Become an Impact Employer
Prepare Your Company for the Future of Work by Putting Talent First

AUTHORS

Catherine Ward
Managing Director, JFF

Laura Roberts
Deputy Director, JFF

Carey O’Connor
Senior Strategist, JFF

JUNE 2019
“Alongside JFF and other corporate leaders, our goal is to drive inclusive growth and build an economy that benefits more people. This is not simply about being a good corporate citizen—it’s a business imperative to weave together strategies and practices that work for everyone.”

—Jennie Sparandara,
Head of Workforce Initiatives,
Global Philanthropy, JPMorgan Chase & Co

Business leaders in today’s economy navigate a rapidly changing environment without a clear road map. Technology is reshaping how work is performed; employer loyalty is declining as Gen X-ers, millennials, and Gen Z-ers replace retiring baby boomers; distrust of large institutions—including companies—is at an all-time high; and customers and investors are questioning the impact of businesses on their communities. In response, businesses are fundamentally redesigning how they think about attracting, developing, and retaining employees. It’s no longer “nice” to be a company that thinks beyond quarterly earnings and shareholder returns, it’s a business imperative.

We call these companies “Impact Employers”—companies that tackle today’s challenges by adopting business strategies that make a positive impact on workers, communities, and the bottom line. Impact Employers see employee well-being as an essential part of their business model—and they actively seek out strategies to help workers thrive.

“After working for Walmart and Sam’s Club for 27 years, I can certainly say that our people are the heart of our business. As the world of work changes, it’s essential for companies to identify comprehensive talent strategies that benefit both their business and employees”

—Shana DeSmit,
Vice President, Sam’s Club
HOW CAN YOU BECOME AN IMPACT EMPLOYER? WE’RE HERE TO HELP.

For 35 years, JFF’s focus has been on helping to create economic opportunity and mobility for all Americans. We’re applying this expertise to inspire and support companies in joining a growing corporate movement to prioritize worker well-being alongside traditional business performance. We call these companies “Impact Employers.”

We developed a talent framework to support companies in becoming Impact Employers. It’s based on traditional components of corporate talent strategy—like recruiting, retaining, rewarding, and advancing talent—and it expands these strategies to include people-focused benefits. This helps business leaders achieve a big impact with a smaller lift.

“It’s becoming increasingly clear that customers, employees, and other stakeholders in business are demanding that business take a more active role in issues like workforce transition, living wages, retraining, equitable pay, sustainability, and more.”

—John Battelle,
CEO, NewCo
Impact Employers focus their efforts on six talent strategy components that JFF calls the Impact Employer Talent Framework. Each of the six components, or levers, of this framework represents an area of the business that companies can focus on to achieve high-impact returns for changing or modifying their existing practices.

The levers are Corporate Culture, Workforce Planning, Talent Acquisition and Talent Development, Total Rewards, and Offboarding.
Impact Employers adopt worker-friendly practices in one or more of those key levers.

Creating a comprehensive approach across all six levers is ideal, but we’ve seen companies achieve positive benefits by starting with levers that address high need, internal buy-in, and a strong likelihood of broader adoption of the practice companywide. Begin where you are; every company must start somewhere on its journey to becoming an Impact Employer.

Below, we go into further detail on each lever in the Talent Framework. Read on to discover the business case for each of these areas of investment, actionable strategies that you can adopt at your company, and case studies from companies that are leading the charge with this work.
Corporate Culture

Customers and prospective employees favor companies that have positive social missions and explicitly prioritize worker financial well-being as part of their day-to-day culture and priorities. Moreover, businesses that demonstrate a strong social commitment to their workers have higher rates of employee engagement, retention, and productivity.

What This Looks Like:
Impact Employers publicly demonstrate and actively prioritize the well-being and advancement of their employees.

Evidence to Make the Case:
- Employees that are connected to purpose through their work have a 40% higher retention rate.¹
- More than 70% of millennials (a growing segment of the population who already make up 50% of the workforce) expect their employers to focus on societal problems or mission-driven concerns.²
- Mission-driven companies have 30% higher levels of innovation and tend to be first or second in their market segments.³
- 78% of consumers want companies to address social justice issues.⁴
- 87% of consumers said they would be willing to buy a product or service based on a company’s advocacy concerning a social matter.⁵

Specific Practices Include:
- A corporate mission statement that incorporates a focus on worker well-being
- Commitment from the top—words and deeds from the CEO and other members of the C-suite that further the company’s commitment to worker well-being
- Regular updates to employees, customers, and investors on the company’s actions in connection with its social purpose and commitment to employees
- Sustainable and inclusive human resources practices
- Operational and functional business processes aligned with the mission statement
- Annual public reporting on workforce advancement metrics using recognized sustainability reporting
What Companies Are Doing It Well?

**Patagonia:** As a privately held company and a Certified B Corporation, Patagonia has managed to not just hold on to, but expand the socially-driven values of its founders as its business grows exponentially. Patagonia’s commitment to environmental sustainability is well known in the retail industry, but the company has been gaining more positive attention for its treatment of its workforce and its commitment to gender equity in the workplace as further expressions of its social mission. The on-site child care program the company provides as a “moral imperative” also consistently results in a 25% decrease in turnover among those who use the benefit.

**Unilever:** Unilever is proof that a large, publicly traded conglomerate can also take a strong stand on the importance of a positive corporate culture. Its former CEO, Paul Polman, who stepped down in late 2018, has been quoted as saying that it was his personal mission to “galvanize the company to be an effective force for good.” Many Unilever subsidiaries (Ben & Jerry’s, Dove, Hellmann’s) are part of its Sustainable Living brands, which generate profits by investing in more socially responsible products, manufacturing practices, and overall supply chain. It seems to be working. In 2017, Sustainable Living brands grew more than 50% faster than the rest of the business and delivered more than 60% of Unilever’s growth for the prior year. Polman’s emphasis on purpose and connection to mission also contributed to employee engagement scores rising more than 12% in the first few years of his tenure.
Workforce Planning

Globalization, automation, and the rapid pace of innovation in areas like artificial intelligence (AI) and robotics are a few of the massive forces reshaping industry and work. Corporations that take an active and strategic approach to preparing their workers to adapt to—and succeed in—this future are less likely to be disrupted and are better positioned for long term success.

Evidence to Make the Case:

- Reskilling—or training employees to master high-demand skills a company will need moving forward—produces a return on investment that is 1.5 times higher in the long run than outside hiring. McKinsey has found that, on average, replacing an employee can cost 20 to 30 percent of an annual salary, while reskilling costs less than 10 percent.\(^{10}\)
- Continuous learning and training for employee development has been shown to reduce turnover and increase productivity.\(^{11}\)

What This Looks Like:

Impact Employers believe talent acquisition, innovation, and corporate strategy are tightly intertwined. They view employees as a crucial part of a company’s future. When mapping out their future workforce needs, Impact Employers actively plan for employee upskilling. They also prefer internal promotions over external hires.

Specific Practices Include:

- A culture that actively promotes continuous learning and skill development at all levels of the organization
- Professional development programs and pathways—particularly for frontline, entry-level, and mid-level workers who are most vulnerable to displacement due to advances in technology
- Robust training for employees when new technology is implemented
- Human resources, strategy and R&D functions that are closely aligned
- A level playing field for employees competing for promotions
**Impact Levers**

**What Companies Are Doing It Well?**

**AT&T:** Facing a rapidly changing business model and a need for workers with more sophisticated technical skills, AT&T launched a multi-year employee training program called Workforce 2020. More than 140,000 employees have been trained in the program, which has cost more than $250 million since 2013. The program has helped create a culture of learning that is preparing the company to meet its future human capital needs. Since implementing Workforce 2020, AT&T has decreased its product development cycle time by 40% and accelerated the time it takes to raise revenue by 32%.¹²

**Walt Disney:** Disney has reinvented itself numerous times in its almost 100 years. But, regardless of its business model, the company has maintained an employee-focused culture and community. Disney is well known for valuing its employees as a core part of its corporate strategy. Employees are offered robust professional development training programs through Disney U, a globally recognized corporate education program. Disney also has an active “rehire” program to encourage employees to return to the company after voluntarily leaving. It recently announced a new initiative, Disney Aspire, which helps hourly employees identify their career interests and provides financial assistance for external education programs.¹³
Talent Acquisition

Companies are struggling to find, hire, and retain people who have the skills needed to fill their open positions. With low unemployment across the United States, a company can reduce hiring time and gain a competitive advantage by seeking talent from new and nontraditional sources and tapping into the vast potential that lies in underrepresented populations.

Evidence to Make the Case:

- 83% of HR professionals reported difficulty finding talent to fill open roles in the past year; 36% of them adjusted the experience or job requirements for a position as a new way to attract talent, making skills-based hiring the second-highest strategy behind providing additional training and development.¹⁴

- At companies that are more diverse and inclusive, the cash flow per employee is 2.3 times higher than it is at companies are less inclusive.¹⁵

- 67% of job seekers say that a diverse workforce is an important factor when considering companies and job offers.¹⁶

What This Looks Like:

Impact Employers favor potential over pedigree in their hiring processes. They recruit from diverse candidate pools and get involved in their communities to cultivate and draw talent from multiple pipelines.

Specific Practices Include:

- Using skills-based assessments instead of credential-based résumés to recruit and hire
- Removing extraneous requirements for applicants (i.e. college degrees, years of experience in the industry, or no prior criminal history)
- Creating an inclusive environment to attract, cultivate, and retain diverse talent by doing things such as creating employee resource or affinity groups for people who come from underrepresented populations, which allow workers from diverse backgrounds to find communities of shared experiences at work
- Partnering with local community-based organizations or community colleges to develop new and diverse talent pipelines
IBM: Around 15% of IBM’s hires do not have college degrees. Because it was becoming increasingly difficult to find traditionally qualified talent to fill its roles and meet its growth trajectory, IBM shifted its hiring requirements to a skills focus—looking for candidates who have gained hands-on experience through programs like coding boot camps or industry-related vocational courses.17

Unilever: Recognizing that the majority of its customers identify as women while its hiring practices produced a primarily male talent pool, Unilever ended its traditional recruiting practice of seeking entry-level candidates from a small group of universities. Instead, it asks candidates to submit their LinkedIn profiles and to participate in an online skills assessment that uses neuroscientific principles and AI to assess applicants’ soft skills (e.g., ability to communicate, leadership potential, and ability to work collaboratively with others).18

L’Oréal: Striving to eliminate hiring bias, L’Oréal created an online virtual reality recruitment game called “Reveal.” The game uses AI to supplement HR processes by testing candidates’ skills and cultural fit without consideration of irrelevant factors that may trigger human bias.19
Talent Development

It’s more effective to build employee skills internally than it is to recruit and onboard talent from the job market. Companies that focus on developing internal talent see higher rates of productivity, engagement, and retention than their competitors. These companies also benefit from reductions recruiting costs, and they avoid drop-offs in productivity caused by unfilled open positions.

Evidence to Make the Case:

- Companies are struggling to find, hire, and retain people who have the skills needed to fill their open positions. In 2018, 67% of large companies reported a shortage in talent.20
- It costs a lot more—some estimates put it at as much as 150% of an employee’s annual salary—to recruit new talent than it does to develop current employees. Investing in talent development is vital for employers because it directly affects employee retention, motivation, engagement, and productivity.21
- Companies with advanced talent development capabilities have revenue growth rates and profit margins that are more than twice as high as those with less advanced talent development programs.22

What This Looks Like:

Most companies invest in the development of their leaders, but Impact Employers also focus on building the skills of frontline, entry- and mid-level talent.

Specific Practices Include:

- Continuing education programs that allow workers to earn degrees or credentials for free or at a low cost
- Apprenticeship programs that give employees opportunities to learn new skills on the job—while still receiving a paycheck
- Work-based learning programs to train and prepare workers for the next phases of their careers
- Clear articulation of career pathways within and outside the company
- An investment in entry- to mid-level talent development that is on par with investments made in developing more senior-level talent
Walmart: Facing high turnover and having difficulty recruiting entry-level employees, Walmart launched the Academy, an immersive training program offered at local Walmart supercenters with courses in advanced retail skills and soft skills, like leadership, communication, motivation, and change management. With more than 200 Academies in operation, Walmart’s training program is one of the largest in the United States. Walmart’s employee training focus is part of its push to become “employee and community first.”

Google: The Google IT Professional Certificate is an eight-month online program that prepares participants for entry-level IT jobs. Participants don’t have to have college degrees or be Google employees to enroll. The certificate program, designed by Google and offered through online learning site Coursera, is recognized by more than 20 Fortune 500 companies. The program costs $49 a month, but Google paid the costs for the first 10,000 participants as part of its $1 billion IT initiative, which focused on helping Americans gain skills and education in areas of the U.S. economy that are being disrupted by technology.

Starbucks: In 2014, Starbucks launched an initiative called the College Achievement Plan. Under the program, which is offered in partnership with Arizona State University, Starbucks employees who work at least 20 hours a week can access free online bachelor’s degree programs through ASU. The coffee company reports that, among employees who participate in the College Achievement Plan, the retention rate and the promotion rate are both twice as high as they are among employees who don’t participate.
Total Rewards

Worker loyalty, engagement, and retention are key drivers of higher productivity and better business performance. “Total Rewards” strategies tap into the intangibles that motivate workers above and beyond their paychecks. Forward-looking companies actively seek innovative ways to help their employees lead more balanced lives. Such efforts go beyond a narrow focus on compensation and traditional benefits and workplace perks and may include educational programs, on-site child care, adaptable and flexible scheduling, financial support, and other offerings.

Evidence to Make the Case:

- Companies with engaged employees report 2.5 times more revenue than competitors with low engagement levels.\(^{26}\)
- Providing on-site support for navigating work/life barriers can result in higher retention and productivity, yielding a return on investment for employers of more than 200%.\(^ {27}\) Opportunities to work from home and follow flexible schedules are important to today’s employees. Millennials are more likely to accept job offers from companies that offer flexible work schedules.\(^ {28}\) Working from home increases employee productivity by around 13% and reduces employee attrition by almost 50%.\(^ {29}\)
- Parents without child care support in the workplace have higher rates of tardiness and absenteeism, missing approximately 5 to 9 days of work per year because of child care problems.\(^ {30}\)

What This Looks Like:
Impact Employers actively look for innovative ways to support their workers and help them achieve better work/life balance.

Specific Practices Include:

- Benefits packages that go beyond basic compensation to include employer-sponsored health care, retirement savings, and disability and life insurance
- Compensation that equates to at least a living wage
- On-site resource navigators who can help employees manage a variety of life challenges, including child care, medical concerns, housing needs, and financial literacy
- Benefits that address specific employee challenges, such as transportation vouchers, classes for English language learners, on-site health care facilities, financial planning services, and student loan payment support
**Boeing:** Boeing offers performance-based cash incentives, on-site health and fitness centers, 9%-to-11% matches of employees’ 401(k) contributions, unlimited access to online degree and certification programs (including tuition assistance for STEM degrees), parental leave, and child care. While the aircraft manufacturer doesn’t reveal its retention rates, all of those practices have been found to result in higher productivity, lower attrition, and improved employee engagement.  

**Sheraton Hotels:** Sheraton New Orleans partners with EdNavigator, a New Orleans-based nonprofit that provides one-on-one support to parents to help them navigate their children’s educational needs. Thousands of the hotel’s employees have taken advantage of the services, which have been shown to increase retention and productivity.
Evidence to Make the Case:

- Because they enable companies to maintain positive relationships with departing employees, responsible offboarding programs limit the administrative HR burdens associated with layoffs and reduce the likelihood that people who are unhappy about being terminated will, say, vandalize the company’s equipment or try to steal confidential information.

- Offboarding can prevent post-employment litigation, which can cost a company between $75,000 and $125,000 per employee in the United States.33

What This Looks Like:

Impact Employers take a “responsible offboarding” approach. They help workers prepare for their next opportunities through investments in reskilling and other pathway programs.

Specific Practices Include:

- Offboarding packages that provide former employees with income and benefits while they look for new jobs
- Support from dedicated and knowledgeable HR professionals who can help explain exit options and financial implications
- Partnerships with local community colleges or nonprofits to set up programs offering workers access to training that leads to employment opportunities in high-growth industries
- Efforts to foster an ongoing learning environment that enables workers to keep their skills up to date so they will be well positioned to compete for other jobs in the event of a transition
- Staggered offboarding processes in which responsibilities are steadily and efficiently transferred from departing employees to people who are remaining with the company, thus enabling teams and individual workers to avoid abrupt and jarring changes
Amazon: Hourly workers who have been with the online retailer for at least a year can take advantage of its Career Choice Program if they choose to leave in order to earn “certificates and associate degrees in high-demand occupations such as aircraft mechanics, computer-aided design, machine tool technologies, medical lab technologies and nursing.” Career Choice is also called “the Pay to Quit Program” because, through it, Amazon will pay 95% of the cost of participants’ tuition, fees, and textbooks—up to $12,000 over four years.\(^3^4\)

Ford Motor Company: Consistently ranked one of America’s top employers, Ford, in 2011, began offering a phased retirement program for eligible longtime employees. This program helps Ford transition the intellectual capital, understanding of processes, and responsibilities of complex roles within the company in a way that keeps departments running smoothly while helping to transition workers gradually into their next phase of life. The program has a high satisfaction rate among employees and supervisors alike: 83% of former employees report being satisfied with the experience, while 89% of supervisors found the practice to be effective in encouraging retirees to stay with the company long enough to enable knowledge transfer and business continuity.\(^3^5\)
ACKNOWLEDGMENTS

This publication was made possible through generous support from J.P. Morgan Chase. The findings, conclusions, and recommendations presented are those of JFF alone and do not necessarily reflect the opinions of J.P. Morgan Chase.

ABOUT JFF

JFF is a national nonprofit that drives transformation in the American workforce and education systems. For 35 years, JFF has led the way in designing innovative and scalable solutions that create access to economic advancement for all. Join us as we build a future that works. www.jff.org
ENDNOTES


22 Rainer Strack et al., “From Capability to Profitability.”


25 Lacey All, former director, Starbucks, Presentation at 100,000 Opportunities Learning Event, October 5, 2016.


34 Abigail Hess, “Amazon Will Pay up to $12,000 for Employees to Study These 4 Fields,” Make It, CNBC, April 19, 2018, https://www.cnbc.com/2018/04/19/amazon-will-pay-up-to-46000-for-employees-to-study-these-4-fields.html.
