

Exploring Middle-Skill Training Programs for Employment in the Retail Industry

Richard Kazis
Frieda Molina



APRIL 2016

FUNDERS

This survey of training programs for middle-skill employment in the retail industry was funded through a grant from the Walmart Foundation.

Dissemination of MDRC publications is supported by the following funders that help finance MDRC's public policy outreach and expanding efforts to communicate the results and implications of our work to policymakers, practitioners, and others: The Annie E. Casey Foundation, Charles and Lynn Schusterman Family Foundation, The Edna McConnell Clark Foundation, Ford Foundation, The George Gund Foundation, Daniel and Corinne Goldman, The Harry and Jeanette Weinberg Foundation, Inc., The JBP Foundation, The Joyce Foundation, The Kresge Foundation, Laura and John Arnold Foundation, Sandler Foundation, and The Starr Foundation.

In addition, earnings from the MDRC Endowment help sustain our dissemination efforts. Contributors to the MDRC Endowment include Alcoa Foundation, The Ambrose Monell Foundation, Anheuser-Busch Foundation, Bristol-Myers Squibb Foundation, Charles Stewart Mott Foundation, Ford Foundation, The George Gund Foundation, The Grable Foundation, The Lizabeth and Frank Newman Charitable Foundation, The New York Times Company Foundation, Jan Nicholson, Paul H. O'Neill Charitable Foundation, John S. Reed, Sandler Foundation, and The Stupski Family Fund, as well as other individual contributors.

The findings and conclusions in this report do not necessarily represent the official positions or policies of the funders.

For information about MDRC and copies of our publications, see our website: www.mdrc.org.

Copyright © 2016 by MDRC®. All rights reserved.

OVERVIEW

The retail industry is a huge and growing sector of the U.S. economy, accounting for about 10 percent of the nation's jobs in 2013 and projected to increase by 7 percent between 2012 and 2022. The sheer size of the industry and the number of employment opportunities it affords low-skilled workers led MDRC to explore the potential of the retail sector as a ladder to middle-skill and middle-income jobs. MDRC wanted to understand more about the national experience among nonprofit workforce training providers preparing low-skilled youth and adults for middle-skill jobs in retail, and to assess the potential for expanding these efforts.

In 2015, with support from the Walmart Foundation, MDRC conducted a national survey to begin to answer these questions, focusing on programs delivered by community-based nonprofit organizations. The resulting report is based on interviews with more than 70 policymakers, industry representatives, workforce development funders and practitioners, and others.

KEY FINDINGS

- This broad survey of current practice yielded an unexpected finding: few nonprofit workforce training programs that prepare low-skilled workers for careers in the retail industry focus on middle-skill jobs; most instead focus on low-wage, entry-level positions. Community-based training programs targeting middle-skill jobs operate on a relatively small scale.
- The opportunity exists, however, to create more workforce training programs that prepare low-income individuals for middle-skill job opportunities in the retail industry, if retail employers, particularly large national firms, and nonprofit providers work together to overcome current obstacles and disincentives to developing these training programs.
- Factors that constrain nonprofit workforce training providers from developing programs that target middle-skill jobs in retail are varied. The relatively limited opportunity for career advancement in entry-level retail positions dissuade many providers from spending scarce and valuable staff time trying to identify and target higher-wage niches in the industry. Human resource practices in the retail industry present additional challenges. Firms tend not to share information on recruitment and hiring for fear of losing a competitive edge; lean staffing of retail stores makes it hard for providers to find partners with the time to collaborate on the design of well-targeted programs; and retail firms that promote employees internally often train in-house rather than partnering with external providers.

Staff from nonprofit providers and retail hiring managers identified several strategies for improving the current dynamics between them. Providers would welcome better and more information about job opportunities, high-growth occupations, and robust career paths in retail. Strengthening regular communication between retail employers and training providers might reduce misinformation and negative stereotyping among staff at both. Experimenting with new and creative partnerships and approaches to expanding training options for high-demand, middle-skill retail jobs, and careful research on those efforts, could encourage providers to commit more resources to preparing clients for careers in the retail industry.

CONTENTS

OVERVIEW	iii
ACKNOWLEDGMENTS	vii
SECTIONS	
Introduction	1
Findings: Nonprofit Workforce Training Programs for Middle-Skill Employment in Retail	3
Why Are There So Few Training Programs for Middle-Skill Employment in the Retail Industry?	5
<i>Figure 1: Advancement Opportunities for Retail Workers</i>	7
Increasing the Demand for Middle-Skill Training	10
A Note on Methodology	12
REFERENCES	15

ACKNOWLEDGMENTS

MDRC would like to thank a number of individuals and organizations whose assistance and willingness to share their extensive knowledge was essential to the production of this report.

First, we thank the community-based workforce training organization leaders who took time from their busy schedules to participate in a group discussion at MDRC's New York office: Rodney Bruton, Director of Workforce Development, New Community Corporation; Julie Shapiro, Executive Director, and Andrea Vaghy Benyola, Managing Director for Career and Education Services, The Door; and Anthony Watson, former Director of Workforce Development, the Abyssinian Development Corporation.

In addition, our understanding of the retail industry and its employment and training pipelines was greatly enhanced by conversations in Boston with Jerry Rubin, President and Chief Executive Officer, JVS of Greater Boston, and Rick Laferriere, Lead Manager for Workforce Initiatives, CVS Health.

We benefited from New York City Employment and Training Coalition's work on retail training and employment. We especially appreciate the helpful insights of Executive Director Mary Ellen Clark, and the rich discussions at the group's Retail Roundtable on Advancing Career Opportunities in a Growing Sector, held in New York City on August 13, 2015.

We greatly appreciate the support and partnership of the Walmart Foundation and our Program Officer, Suze François.

At MDRC, the authors would like to thank staff who provided invaluable assistance in the research and writing of this report. Emma Saltzberg provided logistical assistance in setting up focus groups and conducting research on nonprofit workforce training providers. We also wish to thank Donna Wharton-Fields, Patrick Landers, Beatriz Gil, John Padilla, and Mike Bangser for their assistance in identifying and interviewing providers about their programs and their participation in contributing to our early report and analysis of the retail sector.

The Authors

INTRODUCTION

The retail industry is a huge and growing sector of the U.S. economy. In 2013, 15.2 million people in the United States worked in retail, accounting for about 10 percent of the nation's jobs. Moreover, the sector is projected to grow by 7 percent between 2012 and 2022.¹ The retail sector is also distinguished by its low barriers to entry-level employment, which create many employment opportunities for low-skilled individuals. At the same time, these entry-level jobs are generally low wage with few fringe benefits. For example, the average retail sales wage is \$10.10 an hour; one out of four employees makes less than \$8.75 an hour. Part-time work in the industry is plentiful; about a third of retail employees work fewer than 20 hours a week, but access to health and other benefits is more the exception than the rule. The Great Recession critically strained retail employers. In response, many increased the number of part-time positions and expanded variable work schedules. Only 17 percent of retail workers surveyed in New York City in 2012 reported having a set schedule.²

Given the enormous size of the retail industry and the number of low-skilled workers it employs, it is important to consider the opportunities it offers these employees and similar job seekers to advance to middle-skill jobs.³ To what extent does the retail sector serve as a stepping stone to career advancement in that or another industry? And to what extent do community-based workforce training programs target the retail sector in order to promote economic mobility?

Some analysts observe increasing opportunities for retail workers to advance to middle-skill and middle-income jobs. According to a 2007 report on retail career ladders in Chicago, “[a]lthough the largest portion of jobs in these industries is at the entry level where wages and benefits are relatively low, the constant churning at higher levels creates substantial job openings and opportunities for upward mobility.”⁴ A more recent report from the Stanford Graduate School of Business found that managers at large and mid-sized national “modern retail” firms — firms that are growing and that cater to an upscale regional market — often hire frontline supervisors from among entry-level employees.⁵ The report also found that, in regions where the economy is expanding, these companies are experiencing strong growth, opening up many opportunities for employees to advance to positions with more responsibility, requiring high-level skills, and paying higher wages. Industry analysts moreover argue that the skills young workers learn in entry-level retail jobs — customer service, teamwork, multitasking in a stressful environment, and so on — are transferable and help them gain access to and succeed in other industries.

Other industry analysts have identified a number of constraints on opportunities for career advancement within the retail sector. For example, the ratio of managers to frontline retail employers is lower than in most industries; in other words, there are relatively few management and other mid-level

1. Henderson (2015).

2. Luce and Fujita (2012).

3. “Middle-skill” jobs are defined here as jobs requiring at least a high school diploma or equivalent but less than a baccalaureate degree.

4. Schrock and Kossy (2007).

5. Cardiff, Lafontaine, and Shaw (2012); Cardiff, Lafontaine, and Shaw (2014).

positions available. Furthermore, retail employers typically recruit college-educated job seekers for management positions rather than promote internal candidates without college credentials. Entry-level retail workers tend to move laterally rather than vertically in the industry.

Recently, the Walmart Foundation asked MDRC to explore current practice in training programs designed to prepare disadvantaged youth and adults for middle-skill jobs in the retail industry. The Foundation asked MDRC to conduct a national survey to answer the following questions:

- What is the level of activity nationally among nonprofit workforce training organizations in designing and delivering programs that prepare the target populations for middle-skill jobs in retail?
- Which existing training program models show promise for delivering quality training for and opening up access to middle-skill jobs in retail at scale?
- What obstacles inhibit the expansion of these programs and what opportunities exist for increasing the supply of quality community-based training programs for jobs in retail?

MDRC's investigation included interviews with more than 70 policymakers, industry representatives, workforce development funders and practitioners, and others, combined with extensive online research. The research focused on workforce training programs delivered by nonprofit organizations. MDRC researchers excluded programs run by private sector employers, unions, community organizing groups, and postsecondary institutions. The survey identified and examined programs that support both educational and career advancement for low-income, low-skilled individuals; offer middle-skill job training for retail occupations; serve more than 100 people per year; and can produce outcome data.

This broad survey of current practice yielded an unexpected finding. It found that very few nonprofit workforce training programs preparing job seekers for the retail industry target middle-skill employment, and those that do operate at a relatively small scale.

This finding led MDRC researchers to a follow-up inquiry: How can this general lack of training programs for middle-skill jobs in retail be explained? What are the primary obstacles to expanding workforce development or career pathways efforts in the retail industry? Can these obstacles be overcome?

This brief report distills findings from both the initial survey of current practice and the follow-up inquiry into the reasons why workforce training providers offered so few training programs for middle-skill jobs in retail. It then summarizes these research findings and makes several recommendations on how training providers and employers can expand training programs for middle-skill jobs in the retail industry.

The report concludes that there is potential to expand efforts to prepare low-income individuals for middle-skill jobs in the retail industry. A range of obstacles have led nonprofit workforce training programs to target industries other than retail. The dissemination of better and more information about the industry and its promising employment opportunities can address some of these obstacles.

New partnerships between retailers and workforce training providers that take account of the constraints and challenges facing each partner can address others. Some of these obstacles are the result of economic and social trends beyond the control of individual employers and training providers. To expand quality training programs for middle-income jobs in retail, new program approaches and strategies to promote participation will need to engage three actors: retail employers, particularly larger national firms; nonprofit workforce training providers pursuing industry-focused strategies; and individual job seekers.

FINDINGS: NONPROFIT WORKFORCE TRAINING PROGRAMS FOR MIDDLE-SKILL EMPLOYMENT IN RETAIL

MDRC researchers identified several overarching trends in community-based training programs for middle-skill jobs in retail:

- **Nonprofit workforce training providers have limited experience implementing programs focused on middle-skill employment in retail.**

Despite the significance of retail employment to the U.S. economy, MDRC's national survey identified only a small number of programs run by nonprofit organizations that target middle-skill employment opportunities in the industry. The overwhelming majority of the training programs targeted entry-level jobs in retail, primarily cashiers and sales associates. Only three or four of the programs MDRC identified could be considered programs preparing low-income individuals for middle-skill positions in retail. Moreover, these programs were typically small, some serving only a handful of individuals. The reasons for these patterns are described later.

- **Community-based nonprofit organizations have significant experience providing training for entry-level jobs in retail and customer service. However, they are hesitant to use scarce resources to explore expanding training for middle-skill jobs in the industry.**

Workforce1, a nonprofit workforce training provider in New York City, placed about 2,500 clients in jobs last year.⁶ Between 70 and 75 percent of those jobs were in retail, all of which were entry level.⁷ Grant Associates, a national workforce development organization headquartered in New York City, placed around 12,000 individuals in employment last year; about one in five of those placements was in the retail industry.⁸ Employers who work with nonprofit organizations such as these appreciate their ability to prescreen candidates for the qualities and competencies that they value most in new hires, particularly those related to attitude, energy level, and customer service.

Despite their significant experience with training and preparing job seekers for positions in retail, the community-based nonprofit organizations that MDRC surveyed were cautious about develop-

6. Conway and Giloth (2014).

7. Conway and Giloth (2014).

8. New York City Employment and Training Coalition (2015).

ing training programs that would prepare individuals for middle-skill jobs in the industry. As one organization’s chief executive officer put it, “[w]e have tended to look at retail as a starter job, as a good opportunity for recent immigrants who need a first job. We have done little to explore programs targeting career ladders in retail.” Concerned that the time and investment needed to identify middle-skill job opportunities and develop targeted training modules for them is too costly and that many industry trends run counter to such efforts, most nonprofit providers have looked to other industries for career ladder opportunities. These providers’ general perception — based on experience and media coverage — is that the retail sector offers low- and middle-skilled workers far too few opportunities for career advancement.

- **The number of nonprofit workforce training providers preparing job seekers for middle-skill positions continues to rise, but few of these organizations are extending sector strategies to retail.**

Over the past two decades, new models of workforce development and job training have emerged around the country. The most popular and promising among them has been the “sector strategy.” A sector strategy builds upon existing partnerships that an employer in a specific industry has with government, education institutions, workforce training organizations, and economic development agencies to ensure that training and postsecondary education programs align with the employer’s need for middle-skilled workers.⁹ Rigorous evaluations of sector strategies found that low-wage participants’ earnings increased after two years.¹⁰ Other evaluation studies now underway will soon shed more light on this model.¹¹ There are an estimated 1,000 sector partnerships operating around the country and, according to the National Governors Association, more than half of states are exploring or implementing sector strategies.¹² These numbers should only increase, given the priority that the recently reauthorized Workforce Innovation and Opportunity Act places on sector and career pathways approaches.

However, organizations pursuing sector strategies rarely target the retail industry. Most commonly, they target advanced manufacturing, health care, information technology, and construction. Economist Harry Holzer has dubbed these sectors the “newer middle jobs,” which require some higher education, training, or experience and generally involve more skilled technical, administrative, or communications tasks.¹³ Holzer includes retail and service management positions in this growing segment of the job market, although national pioneers of sector strategies have generally not targeted retail.

MDRC’s survey of quality middle-skill training programs and organizations identified about two dozen organizations that have demonstrated success in designing and delivering sector strategies.

9. Conway and Giloth (2014).

10. Maguire et al. (2010); King (2014).

11. In the next two years, rigorous studies of many sector and career pathways programs will be completed and published, including MDRC’s study on the WorkAdvance model and Abt Associates’ studies on Health Profession Opportunity Grants.

12. National Governors Association, Corporation for a Skilled Workforce, and National Skills Coalition (2013).

13. Holzer (2015).

They share common design elements: effective leadership; close connections to industry; deep knowledge of the labor market; staff who understand career advancement routes in the industry; employer input in the curriculum; industry-recognized credentials as an outcome; and career advice, job placement, and post-placement support. Almost none of these well-established organizations offer programs that target the retail industry — even though many have shifted the focus of their sector strategies more than once in response to changing economic conditions and labor markets.

- **Many factors influence a nonprofit workforce training organization’s decision not to target middle-skill jobs in retail. These factors include: the retail industry’s structure, its hiring and advancement practices, the organization’s perceptions of and experience with the retail industry, and the constraints that low-income job seekers face. Increasing the demand for and supply of training programs that target middle-skill jobs in retail requires a better understanding of and effective strategies to overcome these interrelated factors.**

The lack of robust and large-scale training programs for middle-skill jobs in retail has many intertwined explanations. The MDRC research team identified issues related to the structure of the retail industry and its career advancement pathways; retail firms’ hiring, training, and job advancement practices; firms’ behavior toward competitors and external workforce development providers; workforce training providers’ perceptions of and experience with the retail industry; and challenges facing low-skill job seekers and retail workers that make it difficult for providers to commit to long-term training programs.

The following section describes these factors in more detail and is based on conversations with personnel at quality training providers and innovative retailers in Boston and New York City committed to improving their hiring, retention, and career advancement practices. The section identifies specific obstacles to developing more robust training programs for middle-skill jobs in retail. It also highlights opportunities to overcome these obstacles through better information, increased collaboration, and targeted incentives to expand promising models.

WHY ARE THERE SO FEW TRAINING PROGRAMS FOR MIDDLE-SKILL EMPLOYMENT IN THE RETAIL INDUSTRY?

Industry structure. The most common explanation for the absence of middle-skill opportunities in the retail industry is that while the retail sector accounts for 1 out of 10 American jobs, the job pyramid narrows significantly above the entry level and therefore does not serve as a vehicle for career advancement for low-skilled workers. Without widespread, well-developed pathways for retail workers to attain better paying, more stable career employment, providers of sector strategies or career ladder training programs targeting the retail industry find it challenging to operate their programs at sufficient scale.

Burning Glass Technologies, one of the country’s premier analysts of labor market data, has reviewed advertised job openings in the retail industry. Its findings corroborate common perceptions of the shape of the retail job pyramid. For example, 88 percent of all advertised retail job postings are for in-store or distribution roles: 54 percent of these are for frontline positions; 15 percent for frontline

managerial roles; and 19 percent for warehouse, logistics, and distribution jobs. In contrast, only 12 percent of advertised openings are for corporate-level roles or positions at headquarters. When all positions (rather than advertised openings) are considered, 98 percent are in-store or distribution roles.¹⁴

At the same time, Burning Glass Technologies also found that entry-level retail jobs are not necessarily career dead ends. A retail associate starting at the average wage of \$10.15 can aspire to become a retail supervisor, with an average wage of \$19.93 per hour. With the right kind of skills training, the individual can move on to careers in sales, management, administration, logistics, security, and loss prevention.¹⁵ Figure 1 presents the positions to which entry-level retail workers commonly advance alongside their average hourly wages, as well as skills-based positions that they might pursue.

Most entry-level retail workers, however, will not pursue or succeed in advancing along this pathway to middle-skill employment for reasons discussed below. Nonetheless, given the sheer size and variety of positions within the retail industry, there are certainly niches within retail that creative workforce development programs can advantageously target. Frontline managers, visual merchandisers, and “key holders,” who open and close stores, are second-tier jobs accessible to entry-level associates. Turnover among lower-level managers, while much lower than the 100 percent turnover typical among part-time employees, creates openings for highly productive entry-level workers to advance. Industry structure alone does not explain the small number of training programs for middle-skill jobs in retail.

Employer practices. Historically, the retail industry has invested less in formal training for its employees than most other industries. The 1995 Survey of Employer-Provided Training concluded that hours of corporate-level training in retail were about a third of the national average.¹⁶ Skill demands at the entry level are modest and, as a human resources manager at one retail firm reported, “[t]he industry’s point of view is that there is always somebody else ready to step up and apply for an entry-level job.” In terms of career advancement, several common recruitment and training practices in the industry limit the opportunities for workforce training organizations to partner with companies to prepare low-skilled individuals for middle-skill jobs in retail.

There are two distinct labor markets from which the retail industry sources its employees, one for hourly employees and the other for management. Hourly employees are hired off the street with little or no experience, or are sourced from local staffing and training organizations. Store managers and headquarters employees are typically recruited from four-year college graduates, many of whom may have worked as hourly employees for the company while in school or were recruited into summer management programs upon graduation. This hiring practice is becoming more commonplace. A 2007 report on retail pathways found that “progression from the hourly to the managerial track has become increasingly difficult, especially for individuals without postsecondary credentials.”¹⁷

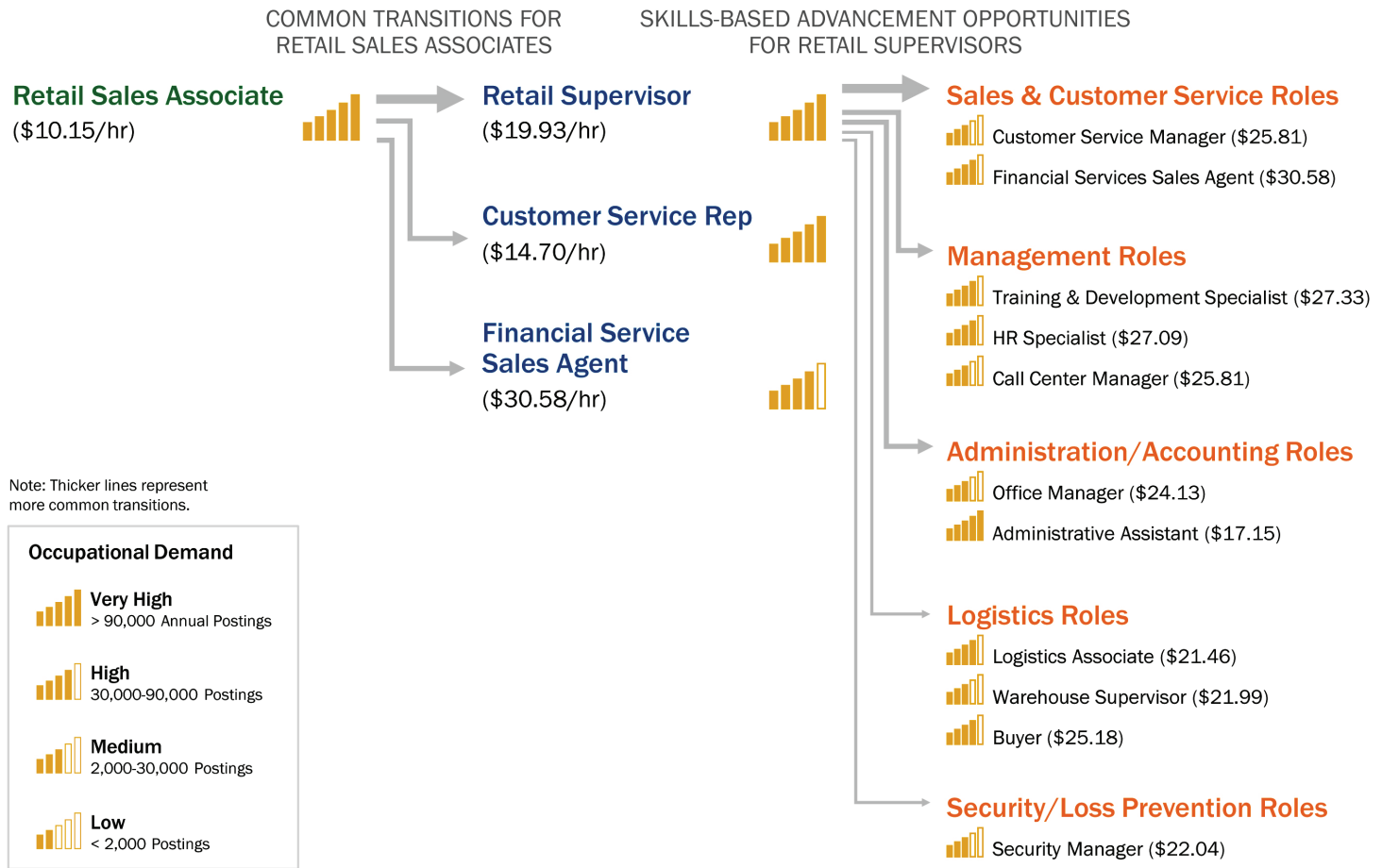
14. Lynch (2015).

15. Accenture, Harvard Business School, and Burning Glass Technologies (2014).

16. U.S. Bureau of Labor Statistics (1996).

17. Schrock and Kossy (2007).

FIGURE 1 Advancement Opportunities for Retail Workers



Source: Accenture, Harvard Business School, and Burning Glass Technologies (2014).

Some hourly workers are promoted to management. At a retail employers' roundtable held in New York City on August 13, 2015, and sponsored by the New York City Employment and Training Coalition, one regional retail chain with headquarter operations in New York City reported that the majority of employees in its corporate support center had climbed the career ladder from sales associate positions in their stores. A national chain also headquartered in New York City noted that it has implemented a three-month internship in the corporate office as a way to test the readiness of promising store personnel.

By and large, though, advancement is an in-house and informal process. Managers frequently hand pick individuals who perform well in entry-level jobs for more responsibility and skill development. One retail human resources staffer described a general industry belief that “the cream will rise,” and that formal training programs are less important than case-by-case assessments of individuals with potential. Given this approach, there is little demand among retail employers for training that could help entry-level employees or unemployed job seekers move up the ladder to middle-skill positions. Retail firms that do provide more training than the industry norm, such as QuikTrip or the Container Store, tend to provide that training internally, without looking to external workforce training organizations.

The experience of one New York City-based training organization underscores this challenge. The organization wanted to build upon its strong, long-standing partnership with a national apparel retailer. The organization and the company designed a career advancement program for young adult employees with six to nine months of work experience who want to pursue a career pathway in the retail industry. The eight-week program, targeting leadership and supervisory skills, has had difficulty filling slots. “To get a coordinated group of 15 retail workers together on a regular basis is almost impossible,” explained a program manager. Perhaps more telling, though, is that the company is not sure that the program provides better value or results than the traditional model of identifying and promoting the best entry-level employees.

Retail firms tend to keep information confidential that they think might neutralize even a small competitive edge. (The old expression “Would Macy’s tell Gimbels?” holds true today.) Retailers tend not to collaborate with each other, even if collaboration could result in better sourcing for hard-to-fill jobs (such as butchers or fishmongers in the grocery retail sector). According to several workforce training providers, employers are reticent to provide them with data about job ladders, the steepness of the internal pyramid, the most common routes to career advancement, or how long it takes to move out of entry-level to other rungs in the career ladder. One provider reported that despite a very good partnership with a retail employer, the employer has resisted providing internal data on the progress and advancement of individuals that the provider sourced. Data on career paths, such as those Burning Glass Technologies collects and analyzes, are difficult for workforce training providers to obtain from even their best partners.

Competitive pressures can also tamp down the potential for more training for middle-skill jobs in retail. Massachusetts Institute of Technology researcher Zeynep Ton points to the incentives for

retail employers to underinvest in store staffing.¹⁸ The need to keep labor costs low also encourages underinvestment in corporate staff, who are essential to building and sustaining external partnerships. A corporate representative for CVS explained that CVS is atypical in that it dedicates staff in each regional office to build and manage partnerships with community-based workforce development providers, colleges, and other organizations. Most firms do not support that kind of infrastructure. “What if you want to develop a relationship with your local big box and create a partnership of mutual interest?” the CVS representative asked. “Who is there to talk to when you contact the store? It certainly won’t be the store manager.”

Nonprofit workforce training provider perceptions and capacities. MDRC researchers identified important barriers to developing training programs for middle-skill jobs in retail related to providers’ perceptions of retail career pathways and limited resources and staffing capacity to establish new relationships with firms and to design new programs for small numbers of clients.

The community-based nonprofit organizations that MDRC researchers interviewed acknowledge that they tend to look to other industries for middle-skill opportunities and that they tend to focus on entry-level jobs if they engage retail employers. They reported that, to some extent, job quality issues — including unpredictable schedules, limited benefits, and low wages — led them to conclude that too many retail jobs are dead ends. As a result, they tend not to make the most of opportunities for advancement that do exist within particular retail firms or retail job categories.

It is also true, however, that nonprofit workforce training providers make rational choices about how to allocate their scarce staff time and resources. Every provider the research team interviewed stressed the importance of strong personal relationships with employers to the success of their programs. Yet, building and maintaining those relationships and the partnerships that result are extremely time consuming and expensive. And the lean staffing at nonprofit providers and many retailers makes establishing and maintaining those relationships and partnerships difficult.

As nonprofit organizations assess their options, they weigh the costs and benefits of one investment against another. They may decide that seeking out a handful of middle-skill jobs in retail appropriate for their clients may yield too few placements to be sustainable, even if the clients who advance through these pathways make significant income and employment gains. The structure of the retail industry and an employer’s recruitment and career advancement practices and level of commitment to a middle-skill jobs training program factor into this calculation. A workforce training provider in Boston operates a very successful training program for middle-skill jobs in retail. In an interview with MDRC researchers, one of its staff members explained, “[w]e are unlikely to get further involved in retail, except for first jobs, unless we understand clearly the specific career path and its economic driver for the firm, and unless the retailer commits to being a true partner, investing financially and allocating staff time to making the program and the partnership work.”

Constraints facing low-income job seekers. Three significant barriers face individual low-income and low-skill job seekers as they consider whether to pursue retail employment as a career: (1) percep-

18. Ton (2014).

tions of — and experience with — retail jobs as poor quality ones, (2) limited understanding of career options within the retail industry, and (3) financial and time constraints that prevent them from enrolling in long-term credential programs. Workforce training providers and their corporate partners can help lower some of these barriers through coordinated and creative efforts.

Many workers find that entry-level jobs in retail pay poorly and are stressful and insecure. A full-time entry-level position pays about \$20,000 a year, but over a third of retail employees do not work full time. New data on the impact of the Great Recession on retail wages indicates a decline in real wages of 4 to 5 percent for entry-level retail workers.¹⁹ While many retail employees are content with one part-time job or more, a significant number are not. In 2012, 30 percent of part-time retail workers reported they wanted a full-time job, up from 10 percent only six years earlier.²⁰ The difficulty of making ends meet at the low end of the retail industry discourages many workers from thinking about retail as a long-term career, rather than a short-term job.

The lack of easily available information about the career advancement opportunities in the retail industry reinforces job seekers' and employees' negative perceptions. Inexperienced entry-level workers may not know to ask about advancement paths and expectations. Their frontline supervisors may not want to offer advice on possible next steps. As one retail executive put it, “retail store managers' heads are on fire” and they are just trying to get through each day. H&M in New York City has created a career-planning “future board” in breakrooms to help employees develop individual career plans and imagine their next career moves in retail or other sectors. However, this practice is the exception not the rule.

Finally, low-income workers and job seekers are often poorly positioned to enroll in long-term training or postsecondary credential programs that could lead to middle-skill jobs. Workforce training providers told MDRC that many of their clients consider the opportunity costs of enrolling in training to be too high. Many retail employees who are not college-ready cannot imagine giving up income and enrolling in school for a long period time, even if earning a credential could help them find a better job. They simply cannot afford either the time or the cost.

INCREASING THE DEMAND FOR MIDDLE-SKILL TRAINING

While the obstacles to expanding training programs for middle-skill jobs in retail are significant, the potential of such programs has not been fully tapped or tested. The retail industry is vast and its segments varied. Strategies to identify and exploit the opportunities for career advancement within the industry should be encouraged, despite the limited experience to date with training programs for middle-skill jobs in retail. Employers, workforce training providers, and job seekers will need to change their perceptions of career opportunities in retail. Employers and providers must also be more willing to act collaboratively to change business as usual. New resources — in terms of time, dedicated staff, and industry expertise — will be needed to build and sustain more effective and am-

19. Schwartz (2015).

20. Greenhouse (2012).

bitious partnerships that help low-skill entry-level employees advance in their careers. Implementing the following strategies would provide important feedback on whether and how workforce training providers and retail employers should collaborate to design and deliver training initiatives in retail.

1. Increase information about retail industry opportunities, particularly about segments that are growing, career paths that are robust, and advancement approaches that show results.

Negative perceptions of the retail industry, the quality of its jobs, and the opportunities for making a career in the sector contribute to the limited enthusiasm for and investment in middle-skill training programs. Strategic communications campaigns designed to dispel misperceptions and to provide new information about advancement ladders and programs that help low-wage job seekers advance in their careers can influence the attitudes and decisions of training providers and their clients. The retail industry is massive and complex: there is mounting evidence that, in certain communities and regions, specific segments of retail — including first-level managers and more specialized job categories such as visual merchandisers or security managers — provide opportunities for partnerships that can increase low-wage workers' access to middle-skill positions. Middle-skill employment niches can grow suddenly and quickly, creating new demand from employers and opportunities for external partners to engage with employers. Better and more up-to-date information on industry trends and opportunities can stimulate new partnerships and programs. Making maps of retail career pathways, such as those pioneered by Burning Glass Technologies, more readily available and more customized for particular locations or industry segments would be helpful. Doing so may require employers to be more willing to share information with outside partners and with the public.

2. Increase communication among retail employers and training providers.

Both retail firms and workforce training providers express a desire to overcome the negative stereotyping on both sides that diminishes the interest in and willingness to create partnerships. Both also expressed the critical importance of accurate information by which to plan and partner. Increasing the level of communication and transparency between retail firms and providers can improve the design of training programs and help reduce the upfront time commitment that providers find difficult to make. Both providers and retail firms emphasized that staff time dedicated to building and sustaining partnerships is critical to the success of new and innovative programs. Recognizing this staffing need — and determining how to pay for it and justify the expense to corporate and organizational leaders — is critical. Without it, capacity constraints will continue to limit the development of new programs and partnerships.

3. Identify opportunities for alliances with providers of training for middle-skill jobs.

As postsecondary credentials become a minimal expectation for managers and corporate staff in large retail firms, training providers looking to expand career pathways for low-skilled workers need to develop innovative partnerships that can help clients earn credentials more quickly and efficiently. This approach has already been adopted in other industries, such as advanced manufacturing, information technology, and health care, where career pathways programs are more common. In these industries, workforce training organizations are developing partnerships with community colleges to make education more accessible to working adults, create shorter-duration credential

programs, and develop career pathways based on stackable credentials. In some industries, “bridge programs” that incorporate the mastery of basic skills into introductory technical or occupational classes are showing promise. The National Retail Federation’s NRF Foundation is promoting such efforts, offering certification programs in beginning and advanced customer service and retail management.²¹ While it is not yet clear whether retail employers will embrace credentials as an aid in sourcing middle-skill talent, closer working relationships between workforce training organizations and postsecondary occupational credential providers can, at a minimum, bring greater efficiency and quality to partnerships between training providers and retail employers that expand access to higher-skill jobs.

4. Experiment with new approaches to expanding middle-skill training options for high-demand niches in retail.

The growing interest in strategies to help low-skilled workers prepare for, gain access to, and succeed in middle-skill retail employment presents significant opportunity. Funders and governmental officials concerned about the lack of robust sector and career pathway programs in retail should consider launching an ambitious initiative to encourage, fund, and test different innovative approaches to fill the programming gap. Such an effort could encourage leading workforce training providers, both those already partnering with retail employers and those pursuing initiatives in other sectors, to participate. This initiative could also offer incentives to retail employers who are concerned about their competitive edge or reputation to share some of their best ideas and work with external partners. A well-designed initiative, with a strong evaluation component, could identify program models and approaches for different segments of the industry and in communities around the country where “new retail” opportunities are especially plentiful and provide fertile ground for job advancement initiatives.²²

A NOTE ON METHODOLOGY

This survey of training programs for middle-skill jobs in retail delivered by nonprofit organizations is based on interviews with more than 70 policymakers, industry representatives, and workforce development funders and practitioners, and others. MDRC researchers interviewed representatives of individual employers and industry associations in several retail industry segments, national and regional workforce development consultants and workforce intermediaries, foundation staff, university and policy organizations, and community-based nonprofit organizations that work directly with low-skilled workers and job seekers. Staff at the Center for Employment Training in El Centro,

21. National Retail Federation (2016).

22. Both the federal government and the Walmart Foundation are moving in this direction. The White House has secured commitments from employers across the nation, including retail giants such as The Gap and CVS, to expand apprenticeship opportunities and ramp up internal career ladder efforts. The Foundation has invested in a number of national networks (such as Goodwill Industries International and Achieving the Dream) to expand short-term credential programs that can increase access to middle-skill retail jobs for underprepared job seekers. In March 2016, the Foundation awarded a \$10.9 million grant to the Chicago Cook County Workforce Partnership to fund retail-oriented training programs in Chicago and 10 other locations.

California; Jewish Vocational Services in Boston; Goodwill in Tacoma, Washington; The Door in New York City; Port Jobs in Seattle; the online provider Core Skills Mastery; and others gave details of their program operations.

From the interviews and extensive online research, MDRC researchers identified over 50 promising nonprofit workforce training programs for employment in the retail, customer service, and logistics industries. The research team did not consider programs operated by labor unions, community organizing groups, postsecondary institutions, or private sector employers. The team collected detailed information on the identified programs, using organizational websites, third-party reports, descriptions provided by interviewees, and telephone conversations with program staff.

Using a set of eight program characteristics (ranging from organizational longevity and evidence of effectiveness to type of training, program scale, and opportunities for academic credit or industry-recognized credential), the research team rated programs as high, medium, or low in terms of alignment with the funder's interests. The team conducted additional research on several design aspects of the top 25 or so programs, including knowledge of labor market trends, completion rates, hard and soft skills emphasized, career coaching and job placement services, and job placement rates.

Because only a limited number of the identified training programs were designed to prepare low-skilled workers or job seekers for middle-skill positions in retail, the research team conducted a set of interviews to shed light on this gap in training programs. To better understand the obstacles to training people for middle-skill retail jobs, the team interviewed leaders from four nonprofit organizations in Boston and New York City that operate training programs for jobs in the retail industry. The team also solicited the opinions of retail employers at a retail employers' roundtable held in New York City on August 13, 2015, and sponsored by the New York City Employment and Training Coalition.

REFERENCES

- Accenture, Harvard Business School, and Burning Glass Technologies. 2014. *Bridge the Gap: Rebuilding America's Middle Skills*. Boston: Harvard Business School.
- Cardiff, Brianna, Francine LaFontaine, and Kathryn Shaw. 2012. *The Spread of Modern Retail: Implications for Wages*. Stanford: Stanford Graduate School of Business.
- Cardiff-Hicks, Brianna, Francis Lafontaine, and Kathryn Shaw. 2014. "Do Large Modern Retailers Pay Premium Wages?" NBER Working Paper No. w20313. Cambridge, MA: National Bureau of Economic Research.
- Conway, Marueen, and Robert P. Giloth (eds.). 2014. *Connecting People to Work: Workforce Intermediaries and Sector Strategies*. New York: American Assembly.
- Greenhouse, Steven. "A Part-Time Life, as Hours Shrink and Shift." *The New York Times*. (October 27, 2012).
- Henderson, Richard. 2015. "Industry Employment and Output Projections to 2022." *Monthly Labor Review*. December.
- Holzer, Harry. 2015. *Job Market Polarization and U.S. Worker Skills: A Tale of Two Middles*. Washington, DC: Brookings Institution.
- King, Christopher. 2014. "Sectoral Workforce and Related Strategies: What We Know...and What We Need to Know." Pages 209-238 in Maureen Conway and Robert P. Giloth (eds.), *Connecting People to Work: Workforce Intermediaries and Sector Strategies*. New York: American Assembly.
- Luce, Stephanie, and Naoki Fujita. 2012. *Discounted Jobs: How Retailers Sell Workers Short*. New York: The Retail Action Project and the City University of New York Murphy Institute.
- Lynch, Steven, Director. Workforce and Economic Development, Burning Glass Technologies. Personal correspondence to Richard Kazis. August 24, 2015.
- Maguire, Sheila, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz. 2010. *Tuning into Local Labor Markets: Findings from the Sectoral Employment Impact Study*. Philadelphia: Public/Private Ventures.
- National Governors Association, Corporation for a Skilled Workforce, National Skills Coalition. 2013. *State Sector Strategies Coming of Age: Implications for State Workforce Policymakers*. Washington, DC: National Governors Association Center for Best Practices.

REFERENCES *(CONTINUED)*

- National Retail Federation. 2016. Website: www.nrf.com/career-center/certifications-and-training.
- Schrock, Greg, and Judith Kossy. 2007. *Career Pathways and Crosswalks in the Hotel, Retail, and Restaurant Industries*. Chicago: University of Illinois at Chicago, Center for Urban Economic Development.
- Schwartz, Nelson D. "Low-Income Workers See Biggest Drop in Paychecks." *New York Times* (September 2, 2015).
- Ton, Zeynep. 2014. *The Good Jobs Strategy*. Boston: Houghton Mifflin Company.
- U.S. Department of Labor, Bureau of Labor Statistics. 2014. Occupational Employment Statistics. Website: www.Data.bls.gov/oeds.
- U.S. Department of Labor, Bureau of Labor Statistics. 1996. "BLS Reports on Employer-Provided Training." Economic News Release. Website: www.bls.gov/news.release/sept1.toc.htm.

ABOUT MDRC

MDRC IS A NONPROFIT, NONPARTISAN SOCIAL AND EDUCATION POLICY RESEARCH ORGANIZATION DEDICATED TO

learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.