The State of Entry-Level Employment in the U.S.

A study examining the potential effectiveness of impact hiring on youth unemployment

March 2017

Supported by

[Logos of Rockefeller Foundation and Edelman Intelligence]
Executive Summary

Youth unemployment is a serious, but not unsolvable, problem in America. There are millions of opportunity youth in the United States, young people ages 18-24 who face barriers to economic participation. Impact hiring provides employers with new approaches to talent practices—specifically related to recruitment, hiring, and retention—that address their entry-level talent challenges and improve employment outcomes for those who face barriers to opportunity, including disadvantaged youth.

This study was conducted by the research firm Edelman Intelligence with support from The Rockefeller Foundation to uncover entry-level hiring challenges for employers and youth, reveal perceptions about entry-level jobs, and identify solutions to address these challenges.

Findings indicate that:

• Employers are concerned with finding and keeping the right entry-level talent to meet their business needs
• Nearly half of employers cite sourcing enough candidates as a top challenge when filling entry-level jobs
• Screening for college degrees in the hiring process denies youth the opportunity to learn skills on the job
• The top metric for evaluating the success of entry-level employees is how well the employee fits with company culture
• There is a disconnect between the benefits and supports employers think will matter to younger workers and those that truly matter to them
• By overlooking opportunity youth in hiring processes, employers are ignoring candidates who could serve as the solution to many of their hiring challenges for entry-level roles
## Methodology

The study was conducted among $n = 1,202$ respondents living in the U.S. The online survey was fielded Jan. 27- Feb. 5, 2017.

<table>
<thead>
<tr>
<th>Audience</th>
<th>Audience Definition</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-suite Members</td>
<td>C-suite professionals at large companies (2500+ employees), are 30-65 years old, C-suite or president</td>
<td>$N = 100$</td>
</tr>
<tr>
<td>HR Professionals</td>
<td>HR Professionals (In-house recruiters, HR directors/managers) who handle the hiring and screening processes of entry-level employees, work at a large company (2500+ employees), are 25-65 years old</td>
<td>$N = 101$</td>
</tr>
<tr>
<td>Recent College Graduates</td>
<td>People ages 20-26, have graduated from a 2- or 4-year college (either in-person or online). Have an entry-level job.</td>
<td>$N = 501$</td>
</tr>
<tr>
<td>Opportunity Youth</td>
<td>People ages 18-24, not currently enrolled in high school or college and have not graduated from a 2- or 4-year college (either in-person or online). Must have finished some high school. Are currently unemployed and actively seeking an entry-level job, or plan to start searching within the next three months.</td>
<td>$N = 500$</td>
</tr>
</tbody>
</table>
New labor market, old hiring practices
As the labor market tightens and demographic and technological shifts usher in major changes, companies are increasingly competing for talent to fill entry-level level jobs—which employers cite are important to business performance.

97% of employers cite that entry-level positions are important to the success of their organization

43% of employers cite sourcing enough candidates as a top challenge around hiring and retaining entry-level jobs

Q19: How important are these entry-level jobs to the success of your organization?
Q23: Thinking about the challenges around hiring and retention for entry-level positions, which of the following do you see as the top 3 challenges?
Yet, employers are still relying on outdated hiring practices to identify talent. A college degree is a primary screening criteria for many entry-level jobs.

Showing percent of employers whose company uses a college degree as a screener

Q12: Does your company use a college degree as a screening criteria when filling entry-level positions?

In the survey, "entry-level" was defined as junior level roles (or introductory jobs) designed for workers with little to no previous work experience -- where employees gain experience and initial job market skills.
Data suggest that these methods do not effectively achieve their goal—companies continue to face many hiring and retention challenges, with too small a talent pool and employees feeling overqualified for their positions. In doing so, employers are overlooking opportunity youth in their hiring processes, consequently ignoring a key talent pool for entry-level jobs.

Companies’ hiring challenges, showing percent selected

- Retaining strong talent
- Assessing employees who are a good fit
- Training and growing talent from entry-level
- Applicant flow
- Quality assurance
- Hiring costs
- Operations costs
- Other
- None of the above

Of recent college graduates agree that they are too skilled for their current job

Q17: Which of the following do you see as a challenge when looking to hiring employees within your current organization?

Q35: Below is a list of statements describing different impressions of the current job market. Please indicate how strongly you agree or disagree with the following statements.
Screening for a college degree denies youth the opportunity to build skills on the job.
Most employers still value a college degree and believe that it is the most effective way to employ someone with the right skills required for the position.

A College Degree is an Effective Way to...
(Showing % who “strongly” and “somewhat” agreed)

- To employ someone with the right skills required for the position: 81%, 79%, 83%
- To narrow down the application pool, so the hiring process can go faster: 75%, 73%, 77%
- To pick the most qualified candidate: 74%, 72%, 75%
- Assess the applicant’s work ethic: 63%, 58%, 67%
- Assess the applicant’s personal skills: 62%, 63%, 62%
- Assess the applicant’s mental capability: 60%, 56%, 64%

Q63A: Please indicate how strongly you agree or disagree that a college degree is an effective way to achieve the following:
In fact, C-suite prefer to hire candidates without previous experience over those without a college degree.

Showing percent of C-suite who favor hiring the following candidates for entry-level positions

- Without a college degree: 60%
- Without relevant previous experience: 63%
However, nearly half of recent college graduates aren’t using the skills they learned in college, but rather learning skills on the job.

49% of recent college graduates agree they didn’t need to go to college to have the skills needed for their job

86% of recent college graduates are learning skills outside of their college degree
Opportunity youth aren’t given the same opportunities for skill-building because they lack college degrees. Therefore, screening for college degrees in the hiring process, denies opportunity youth the ability to get a foot in the door, build skills on the job, and create more meaningful opportunities for life-long career success.

75% of opportunity youth agree

Not having a college degree limits their job options
The importance of a cultural fit
The top metric for evaluating the success of entry-level employees is how well the employee fits with company culture, which can be a subjective and unscientific way of screening candidates. For this reason, most employers use college degrees as a requirement in the screening process—a blunt proxy for general skills because employers lack alternate tools or methods to predict candidates’ career success.

Companies’ ways of determining success, showing percent selected

<table>
<thead>
<tr>
<th>Metric</th>
<th>Total Employers</th>
<th>C-Suite</th>
<th>HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>How well the employee fits with company culture</td>
<td>61</td>
<td>54</td>
<td>52</td>
</tr>
<tr>
<td>Contributions the employee has made to the organization</td>
<td>54</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td>Interpersonal skills</td>
<td>53</td>
<td>52</td>
<td>48</td>
</tr>
<tr>
<td>Employee's leadership abilities</td>
<td>46</td>
<td>43</td>
<td>41</td>
</tr>
<tr>
<td>Length of time the employee stays at the company</td>
<td>43</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Skills matching the credentials listed on a resume</td>
<td>39</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Promotions that the employee has earned</td>
<td>36</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Skills matching the college/vocational degree obtained</td>
<td>26</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Increases in salary that the employee has earned</td>
<td>14</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>None of the above</td>
<td>2</td>
<td>2</td>
<td>2</td>
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</tbody>
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Q22: Within your organization, in what ways do you determine success of entry-level employees?
New forms of talent assessments, such as behavioral algorithms, could provide a more efficient and objective way for employers to find candidates who are a good fit from a broader applicant pool during the interview process. Employers who do hire opportunity youth, hire them because they are motivated, and have an applicable skill set and strong work ethic.

Companies’ reasons for hiring opportunity youth, showing percent selected among those who hire opportunity youth

Q46: What best describes the specific reasons why you are currently hiring opportunity youth within your organization?
Appropriate employer supports
Most employers deliver on perks such as health care and retirement plans.

Current benefits to help entry-level employees stay in their job, showing percent selected

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Total Employers</th>
<th>C-Suite</th>
<th>HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care plan for full-time employees</td>
<td>86%</td>
<td>86%</td>
<td>86%</td>
</tr>
<tr>
<td>401K, other retirement plans, or some form of financial literacy/management training or resources for employees</td>
<td>78%</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>Paid-time off (e.g sick/personal)</td>
<td>77%</td>
<td>77%</td>
<td>77%</td>
</tr>
<tr>
<td>Employer-provided education/ training programs to enhance job skills</td>
<td>77%</td>
<td>77%</td>
<td>77%</td>
</tr>
<tr>
<td>Supervisor support to ensure job success</td>
<td>61%</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Offering reimbursement for classes/programs taken outside of the office</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>Mentorship program within the organization</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Flextime (e.g may choose starting and ending times within some range of hours periodically)</td>
<td>42%</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Health care plan for part-time employees</td>
<td>38%</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>Direct support or connection to resources (help find/sustain affordable childcare, transportation and/or housing options)</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>The option to work full- or part-time in the same position</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Q26: What does your organization currently do to help entry-level employees stay in their job?
However, to attract and retain opportunity youth, employers should consider offering benefits that meet their unique needs; more than half require adequate child care.

Benefits important to staying in a job, showing percent who “strongly” and “somewhat” agree

- Livable hourly wage / salary (e.g., pay bills, buy groceries)
- A respectful / fair manager
- Work / life balance
- Skills training specific to the job
- Consistent schedule
- Personality fit with the company
- Flexible schedule
- Sick policy
- Mentorship
- Peer reviews
- Adequate child care

Q34: Below is a list of possible attributes of a job. Please indicate how important each of the following attributes are to staying in a job.
Opportunity youth face other job market barriers, from industry experience to transportation. This may mean that employers aren’t reaching opportunity youth with their open job opportunities and that they aren’t marketing (and developing) their company culture in a way that is attractive to and inclusive of opportunity youth.

Challenges faced when finding a job, showing percent who “strongly” and “somewhat” agree

- Lack of relevant industry experience for the position
- Slow job market with very small amount of jobs listed
- Difficulty finding jobs and/or companies I am interested in
- Hourly wage / salary doesn’t meet needs (e.g., pay bills, buy groceries)
- Lack of skill-specific training
- Lack of full-time or part-time offerings
- Difficulty finding a job with a company that matches my personality
- Job is not easily accessible / lack of transportation
- Job does not have flexible hours
- Lack of computer skills for the position

Q33: Below is a list of potential challenges that one can face when trying to find a job. Please indicate to what extent you agree that each of the following has been a challenge for you, personally.