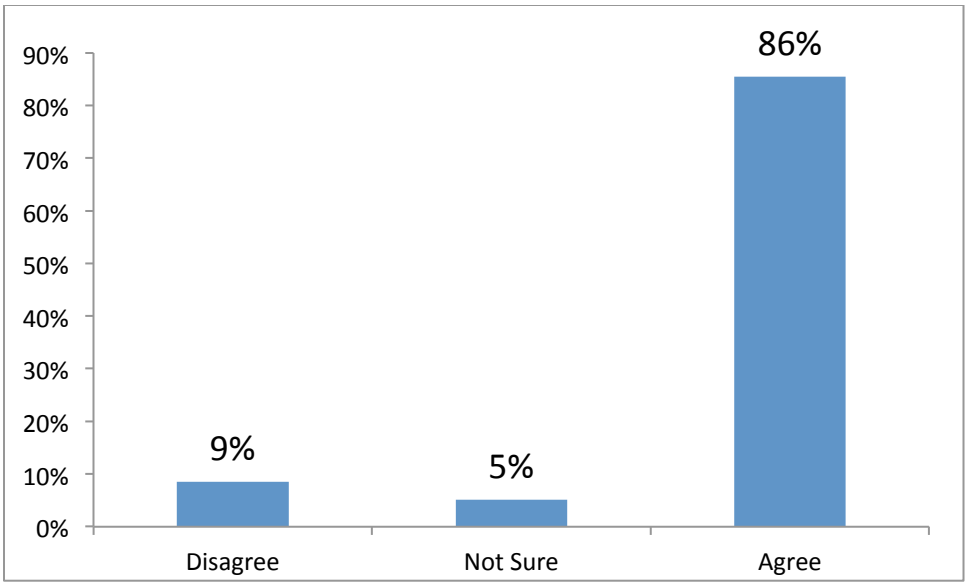
Chart 17
A Referral by Current Employees Influences Hiring Decisions.



Networks composed of family friends and relatives were also viewed as important sources of trusted information about entry-level job applicants. Just under two-thirds of our survey respondents reported that these connections can exert influence on an entry-level hiring decision. (Chart 18) As one regular employer of teens noted… "Number one (type) of recruitment is knowing someone." A number of firms said that they were likely to hire employee relatives—for essentially the same reason as employee referrals. One employer told us that retail jobs are filled with relatives especially in the summer months. A manufacturing employer told us that colleagues and friends are the best source of referrals; "someone you trust."

However, some respondents have adopted a no relative policy-especially when a parent child relationship is involved. In some of these cases, a personnel issue with one family member can turn into a larger more difficult problem when other family members work at a firm. One manufacturing employer told us of hiring a machinist's son who frequently called out of work—at the suggestion of his mother. The teen's father simply indicated that he couldn't control the kid and had no interest in being held to account for his son's poor behavior.

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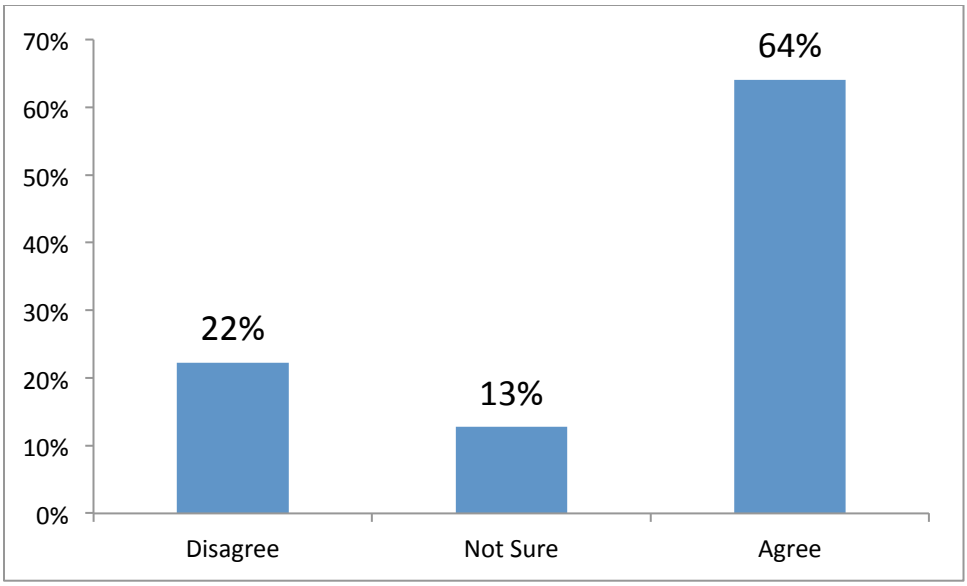
Chart 18
A Referral by a Personal Friend, Neighbor, Relative or Colleague Influences Hiring Decisions.



It is important to note that the employee referral network and the personal friend, neighbor, relative connections serve as not only a way to gather more trusted information about applicants, but serve as a way for jobseekers to learn about job openings where they have a realistic chance of becoming employed. Thus connections to a social network tied into the local entry-level market can provide substantial information advantages to not only the employer, but also teen job seekers who can learn about opportunities for employment before those not connected to the local referral network for a given employer.

c) **Prior Work Experience**

The value of prior work experience in influencing a hiring decision among entry-level workers was viewed in sharply divergent ways among responding employers. About 45 percent of the employers thought that applicants for entry-level jobs would be less likely to be hired if they lacked prior work experience. (Chart 19) Yet 42 percent of responding employers thought that a lack of prior work experience would not reduce the chances that a job applicant would be hired. During follow-up interviews with employers we found some employers who saw prior work experience as an important signal about the productive abilities of young people, that they were able to be hired and develop an employment record over some reasonable time period. As one employer observed, “Neither schools nor parents teach teens employability skills, and teens who have worked are more likely to have these.” We found that several employers especially valued teens who had worked in a fast food restaurant. They believed these organizations teach individuals how to “multi-task,” work in teams, and good customer service training.

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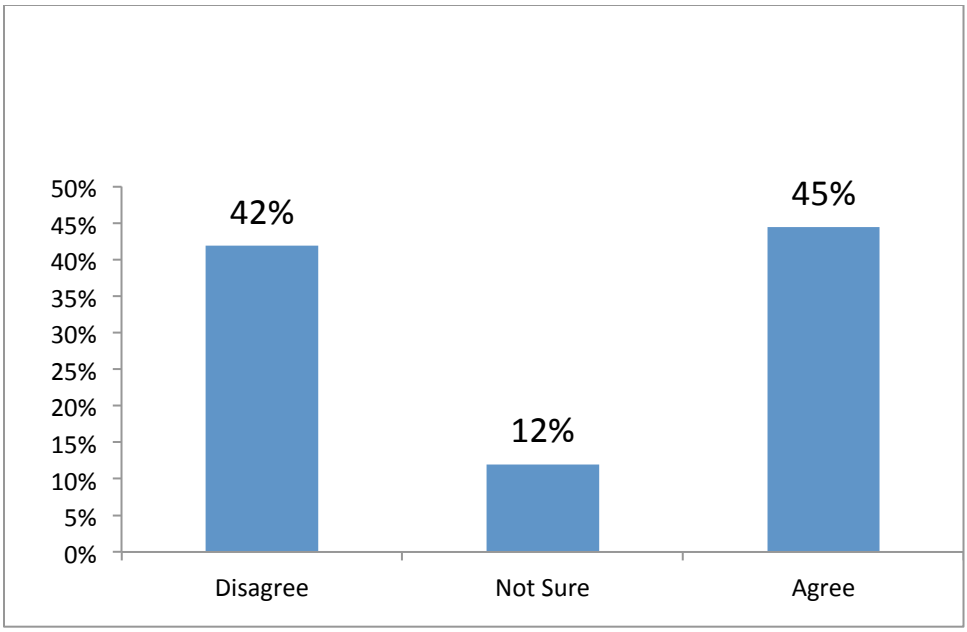
Chart 19
Employers are Reluctant to Hire a Teen that Lacks Work Experience.



However, we found that other employers reported that prior work experience was not necessarily a good indicator of productivity and that they did not rely on work experience to fill entry-level positions. Among this later group of employers, they noted that they had hired individuals who had considerable work experience who did not work out as very productive employees. Some of these employers argue that it's much more important to directly identify the behavioral and ethical traits that they desire in other ways including interviews and psychological tests and that prior employment does not necessarily provide much insight into these character issues. We asked employers about the value of volunteer work and were met with a decidedly mixed impression. Several employers thought that uncompensated work was not nearly as useful as compensated work in indicating whether a teen would be a productive worker. In private for-profit firms the contribution of the teen to production is important, so poor work behaviors are less likely to be tolerated. In contrast, unpaid-volunteer work is thought to have fewer adverse consequences for the teens associated with any poor work behaviors and attitudes they may exhibit. On the other hand some kinds of volunteer activities were highly valued by employers, especially volunteer activity associated with becoming an Eagle Scout.

d) **Interviews**

Interviews play a fundamental role in producing trusted information for employers. Our survey of entry-level employers found that nearly 9 in 10 said that they relied on impressions they formed during job interviews when making a decision to hire. (Chart 20) Most employers we spoke with used a largely unstructured interviewing approach—although unstructured interviews were not the sole source of trusted information. A number of firms used both informal and more often formal tests of individuals' proficiencies to derive more reliable and trustworthy information about the job candidates. A few employers we spoke with used more structured interviews. Such interviews generally took the form of a

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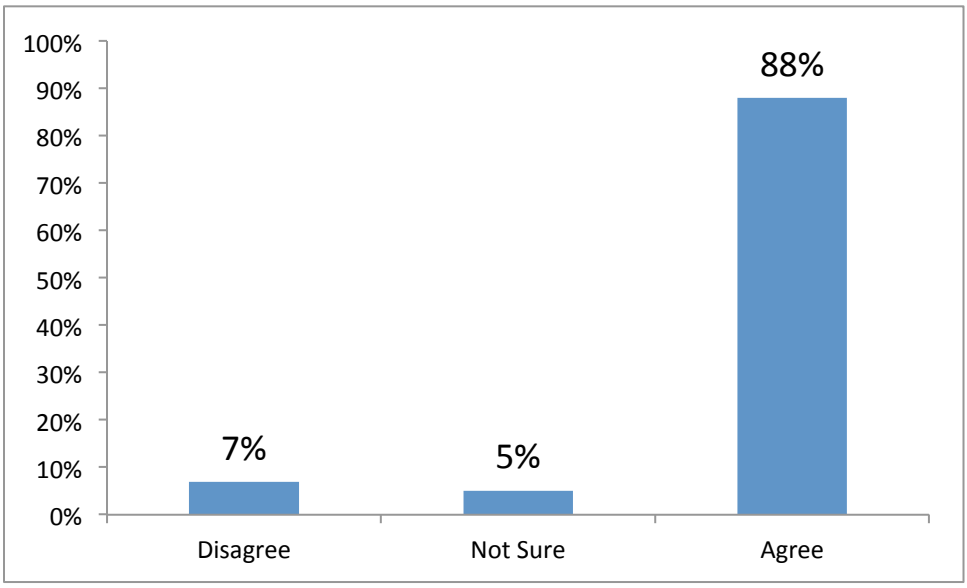
situational interview in which employers provided a specific, but commonplace problem and jobseekers were asked how they would handle the situation. One employer simply gave applicants this situation "Sell me this pencil." This form of interviewing was quite unusual. Rather almost all of the firms we spoke with interviewed teens with little structure, allowing the teen to create an impression—with widely varying results.

Chart 20
The Gut Impression that Employers Form of Applicants when Interviewed Influences Hiring Decisions.



Employers use informal interviews to gather information that teens 'signal' about themselves. The unstructured interview is where employers believe they gather the most reliable and trustworthy information about a new hire. But teens frequently are unprepared or "clueless," as our employers described it, to succeed in this process. It is in this interview setting (which can be very brief) that firms gather information about the behavioral characteristics that are the primary skill required for employment in entry-level jobs. Employers complained that many teen applicants are simply unaware of basic behaviors expected by employers during an interview. For example, teens show up for interviews carrying a cup of coffee or a soft drink, they often take cell phone calls or text during interviews. Often teens are unaware that they have given an indicator in the form of appearance, demeanor and the like that the employers uses to form an impression about their likely performance on the job.

Job candidates created unfavorable impressions among employers during interviews in following ways.

Poor Eye Contact: A very large number of employers told us that many teen applicants fail to make eye contact during the interview and that this has a disquieting effect on the interviewer such that it creates a strong negative impression and eliminates the candidate from consideration from the job. Shaking hands was another behavior emphasized by employers.

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Many teens don't understand the importance of shaking hands and are awkward or uncomfortable when they shake hands—sending a negative signal to employers.

Not Asking Questions: Another key behavior employers looked for during these interviews was a response to the question "Do you have any questions?" Employers told us that teens who did not have any questions came across as disinterested in the job and thus created a poor impression that reduced their chances of being hired. A common perception among employers who interview the job applicant is "how a person behaves in the interview is the best you're going to get from them." Employers see the interview as a place where applicants can display their abilities. Asking questions shows a maturity and indicates that applicant has given thought into the job. An employer told us that, a kid who says I just want to work, "I'll do anything" is viewed as a poor candidate." Applicants that can form even simple questions about topics like hours of work, work duties, benefit eligibility and are viewed as displaying a higher level of interest and as more personable than those who do not. One employer noted that "part of the problem for teen applicants is they don't know what they don't know and so have great difficulty in forming questions." This employer along with many others saw teens as quite disconnected from the job market especially those in urban school districts and saw this as the primary reason why teens lacked the interviewing savvy of other candidates.

Another related problem for teens in a job interview was responding to a question with a one-word answer instead of a sentence. A one-word answer reduces the opportunity to have a dialogue with the employer and thus the ability for the employer to develop a more favorable impression of the jobseeker. In some instances, the one word answer might be interpreted as rude or unmannerly behavior. One of the benefits of prior work experience for teens is apparent in the interview itself; it provides a relevant topic on which the applicant and interview can have a potentially positive discussion.

Unacceptable Appearance: Neatness and cleanliness were also frequently mentioned as problem areas among teens interested in an entry-level job. When we probed employers about this, it became clear that they were not looking for jacket and tie level of attire. Indeed, an appropriate and clean T-shirt and a pair of clean jeans were viewed as acceptable attire for many entry-level jobs in the food service area, but it appears that a surprising number of teens did not achieve this minimal standard of dress and so were eliminated from further consideration for a positions.

Tattoos and body piercings were factors in creating an impression during an interview. Tattoos created a negative impression among a number of employers we interviewed - one employer saw tattoos as a signal that job seekers are disconnected from the world of work. Some employers saw tattoos as acceptable in work setting. However, tattoos that could not be hidden-especially larger tattoos on the neck were mostly seen as negative —potentially indicating a greater likelihood of poor behavior. Body piercings that were worn during the interview virtually always created a negative impression with employers. Several employers told us they fired staff who repeatedly came to work with exposed body piercings and tattoos after they had been told to cover them up.

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Unwanted Parental Involvement: A surprisingly large number of employers noted that parents would accompany their teen to the interview and try to sit in on the interview itself. In almost every instance of this type the employers noted that a parent's attempt to involve themselves in the interview process meant that the applicant was disqualified from the position. Several employers said that when a parent shows up with a teen for an interview, they simply inform the parent that their child will not be hired and the interview does not take place. Employers also noted that they would receive calls from parents complaining that their children were not hired for a position for which they applied. These calls served to re-confirm in the employers' mind that their decision not to hire that particular applicant was the correct one.

Additionally a number of employers said that parents will drop off a teen's job application. We found that when parents dropped off an application for their child it created a strong negative impression with the hiring supervisor. While the parent may have seen this as just running an errand, like going to the post office, the employers saw it as poor signal of work ethic for the teen applicant. In a number of instances when employers reviewed an application, it seemed likely that the application was completed by the parent and not the child. Such applications created strong negative impressions with the employer.

Unfavorable Walk-in Interviewing: A large number of employers told us that the simple act of stopping by a business to pick up an application frequently sends a strong signal to employers about the suitability of the potential applicant for employment at the firm. These employers note that the teen job seeker often does not understand when they are picking up an application or just finding out about how to apply that they are sending a signal about themselves. Most often, the teen will speak with the proprietor or hiring supervisor when doing a job search 'walk-in' to learn about job availability or pick up an application. Signals, such as, sloppy dress, bringing several friends along or cell phone and text usage while interacting with an employer often rule the job seeker out of consideration for a position—before the teen has even submitted an application. Fair or not, these teen job seekers have sent a signal to an employer that is interpreted as someone who is less likely to be productive and therefore will not be considered for an entry-level position. The teen job seeker has signaled himself out of consideration and most likely does not understand and will never receive feedback as to why they were eliminated from consideration.

Conversely, employers told us that applicants who ask to see a manager, instead of just dropping off an application can create a more positive impression. This behavior displays a higher level of interest and a better understanding of how the business works.

Insufficient discussion of availability: A frequent mistake that teens make while interviewing is to strongly emphasize constraints on availability. Teens should emphasize the days and hours of work that they are available, rather than focus on a limit in hours or limiting work to just a few days. Employers readily acknowledge that teens in school have schooling, homework and extracurricular activities (indeed, many employers liked hiring teens who were involved in extra-curricular programs seeing such participation as a strong positive signal of work performance), but do not want applicants who are rigidly constrained

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in hours of work, instead valuing a degree of flexibility in availability to work a given shift—especially on weekends.

A major exception to this was students in CTE high schools. Time after time we heard employers say that CTE students have solid interviewing skills. One employer noted that CTE programs recognize the need to coach students. A CTE administrator told us the "kids need to know how to get a job, need to understand that companies just don't hand a job to them. Mock interviewing is an important part of this." The mock interviews with local business leaders conducting the interviews give CTE students a real world set of experiences in dealing with employers in a realistic interview setting and get some feedback about how they might improve their presentation skills. As one employer plainly stated, "Vocational schools are preparing kids with presentation skills that are better than regular school's students."

In summary, employers place a lot of emphasis on unstructured interviews as a reliable and trustworthy source of information to make a decision about hiring students at the entry level. Ironically, the evidence suggests that unstructured interviews and employers trusting their instincts or "gut"; based on the impressions created by jobseekers in the interview are not very good predictors of worker productivity. Studies that examine alternative methods firms use to make hiring decisions find that unstructured interviews are poorly correlated with worker post hire performance ratings. Correlations below 0.20, a very weak correlation coefficient, are typical in studies of the effectiveness of unstructured interviews in predicting worker productivity.[20] In fact, when we asked employers how good trusting their gut was in selecting new hires many answered that it was not a very effective way to identify a good hire.

Despite its limited effectiveness, employers rely heavily on unstructured interviews in making entry-level hiring decisions. However, many employers now supplement information gathered from unstructured interviews with information produced by administration of various tests of human capital proficiencies including ability testing, knowledge and skill testing, personality profiling and ethical testing. In the entry-level labor market such testing appears to be widespread at least among large firms and employers have learned to view these tests as reliable measure of potential productive ability that produce information that employers trust.

e) **Testing at the Entry Level**

Formal testing of applicants appears to us to be a common practice among firms -especially as the cost of administering psychological assessments of various types have fallen sharply with the rise of the Internet. A study of low wage labor markets conducted in the Oakland-San Francisco area published in 2006 found that about 23 percent of firms used testing in the hiring process with large firms much more likely to use tests relative to small firms.[21]

[20] John E Hunter and Ronda.F. Hunter, "Validity and Utility of Alternative Predictors of Job Performance," Psychological Bulletin, July 1984 pp 72-98 Frank Schmidt and John E. Hunter, "The Validity and Utility of Selection Methods in Personnel Psychology and Theoretical Implications of 85 Years of Research Findings," Psychological Bulletin, September, 1998, pp 262-274.

[21] Nan L. Maxwell, The Working Life: The Labor Market for Workers in Low Skilled Jobs, Upjohn Institute, Kalamazoo, Michigan, 2006

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We noted earlier in this paper that at the entry-level firms are often trying to minimize the downside risk of making a hire, that is, to avoid catastrophic hires that may do a considerable amount of damage to a firm before they are terminated through a variety of counterproductive behaviors. Many tests focus on what is commonly referred to as the big five personality traits including:

- Conscientiousness: the characteristic of thoroughness or carefulness—implying a desire to do a task well
- Extroversion-Introversion: a continuum of outgoing to shy behavioral characteristics
- Neuroticism: behavior characteristic associated with a difficult response to external stresses
- Openness to experience
- Agreeableness: characteristic associated with cooperation and empathy toward others[22]

A very large number of psychological measures have been developed over the years based on these personality traits and a subset of these tests have been developed to measure a wide range of personality traits that can influence productivity in various occupations. Psychological assessments for employment vary considerably depending on the occupations for which they might be used. A large number of tests designed for different levels of employment and with different job duties, ability requirements, knowledge, skills, interests, abilities, and work behaviors have been developed.

The content of tests and the characteristics they measure varies sharply based on the level of the work that an employee undertakes. Thus the kind of tests that are employed for occupations where ability, knowledge and skills are critical determinants of productivity would be very different than occupations where these ability, knowledge and skill requirements are minimal, including many entry-level teen occupations.[23] The *Wall Street Journal* recently published an article that provided examples of questions that are used on psychological assessment tests along with a discussion about how a response might be interpreted. The article revealed that these tests examine a variety of elements of the big 5 personality traits in an effort to "assess job applicants for conscientiousness, extroversion, or other traits that may be useful in forging a successful career or alternatively, derail one."[24]

As was noted earlier, employers who hire workers at the entry level are primarily concerned with avoiding a poor hire, rather than seeking out an exceptionally able staffer. Thus entry-level testing focuses on factors like conscientiousness and integrity. One test we reviewed is the Workplace Productivity Profile (WPP) developed by J.M. Llobet is designed to measure a variety of traits of entry-level worker in a 10-minute exam including 50 multiple choice questions.[25] The WPP provides percentile ranking scores in four areas including

[22] Olive P. John, Laura P. Naumann and Christopher J. Soto : Paradigm Shift to the Integrative Big Five Trait Taxonomy" in Handbook of Personality: Theory and Research Guilford Press ,New York, 2008 http://www.ocf.berkeley.edu/~johnlab/bigfive.htm

[23] Op Cit Steven Hunter, Hiring Success, especially Chapter 4

[24] Melissa Korn, "True or False: These Tests Can Tell if You Are Right for This Job," Wall Street Journal, October, 29, 2012.

[25] J.M. Llobet. Workplace Personality Profile: Administrators Manual http://www.complyright.com/downloads/Workplace%20Personality%20Test%20Manual.pdf

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- Conscientiousness, a measure of reliability and dependability among other factors
- Perseverance, an indicator of diligence and focus on a task or activity
- Honesty/Integrity, indicates degree to which individuals value honesty and integrity
- Attitudes Toward Theft, measure of tolerance for theft and fraud and risk of counterproductive behavior.[26]

The scores generated from this test provide insight into the personalities of the job candidates available for a position and are used by employers to gain insight into the personality and behavioral traits of job applicants in a more objective, but less personal fashion than an unstructured interview.

Personality assessments are sometimes criticized on three grounds: First, they are sometimes seen as an invasion of the privacy of the applicant. Second, the level of predictive validity on many of these tests is not especially high, and some observers charge that there is insufficient research has been done to determine that a given personality trait impacts job performance. A third criticism of these tests is that they may yield a disparate impact on outcomes across race/ethnic groups.[27]

The evidence on two of the three criticisms of these tests suggest that the personality assessments are generally superior to the alternative of unstructured interviews by employers who then trust their gut based on the impressions created by the job seeker during the course of the interview. Earlier we noted that unstructured interviews had a weak relationship to job performance in contrast the available evidence suggest that personality assessments are more strongly correlated with predicting positive work behaviors and identifying those applicants with increased downside risk.

The employers that we spoke with were not very familiar with the content of the tests that were administered to their applicants. Generally, tests are administered by a third party online as part of the job application process, so unless the employer actually goes through the application process, they will not see the test that is administered to the new hires. Instead employers get back very simplified tests results depending upon the system with which they work. We found that in cases where firms were franchises of large national organizations, test scores came back as traffic light findings for each applicant. That is, applicants were scored as green light—a good potential hire, yellow light—some caution in hiring is advised, red light, do not hire. In these cases the employers we spoke with used these findings as part of their decision to hire an applicant, but were not bound to hire a green light applicant nor prohibited from hiring an applicant with a red light score. However, we did find that when we asked employers if these test results were helpful—the answer was that the test results were good predictors of productivity. When employers hired in

[26] Workplace Productivity Profile (WPP)-Score Report , See Llobet Administrators Manual for a more detailed interpretation of the test findings

[27] Susan Stabile, "The Use of Personality Tests as a Hiring Tool: Is the Benefit Worth the Cost?" University of Pennsylvania Journal of Labor and Employment Law, Vol 4 No 2, 2002 https://www.law.upenn.edu/journals/jbl/articles/volume4/issue2/Stabile4U.Pa.J.Lab.&Emp.L.279(2002).pdf

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contraindication to the test—over-riding the test based on a good impression they said that the test was generally right.[28]

Tests were also used to eliminate candidates from consideration for a position. A large national retailer that receives large volumes of on-line applications uses a personality assessment as a fundamental screen for hiring. Persons are eliminated from consideration solely based on their test scores. Local store management will just be informed whether an applicant is ineligible for employment.

We asked the young people in our focus groups if they had ever taken a test for a job. Most said that they had not. When asked if they had applied to any well-known chain stores virtually all of them answered affirmatively and that the applications are completed on-line. When we probed them further about the kinds of question that they completed on line and provided them with a few examples, they reported that they were asked what they described as 'practical' or 'everyday questions' but they were unaware that these sort of questions were likely part of a test of key aspects of their personality that would be used to determine if they were hired for a position. The problem of job applicants taking a psychological assessment without knowing that they were being assessed may result in biased results. A newly published study of the impact of motivation on standardized test taking at the college level found that students that had incentives to do well had much better test results than those who had no such incentives. If teens are unaware that they are answering psychological assessments that are imbedded in on-line applications then it seems that there is some risk that these students might not score as well on the assessment than if they understood the role that their responses might play in determining if they are hired.[29]

POLICY & PRACTICE RECOMMENDATIONS

Feedback from businesses provides several practical steps that schools, youth-serving organizations, workforce organizations, parents, teens and businesses can take to reverse the decade long trend of declining teen employment. In Massachusetts there is already an infrastructure from which we can build to ensure that the training, coaching and supports are in place to prepare teens to successfully find and retain employment.

Massachusetts is one of the few states in the nation that has committed public funding to support teen employment. Through the YouthWorks program, the Commonwealth has committed over $43 million to support the subsidized employment of 26,875 income-eligible teens and young adults between 2007 and 2012. The Commonwealth also funds the Connecting Activities program that supports career specialists who work with high schools

[28] The owner of several fast food franchises told us that he took the on-line test administered for entry-level jobs at his firm and scored yellow—a caution flag. Yet this result is not necessarily inconsistent with his position in the organization. As an entrepreneur who took the risk to develop these successful franchises, get them finance and manage them each day, it is likely that the characteristics that made him successful are different than the traits measured by an on-line assessment for entry-level work at a fast food restaurant.

[29] Ou Lydia Liu, Brent Bridgeman and Rachel Adler, "Measuring Learning Outcomes in Higher Education: Motivation Matters," Educational Researcher, Vol 41, No 9, pp 352-362

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and businesses to prepare and place teens into summer and year-round jobs. Recently, the Board of Elementary and Secondary Education created an Integrated Career and College Readiness Task Force that prepared a report and released recommendations to strengthen and incorporate career and college readiness into the curriculum and goals of the secondary education system. All of these efforts contribute to a strong foundation on which to build.

Even with the public efforts to support subsidized and unsubsidized employment, most of the hiring in our economy is done by private-sector employers. Over the past decade, the connections between institutions and organizations that serve teens with the private sector have weakened. The teens who have been most impacted by this disconnection are those in low-income communities, particularly young people of color. The training, supports, networks and coaching that are critical to preparing teens to find and retain employment need to be rebuilt. The good news is that declining teen employment is not a result of teen's core skills--reading, writing, math and technology skills. It is primarily a result of not having learned the work behaviors that employers require, known as 'soft skills'. The following are a set of policy recommendations that will enhance and strengthen the Commonwealth's commitment to teen employment.

Use subsidized programs as springboards into employer-paid positions

Subsidized youth employment programs, such as YouthWorks and other local, largely municipally supported youth jobs programs, should be a starting point for young people who need to build employability skills, work experience, or other supports to find unsubsidized employment. Program planners at Career Center One-Stops, city agencies, and community-based organizations should make subsidized employment experience as authentic as possible with a focus on skill building that would enable young people to find and keep a job on their own. Before placing a youth in a subsidized position, staff should ensure that the business has the capacity to provide a meaningful work experience with adequate supervision. In addition, the following recommendations are offered to build in real-world demands:

- By the end of a subsidized work placement, young people should come away with job-readiness skills, an adult who can serve as a reference and vouch for the teen's work behaviors, a clear statement about what they learned in their work experience and how their talents and experience would apply to a new unsubsidized job opportunity.
- Staff in subsidized job programs should coach participants on how to seek and interview for a job, and whenever possible, require interviews with the business that is hiring.
- Employers who partner with subsidized jobs programs should reinforce positive work behaviors that were noted by employers and referenced in the O*NET study, such as regular attendance, punctuality, and professional communication styles.

Make youth employment a part of the high-school experience

Comprehensive high schools can take several steps to improve students' connection to the local labor market—particularly for those students who would most benefit from the

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structure, income and adult mentoring that can come from a good work experience. They include the following:

- Pilot models with intermediaries such as local workforce investment boards and others to strengthen the connection between high schools and the local labor market. One example is offering a work readiness course and related work experience through an elective or extracurricular activity.
- Identify and support with stipend an internal adult "champion" in high schools who connects teens who would most benefit from work experience to a local employer. These champions would be tasked with developing trusted relationships with local employers as well as identifying young adults who do not have their own network and act as a referral for them so they can better access the job market. In addition, these individuals would also be responsible for administering a work-readiness curriculum, either during or after school, to instruct and coach teens on career exploration, basic job hunting and interviewing skills – so they are better prepared to locate and obtain work both during the summer and after graduation. The employer feedback and O*NET profiles are tools to use in developing curricula and hands-on experiences.
- Place a stronger emphasis on the importance of attendance and punctuality in schools. Rewarding good attendance behavior and discouraging negative behaviors with tougher consequences will help to fortify these essential work behaviors in students. Career and technical schools can serve as a model for rewarding attendance and punctuality through connecting students with strong attendance to co-op experiences.

Bridge the disconnect between employers and young people

Businesses can play an essential role in helping to prepare young people for work through a wide variety of activities that would bolster the authenticity of employability skills training and career awareness. Doing this would help that young person enter the labor market with more realistic expectations and better presentation skills. The return to employers would be to have a work-ready youth pipeline with core skills and work behaviors that match other entry-level job candidates. Employers could consider the following strategies to assist young people's workforce potential, which will ultimately help them in their ability to find strong candidates for employment.

- Take part in career exploration and awareness activities such as hosting a job shadowing experience or a company tour; taking part in informational or mock interviews; and contributing their insight as members of program or school advisory boards.
- Collaborate with intermediary organizations such as workforce investment boards on the development of effective youth employment program design and help to deliver work-readiness training.
- When possible, make aspects of the hiring process more transparent and 'user friendly' for teens and young people. For example, part of the growing disconnect between businesses and young people who are seeking employment can be attributed to screening mechanisms such as web-based applications. As one teen said, the online application, as it stands today, is like sending your information into a "black hole". "You

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fill it out and you never hear back." Larger retail chains could partner with schools to coach teens through the online applications. They could also alter the applications so that they don't discourage young people who do not have formal job experience.

Build Work-Readiness Training Capacity in Youth-Serving Organizations

Youth-serving organizations that work with working-age teens and young adults including high schools, Career Centers, and community-based organizations all play a critical role in helping young people understand the hiring process and how to be successful once they get a job. Even organizations that are not explicitly about youth employment have an important role to play in this process. Program staff can organize their work to accomplish the following activities:

- Help teens overcome the challenges of employer screening by explicitly demonstrating how screening mechanisms work—for example teaching young people how to think about the on-line application and understand the underlying reason for each of the questions on the application.
- Provide coaching and training in a creative blend of work readiness, career exploration, and life skills like punctuality, taking direction and initiative so that young people can keep jobs and find new ones. Program staff should identify and create curricula and related resources to offer year-round workshops and coaching in basic job hunting and job retention skills in an effective, culturally responsive manner. The employer feedback summarized in this report along with the O*NET profiles are tools to reference in developing curricula and resources.
- Be accountable for brokering relations between youth and businesses. Employers that are considering hiring teens may be more willing to take a risk on hiring a teen with little or no work experience if they know that there is an adult and organization that is supporting the teen's success in the workplace.
- Develop capacity to connect with local employers and to understand the skills that local employers are looking for when they interview and hire teens. To be successful in employer engagement, programs should focus on doing the following:
  - Align youth training to match employers' entry-level needs;
  - Support their staff in year-round outreach efforts to employers with credible marketing materials and messaging;
  - Offer a menu of options for employers to support youth programs in addition to hiring youth; and
  - Provide an easily navigated, unified point of entry for employers who want to get involved with community youth employment programs.

Develop teen staffing agencies for short-term work projects

A recurrent theme in the employer feedback was the need for help with short-term projects throughout the year. Temporary projects could improve a teen's likelihood of entering the

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labor market by providing them with on the job training, work readiness skills, a professional network, and most importantly a series of paid work experiences.

Youth-serving organizations could consider a teen staffing agency model to place young people with businesses that are in need of temporary help to work on a short-term basis. Ideally, these agencies would be located in a mall or other central location where there are several employers who are in need of short term help. Teens that perform well on the job will have the added possibility that an employer would hire them on a more permanent basis or vouch for them to another employer.

Conclusion

Teens learn critical work behaviors by working, and these behaviors are a critical aspect of the hiring criteria at every level of employment. Teen employment predicts future employment as young adults and the earnings and labor force participation of an individual as an adult. The skills and behaviors that teens acquire through early work experience are essential to jobs at all levels, throughout their careers.

Since 1999, Massachusetts and the nation have experienced a dramatic decline in teen employment rates. Teens, due to their lack of soft-skills, are effectively at the end of the hiring queue. High schools, youth-serving organizations, businesses, parents and government can help to train and coach teens in the skills and behaviors they need to successfully find and retain employment. The findings from the 200 employers that we surveyed and interviewed suggest some practical solutions to the challenge of declining teen employment. As our workforce ages and baby boomers near retirement or reduce their work hours, we cannot afford to continue to ignore the youngest generation of workers. They are critical to our economic future.

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