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Reasons for Employer Non-Participation in Manpower Training Programs for the Disadvantaged

Abstract

On-the-job training has become one of the federal government's most current methods of aiding the disadvantaged worker. However, a major problem in implementation is the recruiting of employers who will take part in the programs. The authors of this article present the results of a nationwide study, conducted to determine the underlying reasons for employer non-participation.

Keywords

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**Reasons for Employer Non-Participation in Manpower Training
Programs for the Disadvantaged**

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On-the-job training has become one of the federal government's most current methods of aiding the disadvantaged worker. However, a major problem in implementation is the recruiting of employers who will take part in the programs. The authors of this article present the results of a nationwide study, conducted to determine the underlying reasons for employer non-participation. Myron D. Fottler is an Assistant Professor of Industrial Relations and of Environmental Analysis and Policy at the State University of New York at Buffalo. John E. Drotning is a Professor of Industrial Relations at the State University of New York at Buffalo. David B. Lipsky is an Assistant Professor of Industrial Relations at Cornell University.

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Since the passage of the Manpower Development and Training Act of 1962, the federal government's role in manpower training programs has been expanding.¹ This general increase in training effort has been accompanied by a shift in emphasis from "institutional" to "on-the-job" training programs.² Therefore, it has become increasingly important to involve private organizations in on-the-job training programs for the disadvantaged.

While only a small minority of private organizations in the United States are actively participating in such programs, surprisingly little is known about the factors which inhibit such participation. Some writers have attributed employer reluctance to participate to a "fear of risks,"³ such as the lower productivity and higher costs⁴ associated with efforts to develop the disadvantaged into fully-productive employees. John Iacobelli sent a structured questionnaire to 131 employers in the greater Cleveland area and concluded as follows:

"The main concern of employers was the low productivity they believed to be typical of the disadvantaged whom they might train. Employers explained that although they consider

¹ Enrollments in all federal manpower training programs increased from 59,200 in fiscal year 1963 to 1,051,400 in fiscal year 1970. Moreover, total federal expenditures for all manpower training programs increased from \$56 million to \$1,360 million during the same period. See U. S. President, *Manpower Report of the President*, (Washington, D. C: U. S. Government Printing Office, 1971), p. 299.

² Enrollments in institutional manpower training programs increased from 32,000 in fiscal year 1963 to 130,000 in 1970 while enrollment opportunities in all on-the-job training programs increased from 2100 in 1963 to 921,400 in 1970. Total federal expenditures for institutional training increased from \$55 million in 1963 to \$246 million in 1970, while total federal expenditures for on-the-job training increased from \$851,000 in 1963 to \$1,114 million in 1970. *Ibid.*

³ Robert A. Levine, *The Poor Ye Always Hove With You*, (Cambridge: MIT Press, 1970), p. 213.

⁴ Richard A. Lester, "Some Investment-Like Aspects of Employment and Pay," *Monthly Labor Review*, Vol. 92, November 1969, p. 63.

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disadvantaged workers very unproductive, these workers still start at normal entry-level wages, which are often set by union contracts.”⁵

In addition to productivity and cost considerations there are some other factors which might affect an employer's willingness to participate.⁶ Paul Goodman interviewed employers in twenty organizations in the Chicago area in order to determine the variables which might affect their decision to participate." This study was clearly exploratory and did not attempt to quantify the results or manipulate statistics. Nevertheless, it provided important clues to some of the key variables. Stated negatively, these variables included poor general business conditions; easily available manpower from other sources; unattractive government structure for program administration; low visibility and cost of social unrest; few extra-organizational resources; poor financial condition of the organization; few manpower needs; high wage levels; high skill requirements; isolated employer location; small size; poor union management relations; and adverse organizational climate. Unfortunately the sample was limited to only twenty employers and included no interviews with non-participating employers. In addition, the author made no attempt to provide quantitative evidence of the relative importance of the variables.

⁵ John L. Iacobelli, "A Survey of Employer Attitudes Toward Training the Disadvantaged," *Monthly Labor Review*, Vol.93, (June 1970), p. 54.

⁶ Paul S. Goodman, "Hiring, Training and Retaining the Hard-Core," *Industrial Relations*, Vol. 8, October 1969, pp. 54-66.

Data

Major Reasons:

The sample used in the present study consists of 141 employers in 118 firms not participating in on-the-job training programs for the disadvantaged in the Buffalo, New York area.⁷ This sample of 118 employers was matched by size and industry with a sample of 118 employers who were participating in a program called Jobs, Education, and Training (J.E.T.). Interviews were conducted by professional interviewers employed by the Survey Research Center of the State University of New York at Buffalo. The respondents were personnel or industrial relations directors 118 large firms and owners of small firms.

In order to determine the specific reasons for employer unwillingness to participate in manpower training programs, the following two open-ended questions were asked of these non-participating employers.⁸

⁷ This sample of 118 firms was drawn from a list of all firms in the Erie-Niagara County areas which are in the State Unemployment Compensation System. About 40 per cent of the establishments in these areas are not included in the listing. Statement of the Research Bureau, Division of Employment, New York State Department of Labor.

⁸ The first question was asked only of those employers who were familiar with Project J. E. T. either by direct contact with a J. E. T. representative or through other means. While interviews were conducted in only 118 non-JET firms, some firms had multiple interviews. Consequently, the total number of respondents was 141. Of this total, 17 employers were familiar with the program and 64 were not. The second question probes for reasons why some employers were not intending to participate in any manpower program in the future. Only those employers who indicated negative or unknown intentions were probed concerning the reasons for their decision. Of the total of 141 employer respondents, 45 indicated they did not plan future participation while 35 did not know. A total of 122 answered one or both of the two questions and thus, will be included in the analysis. Since there were a total of 340 responses to the two questions, the average respondent provided an average of 2.8 reasons for not participating in J. E. T. or similar programs.

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What was it about J.E.T. that led you to decide not to participate? (Probe)

Do you plan on participating in programs like J.E.T. in the future? Why? (Probe)

Table 1 provides a listing of the ten most common reasons for employer nonparticipation. At least 25 per cent of the respondents mentioned each of the first five reasons.

Insert Table 1 Here

The tutoring problem revolved around the requirement of Project J.E.T. that the trainees be given two hours of company time for tutoring on company premises. The majority of employers citing this reason for non-participation reported that they could not afford to allow an employee to take two hours off for tutoring because it would interfere with production. Row, would require hiring replacements for the absent trainees, or would cause problems with other employees. One employer commented that "We can't rearrange our schedule to accommodate a few workers because it would cause too much conflict and dissention with other workers." Another remarked that "The politics of dealing with our personnel would make it difficult to participate." stated that they simply didn't have space for tutoring on their own premises.

The second major reason for nonparticipation was focused on the employer's negative perception of government programs. About 40 per cent of the employers felt that manpower

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training programs are inefficient, poorly coordinated, bureaucratic, or involve too much paper work and red tape for the average employer. One employer commented that "We're too small to have the manpower to handle all the red tape involved." Another employer commented that "These programs are fine for employers of large numbers, but we don't have the time, talent, etc., to handle them." An idea of the ideological opposition many businessmen have against any involvement in government programs may be gleaned from the following comment:

"Employers have an inherent conservatism toward government programs because of fear of government interference and control."

The third and fourth reasons cited for employer non-participation were alleged high employment standards of employers and a lack of job openings. However, other data gathered by the authors indicates that skill levels and employment trends are not significantly different between employers who participated in Project J.E.T. and those who did not. On the average, nonparticipants did not have higher skill levels in their work forces or less rapid increases in their employment levels than participants. These reasons may simply be "socially acceptable" rationale for the employers' failure to participate while the actual reasons may lie less socially acceptable.

A fifth reason cited by many employers as a reason for their non-participation was a perceived lack of trainee motivation. This reason is related to the real (or imagined) higher costs initially associated with the hiring of disadvantaged workers. One employer pointed out this concern as follows: "We *are not* concerned with getting a federal subsidy. We *are*

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concerned with getting people who will report to work on time, stay on the JOID, and be willing to take on responsibility."

Less Frequent Reasons:

There were several reasons for nonparticipation given less frequently. Some employers cited their small size as the source of their inability to participate. As one employer pointed out, "The small businessman has so many problems just surviving; he can't be bothered with all these programs." Other employers cited possible union problems as the source of their reluctance. One employer said, "We would have to gain the union's cooperation in order to overlook certain standards and requirements." Another stated, "We would have a problem with the union if we were in a position to get involved in these programs because we have 80 people on layoff who would have to be called back first." Another reason cited was the poor transportation facilities between city and suburb. A typical comment was, "We have trouble getting people from the ghetto area out here because of the lack of public transportation facilities." Finally, a few employers cited previous negative experience with the disadvantaged, either on the part of respondent or other employers, as their reason for non-participation. There were some miscellaneous reasons given, but these were mainly of a special nature such as personal retirement or the fact that the firm was moving or going out of business.

It is interesting to speculate to what extent the reasons for employer unwillingness to participate are related to company characteristics such as size and industry. The sample of employers was broken down into three size and five industry groups. An analysis of the results show no significant differences in the percentage of employers citing each of the reasons in the

various size and industry groupings.⁹ Moreover, the results showed almost no differences in the rankings of the relative importance of each reason in each of the various subgroups. The only exceptions were that the smaller firms cited their size and government red tape more often than did larger firms; and suburban firms were more likely to cite poor transportation. The reasons for these differences are obvious.

Conclusions

This study has been based upon a limited employer sample in a single geographical area. It should be emphasized that the reported responses are the stated reasons for non-participation cited by employers. Obviously the real reasons may be quite different because of the natural desire of employers to answer questions in a way which they believe will please the interviewer. Nevertheless, there are some strong, consistent results which should be emphasized.

First: — most employers obviously do not want to be bothered providing tutoring facilities on their own premises. Nor do they want to be required to hire extra help to fill in for a man during his daily two hour tutoring program. Moreover, they do not want to risk offending their present personnel by providing special privileges for the disadvantaged. Any program which requires these types of employer inputs will be at a disadvantage in gaining employer commitments.

⁹ The calculation of the standard normal deviate (T) showed no significant difference in proportions between the various size and industry groupings at .05 level of significance.

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Second:—many employers have a real fear of becoming involved in government programs because of the delays, inefficiencies, and "red tape" involved. Moreover, they also fear government interference and control of the internal operations of their organizations. A centralized manpower agency (consortium) which would coordinate all programs, handle all paper work, and recruit, orient, tutor, screen, and place all trainees would obviously constitute an important step in breaking down some of the employer resistance which is based upon inconvenient tutoring arrangements and fear of government involvement.

Third:—employers are obviously concerned about the possible lower productivity and bigger costs which they associate with employing the "unmotivated" disadvantaged. Moreover, many non-participating employers are observing the results of such programs in other firms. A policy of "skimming" the "best" of the disadvantaged may increase the acceptability of such programs because of the bigger probability of "success." Program administrators will have to decide whether or not the short-run benefits of increased employer participation is justified in the face of the more serious problems of the true hard-core disadvantaged.

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TABLE 1
Reasons for Employer Unwillingness to
Participate in Manpower Training Programs
for the Disadvantaged

Reasons	Number of Responses	Percentage of Responses	Percentage of Respondents*
(1) Inconvenient tutoring arrangements.	105	30.9	86.1
(2) Perceived bureaucracy, inefficiency, and red tape.	51	15.0	41.8
(3) High employment standards.	37	10.9	30.3
(4) Lack of unskilled job openings.	36	10.6	29.5
(5) Perceived lack of trainee motivation.	30	8.8	24.6
(6) Small size of company.	16	4.7	13.1
(7) Possible union problem.	15	4.4	12.3
(8) Poor transportation facilities.	11	3.2	9.0
(9) Poor experience of other firms.	10	2.9	8.2
(10) Previous bad experience with disadvantaged.	8	2.4	6.6
(11) Other.	21	6.2	17.2
Totals	340	100.0	278.7

* Total is greater than 100 per cent because of multiple answers. While the number of respondents who answered one or both of the two questions was 122, each of these respondents provided an average of 2.8 reasons for not participating.