WORK-BASED LEARNING WITH SMALL BUSINESS

A Guide for Workforce and Education Practitioners

AT A GLANCE

This guide provides workforce and education practitioners with suggestions for outreach strategies to increase small business employers’ commitment to work-based learning opportunities for both youth and adults. Some of the data and conducted research is specific to California, but the challenges and solutions are applicable nationwide.
ACKNOWLEDGEMENTS

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Small Business Majority was founded and is run by small business owners to ensure America’s entrepreneurs are a key part of a thriving and inclusive economy. Our extensive scientific polling, focus groups, and economic research help us educate and inform policymakers, the media, and other stakeholders about key issues impacting small businesses and freelancers, including access to capital, healthcare, retirement, taxes, paid leave, and other workforce issues.

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Work-Based Learning: An Overview</td>
<td>3</td>
</tr>
<tr>
<td>Why Target Small Business?</td>
<td>5</td>
</tr>
<tr>
<td>Challenges and Solutions</td>
<td>8</td>
</tr>
<tr>
<td>Tools for WBL with Small Business</td>
<td>15</td>
</tr>
<tr>
<td>Conclusion</td>
<td>16</td>
</tr>
<tr>
<td>Endnotes</td>
<td>17</td>
</tr>
</tbody>
</table>
As our nation’s job creators, small businesses are critical partners in expanding opportunity for all Americans. The Small Business Administration reported that, as of 2015, 30.2 million small businesses nationwide employed 58.9 million American workers—nearly half of the private-sector workforce.¹

The consensus is that small businesses are anchors of their communities. They create opportunity as they grow and provide quality jobs with opportunities for advancement, which strengthens local economies and revitalizes neighborhoods. Yet, workforce and education practitioners often focus partnership efforts on larger employers that have dedicated resources for these endeavors. Small employers deserve equal focus because, similar to their large counterparts, they have difficulty filling entry-level jobs with qualified applicants—an issue that work-based learning (WBL) can solve.

There is a growing recognition that experiences gained through WBL are an essential learning component for all students, especially high school students preparing to join the workforce. However, research has uncovered a number of difficulties that small businesses feel more acutely than large businesses when deciding whether to offer WBL opportunities.

The following guide provides best practices, examples, and key takeaways to help workforce and education practitioners better understand these challenges. Additionally, strategies are provided to more effectively engage small businesses in preparing the workforce of the future.²
DEFINING SMALL BUSINESS

The US Small Business Administration’s definition of a small business varies by industry, ranging between 100–1,500 employees or average annual receipts of $750,000 to $38.5 million. However, most small employer firms have fewer than 20 employees. United States small businesses:

- 99.9% of American businesses in 2015
- 47.5% or 58.9 million people of the private workforce in 2015
- 8 million businesses are minority-owned
- Increased the number of proprietors in 2016 by 2.3 percent relative to 2015
- Created 1.9 million net jobs in 2015
  - 1.1 million jobs added by firms with <20 employees
  - 380,000 jobs added by firms with 100–499 employees


*In this guide, we will refer to small businesses as defined above, while also using small employers interchangeably.*
WBL consists of workplace experiences that enable youth and adults—both students and workers—to gain the knowledge and skills they need to enter and advance in specific careers. WBL models enable employers to train current and prospective employees to meet their business needs. High-quality WBL has learners perform meaningful job tasks at the worksite and/or under the guidance of a qualified supervisor representing a business or industry. It ensures a worthwhile learning experience for the learner and provides a substantive contribution to the business.

WBL can range from exposing high school students to career information to providing existing employees with specialized training for new roles or responsibilities to a registered apprenticeship model that combines credit-bearing courses with work.

WBL can be designed internally by the participating business through partnership with a high school or community college and/or collaboration with a community-based organization. It is also possible to target support for a specific population group: low-income youth, people with disabilities, the reentry population, the long-term unemployed, or mature workers. These models can serve as both an entrance to the workforce and an opportunity to upskill incumbent workers. With a strong implementation plan, WBL can generate benefits to the employer and have a profound impact on a learner's career path. The chart on the next page offers examples of WBL experiences across four levels of depth: Career Exploration, Career Exposure, Career Engagement and Career Experience.
Engages individuals as paid workers to gain specific skills, in conjunction with related classroom or lab instruction, in a particular industry or occupation.

**Models include:**
- Registered Apprenticeships
- Youth Apprenticeship
- Other Forms of Apprenticeships
- Transitional Jobs
- On-the-Job Training
- Work-Based Courses

Brings participants to workplaces for short periods of time with the goal of gaining introductory information about an industry and associated occupations.

**Models include:**
- Job Shadows
- Company Tours
- Mentoring
- Simulations
- Information Interviews

Provides extended opportunities for participants to increase their knowledge of an identified field of interest and gain employability skills and some entry-level technical knowledge or skills.

**Models include:**
- Internships
- Pre-Apprenticeships
- Apprenticeship Readiness
- Cooperative Education
- Service Learning

Builds awareness of careers. Career exploration activities do not take place in workplaces and are not work-based learning, but provide a foundation for work-based learning and prepare participants to make the most of opportunities.

**Models include:**
- Career Fairs
- Industry Projects
- Interest Inventories
- Mock Interviews

Visit JFF’s [Center or Apprenticeship & Work-Based Learning](https://jff.org/center) for more information: jff.org/center.
Major multinational firms can and do partner with workforce boards, schools, and other public and nonprofit entities to provide WBL for adults and young people. They often have staff whose jobs include creating these partnerships, but their time, talent, and dollars are limited. They may focus on developing large-scale programs rather than programs unique to individual communities.

Consequently, workforce and education practitioners may find that small businesses are easier to approach and may even be more concerned with local unemployment and training issues. Small business owners understand that addressing the needs of their community builds the local economy, benefiting the business. This theory is validated by a recent report, which found that independent stores recirculate 52 percent of their revenue locally, compared to 16 percent of national chain stores’ revenue.7

As small business owners strive to grow their businesses, similar to larger companies, they report difficulty filling entry-level positions with qualified applicants. A survey of small businesses revealed that, in 2017, hiring new talent would be the top challenge for half of the respondents.8 Small Business Majority’s polling found that while 54 percent of small business owners have hired in the last three years, a majority say finding candidates with the right education, skills, or training is their biggest hiring challenge.9

There is also evidence that small businesses are interested in putting resources toward improving the workforce. As expected, these business owners agree that finding skilled and credentialed workers is one of biggest employment challenges. But, they’re willing to act to ensure they have the skilled workers they need.10
From a survey conducted by Small Business Majority in December 2016:

Many small businesses are already addressing the need for WBL opportunities inside and outside of their business.

56% of small businesses with +10 employees provide these WBL opportunities.

The vast majority of small businesses are willing to allocate resources to offer employees more training and credentialing.

71% are willing to offer a flexible work schedule so employees can get additional training.

67% are willing to commit to financially rewarding employees who have received additional education, training, or certification with pay raises and promotions.

Small businesses prioritize addressing this issue because they believe it’s good for their bottom line.

81% of those who provide these professional opportunities say it’s good for their business.

Small businesses support solutions to increase training and credentialing opportunities.

78% also believe it would be effective to join with local universities, colleges, or community colleges to offer additional training or credentialing programs.

“"Young people are our future.
As a small business owner, I believe that every small business owner can play a role in providing more experiences for the continued development of soft skills of our future workforce. After gaining a better understanding of my local resources, I was able to connect and do my part. Higher visibility of our local resources is necessary for other small business owners like myself to play a role in offering WBL experiences for youth.

Pepi Jackson
President of the Riverside County Black Chamber of Commerce and owner, Health Plan Solutions LLC"
SMALL BUSINESS IN CALIFORNIA: BY THE NUMBERS

One primary reason to target small businesses is that the community is vast. Entrepreneurs are our biggest job creators. In California, there are approximately 734,000 small businesses with employees, representing close to 80 percent of all businesses in the state.\textsuperscript{12} And in 2015, small business was responsible for 283,452 net new jobs in California.

California’s small businesses are also diverse: roughly 1.6 million (41 percent) are owned by people of color. This suggests that they may be willing to hiring more diverse employees. They also support a wide variety of sectors, as shown below in Table 1, making them good partners for hosting students or workers with a broad spectrum of interests in WBL experiences.

Note that the vast majority of small businesses in any one industry category are “nonemployer firms,” meaning individuals who are self employed or own sole proprietorships. Due to their limited capacity, they are not likely to be a good source of WBL for students and trainees. Employers in the 1–20 and 21–499 ranges are likely to be better targets.

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|c|}
\hline
Industry & 1–20 Employees & 21–499 Employees & Nonemployer Firms & Total Small Firms \\
\hline
Professional, Scientific, and Technical Services & 104,922 & 7,524 & 548,841 & 661,287 \\
\hline
Real Estate and Rental and Leasing & 39,350 & 1,996 & 324,150 & 365,496 \\
\hline
Health Care and Social Assistance & 82,057 & 8,134 & 270,162 & 360,353 \\
\hline
Retail Trade & 63,031 & 6,235 & 236,204 & 305,470 \\
\hline
Construction & 62,392 & 6,231 & 222,031 & 290,654 \\
\hline
Administrative, Support, and Waste Management & 31,524 & 4,577 & 251,710 & 287,811 \\
\hline
Transportation and Warehousing & 16,102 & 2,271 & 241,833 & 260,206 \\
\hline
\end{tabular}
\caption{Top Small Business Industries By Total Firms In California (2015)}
\end{table}
Despite many business owners’ strong interest in offering WBL opportunities, they have several consistent concerns that often discourage involvement. For workforce and education practitioners, the key to working with small businesses is developing a trusted relationship. Practitioners must show that they are dedicated to partnering with businesses to recruit, screen, and train workers, providing a steady pipeline of qualified candidates.

From our review of survey results and from conversations with business owners, the following explores some of small businesses’ specific challenges as well as solutions for engaging with this critical group of employers.
**CHALLENGE**

*Finding quality, diverse local talent*

When surveyed, 34 percent of small business owners identified finding candidates with the right education, skills, and/or training as a difficulty. The skills they seek are both technical and employability related.

Employers want to find local talent and, in many cases, would like to diversify their workforce. Part of the challenge is that young people are unaware of the opportunities small businesses offer or the kinds of jobs available in certain sectors. In addition, local high schools or other educational providers may not offer sufficient instruction in sought-after skills.

How does WBL help with finding diverse talent with the right skills?

**SOLUTIONS**

WBL should be viewed as an integral part of an overall hiring and recruiting strategy. It allows an employer to develop the exact skills and competencies required for success in the organization. Workers can learn the skills needed using the company’s own protocols, machinery, and processes.

Business owners need encouragement to get involved in the external training program or educational curriculum most related to their operations. Providing input into what is taught gives them a feeling of engagement and control, and the training provider gets input from the ultimate consumer of the product—making it a win-win situation. Access training curricula that include soft- or essential-skills training before connecting a student with a small business.

These businesses can also work with a local community-based organization or high school to find a more diverse talent pool. Targeting underrepresented worker segments increases the pool of skilled workers—women and people of color account for about two-thirds of the US population. Promoting their efforts through social media or other methods would also give them local recognition.

For example, the “L.A. Youth at Work” program, sponsored by the Los Angeles Chamber of Commerce, works closely with more than 150 companies in the Los Angeles area. This program trains a diverse group of students on resume writing, interview skills, professional etiquette, customer service skills, and more. When students graduate the program, they receive a “Work Readiness Certification” that demonstrates their preparation for a professional environment.
**CHALLENGE**

Reducing the high cost of recruitment and turnover and improving employee engagement

Nearly three in ten (29 percent) small business owners say their employees do not have the education, experience, or training to be promoted and therefore lose motivation and interest. Recruiting a new employee is an expensive and time-consuming proposition for all businesses. According to a University of California–Berkeley study, it costs $4,000 on average to replace an employee, not including salary and benefit costs. This cost is more onerous for smaller businesses because they don’t have the dedicated staff to handle the process. In addition, since they don’t have the training departments of larger employers, they are more reliant on finding qualified talent externally.

How can WBL reduce the cost of finding qualified workers and retaining them?

**SOLUTIONS**

WBL models have been proven to improve retention, engagement, and productivity and therefore lower the costs of recruitment and turnover. Although many of the examples are from larger companies, the results should translate to businesses of any size.

Employers want to keep employees because retaining them translates into immediate savings. Retention is a growing challenge in all sectors of the economy; a recent Gallup study found that 51 percent of employees across the United States are actively looking for a new job. Retaining retail employees is particularly difficult, with a 65 percent turnover rate for hourly store workers in 2016. But it can be reduced.

In the mid-1980s, Wegmans, a regional supermarket chain with more than 90 stores in the eastern United States, faced a troubling number: 100 percent turnover among their young part-time workers. At the same time, leaders in Wegmans’ Rochester, New York, headquarters were organizing to reduce a high dropout rate among the diverse high school population. The chain launched a pilot WBL program in 1987 with 30 9th graders to combat these problems. This WBL program became an independent nonprofit—the Hillside Work-Scholarship Connection—with multiple locations and 4,000 participants. Wegmans’ current turnover rate for high school- and college-aged part-time employees is now a fraction of the previous level (approximately 30 percent).

Creating WBL opportunities improves engagement for existing employees who become responsible for mentoring or working with a trainee or student, and it gives the trainee or student a sense that the employer is committed to their success. Major retailer Best Buy found that participation in their corporate social responsibility program—the Geek Squad Academy—not only provided WBL for frontline
employees but also deepened those employees’ commitment. This higher level of engagement, in turn, increases a company’s bottom line.\(^\text{18}\)

Industries with a history of apprenticeship, like manufacturing, have demonstrated that their WBL programs increase worker productivity and quality of work as well.\(^\text{19}\)

**SOLUTIONS**

WBL is the ultimate local investment. Small businesses that work with a local school district, community college, or community-based organization have the ability to promote their good efforts with those stakeholders. It is easy to leverage small business owners’ commitment to community if they already believe that training young people is the right thing to do. This is an essential motivation to tap into because investing in young people often does not boost a small business’s balance sheet in the short term.

Students and trainees participating in WBL get exposure to the professional world that prepares them for a career in a way that is not possible in a classroom alone. Target populations who speak English as a second language, have disabilities, or were involved in the justice system have more difficulty gaining access to employers. Providing them with WBL opportunities undoubtedly makes a positive social impact in the local community.

Workforce and education practitioners should take the opportunity to reward providers with recognition in the community. Social media can be used to promote both the learners taking part in WBL and those companies providing the opportunity.
SOLUTIONS

Small employers can mitigate this concern by working with a partner who can serve as the employer-of-record, such as a temp agency, community college, school district, or training partner. This lessens concerns about completing paperwork properly or other administrative and legal issues. For example, the Foundation for California Community Colleges offers a service called “Career Catalyst” that provides payroll and other employer-of-record functions for employers engaging in WBL with students.21

Businesses need resources for designing and implementing WBL in a way that considers risk and liability. For instance, many schools, colleges, and nonprofits offer insurance coverage to students or trainees participating in WBL and sign agreements with employers to limit their liability. For paid interns and apprentices, the employer will likely need to have a workers’ compensation policy that covers them.

Many businesses also believe that students under 18 cannot participate in WBL due to federal or state regulations for particular industries or work environments, which is often untrue. Employers should be encouraged and supported by practitioners to investigate options for students and trainees, given applicable laws and regulations, when first engaging in WBL.

For additional information and resources in addressing concerns with WBL, such as liability, review JFF’s Not As Hard As You Think: Engaging High School Students in Work-Based Learning. Though geared toward WBL for youth, this resource also has guidance that is more broadly applicable.
**CHALLENGE**

Finding the time and capacity for talent development

Most small businesses have 20 or fewer employees (see Table 1) and the owner or general manager often runs multiple business aspects themselves. They have expressed that, given slim profit margins and limited time, they don’t have the capacity to train young people or research WBL programs and set up opportunities. Many see internships and apprenticeships as burdensome because of the long-term commitment, as well as the greater risk for high-touch customer-relations businesses. They are often unaware of how less-intensive forms of engagement—like short-term job shadowing or mentoring—can be more manageable.

How can an investment in WBL support their talent development efforts?

**SOLUTIONS**

Business owners with limited time want easily understandable time-bound opportunities or turnkey solutions. Outreach to small business owners must clearly communicate what the involvement entails, including realistic estimates of the time commitment, and succinctly illustrate how they would benefit from offering WBL opportunities. A good starting place is engaging small business owners in a short-term activity, like guest speaking or job shadowing. This frequently leads to more in-depth involvement.

One option is physically bringing solutions to the businesses. Because small business owners wear multiple hats, it can be hard for them to leave their place of business. Instead of inviting them to participate in an offsite job fair, potential applicants or students can be sent to their business for brief informational interviews. Setting up a “reverse” job fair in a local business district or corporate plaza lets jobseekers or students visit multiple businesses in person without the owner or manager having to choose between the event or their operations.

We also encourage the use of the tools described in the next section when engaging businesses—particularly the “Small Business Engagement: Pitch Deck.” Small business owners would much rather review a short deck of slides about a WBL request than read a lengthy email or document. If they are interested in learning more about WBL, another useful tool is Work-Based Learning: A Talent Development Opportunity for Small Business, also listed below.
GROUPING EMPLOYERS TO DEVELOP A COLLABORATIVE WBL MODEL

Grouping employers to develop a collaborative WBL model allows for a cohort of learners to participate in a program operated and resourced by multiple employers. This method can spread the administrative cost across multiple businesses and allow them to provide different WBL opportunities. A joint-effort model also increases cooperation among businesses, making them feel less burdened and fragmented. Finally, managing multiple small-business relationships as a group will make it easier for the workforce or education practitioner.

In addition, remember that relationships with large employers often have turnover. Each time a new person is introduced, it takes additional time and effort to maintain the relationship. Small businesses may be less likely to have similar turnover or staff reassignments—particularly if the point of contact is the owner or a leadership member. In this respect, it could be argued that the number of relationships to manage among multiple small businesses is comparable to managing the number of relationships with larger businesses for a given set of WBL experiences.
In addition to this guide, JFF and Small Business Majority have developed two tools for supporting the work of small business engagement:

1. **Work-Based Learning: A Talent Development Opportunity for Small Business**—a guide that speaks to small businesses about the value of WBL and offers guidance on how to engage with education and workforce agencies

2. **Small Business Engagement: Pitch Deck**—a PowerPoint template that can be used by education and workforce practitioners to create a set of slides to “pitch” a WBL request to a small business

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**A SMALL BUSINESS IN ACTION: CAMINO FINANCIAL**

Small Business Majority launched its “Work 4 Small Biz” campaign to engage and educate California entrepreneurs interested in learning how to provide WBL opportunities for young people. The sign-on pledge (www.work4smallbiz.com) identifies simple ways small business owners can get involved and help prepare our future workforce. Options include speaking to local high school students, offering a company tour, providing a summer internship opportunity, and more. One business owner who signed the pledge and took action is Kenneth “Kenny” Salas, who co-owns Camino Financial with his brother, Sean, in Los Angeles.

Due to his busy schedule, Kenny committed to short-term engagement opportunities. A few months after signing the pledge, Kenny presented at a “Personal Finance Challenge” event in downtown LA, where he spoke to local high school students about social connections and how to start a small business. His passion for financial education and the financial industry resonated with students, as many were interested in finance and economics. In fact, when providing feedback on the event, many of the students said their biggest takeaway was listening to Kenny’s story.

Inspired by their responses, Kenny has taken his commitment to the pledge further by offering tours of his business and hiring a summer intern. Kenny is a clear example that even very busy small business owners can provide simple learning opportunities that translate to longer, meaningful experiences for young people.
It is clear that both small and large businesses face issues of finding qualified workers, and WBL can be an effective tool for developing talent, diversifying their talent sources, and meeting other needs, such as community involvement. Although workforce and education practitioners already engage with larger businesses, they may want to provide specific attention to small employers given the huge opportunity and their interest in their local communities.

To be effective, workforce and education practitioners must be well versed in WBL design and implementation to make it as easy as possible for business owners to participate. In addition, they must respond to small businesses’ key challenges of offering WBL, as addressed in this guide. The solutions and resources offered here can support practitioners in engaging the small business community to maximize their participation and the number of WBL opportunities offered to students or trainees.

For more information and resources about WBL, please review:

Making Work-Based Learning Work—a broad overview of WBL that gives specific examples of WBL in the field (for both youth and adults) and presents the seven guiding principles according to our experience and work in the field.

JFF’s Center for Apprenticeship and Work-Based Learning has an extensive base of knowledge and tools for WBL design and practice.
ENDNOTES


2. Conclusions in this guide are based on publicly available research and data and a series of conversations conducted with California small business owners in 2017. Small Business Majority participated in 14 educational events and conferences, reaching nearly 1,000 participants, to develop recommendations about WBL engagement.


4. For the purposes of their research and advocacy efforts, Small Business Majority defines small business as 100 employees or less.

5. For more about JFF’s definition of WBL, see https://center4apprenticeship.jff.org/work-based-learning.

6. This was lifted in toto from Making WBL Work for Retail: A Guide for Retail Employers, a report by JFF.


10. Ibid.

11. The total number of small firms is 3.9 million. However, this number includes 3.2 million nonemployer firms that are not included in this statistic.

12. 2018 Small Business Profile, Office of Advocacy, SBA


17. “U.S. Retail Turnover Rates,” World at Work


