



THE CONFERENCE BOARD



Executive *action* series

No. 258 February 2008

Business and Education...

Investing in the Future—the Importance of Cross-Sector Partnerships in Improving Workforce Readiness

by Charles Mitchell with Linda Barrington

With talent gaps looming in the future, businesses have a strong incentive to focus on workforce readiness. For societal reasons and for selfish ones too, education and its impact on the workforce of the future are evolving into a major issue for companies. But how can business effectively address this challenge?

It is one of those rare times in history when events have conspired to make it in the best interest of all sectors—business, government, and non-profit NGOs—and the world population at large to get on the same page when it comes to the impact and importance of a specific issue. This confluence is occurring in the area of the environment—but is also happening with education.

Education exists in several contexts—political, societal, and economic—and no one single sector alone is capable of altering the educational landscape to meet the needs of society, the students, workers, and the businesses of the future. The reality (and the challenge) is that we need to prepare students for jobs and technologies that probably don't exist yet. And we need to train them to solve problems that we don't yet see.

To do so, the business community needs to approach education from a much larger perspective. It is not only about future employees, it's about smart, educated, and globally aware consumers who care how they exercise their buying power. It's about future leaders both in industry and government, and it's about stable, peaceful, and productive societies that can achieve economic prosperity and share in the wealth over the long term.

So what is the framework for looking at improving education to produce the kind of citizens and workers required to operate in a global economy? It would be wrong to think of education solely in terms of what employers want *now*—that is the perspective that created what many employers see as the current skills crisis.¹

Editor's Note: This Executive Action is based on presentations and discussions held at the *2007 Business & Education Conference: Investing in the Future*, in October in Washington D.C.

¹ For a more detailed discuss of this skills crisis through the eyes of employers, see *Are They Really Ready To Work?*, a research report produced by The Conference Board, Corporate Voices for Working Families, Partnership for 21st Century, and Society for Human Resource Management. It can be downloaded at <http://www.conference-board.org/knowledge/workforceReadiness.cfm>

“We run the risk of having business design an education system that is producing a worker that is outmoded in 25 years. Business is one consumer of the education system, not the only consumer,” says Deborah Holmes, Americas Director, Corporate Social Responsibility for Ernst & Young, the global professional services firm.

Each of the sectors—business, government, and civil society—each has a unique set of resources, perspectives, people, and processes that can enhance how we educate people around the world. To be most successful at improving the global workforce and producing better citizens we must create alignment and develop meaningful partnerships—and this is more easily said than done.

A Corporate Perspective

Attila Molnar, President and CEO of Bayer Corporation

During his keynote address to the 2007 Business & Education Conference: Investing in the Future, in October in Washington D.C., Attila Molnar, president and CEO of Bayer Corporation, spoke passionately about the need for business leaders to be active in influencing the discussion on improving public education. He emphasized the dual reasoning for the involvement; the world—and Bayer Corporation—not only needs a smart and ready workforce, it needs smart consumers as well. When boards of directors and other stakeholders ask why a company wants to engage in an education partnership—what is the business rationale; where is the pay back—it is important to explain this two prong strategy. Also, it must be clear that this is not just some pet project of the CEO, says Molnar, but rather a long-term investment in the business both from the future employee side and the future consumer side.

Bayer is a high-tech, research-driven company. Its corporate tagline is, after all, “science for a better life.” Advances in science means the world’s population will live longer and more comfortably. According to Molnar, improving education, especially science education around the world, will contribute to Bayer’s basic business needs in the future. And the only way this is achievable is through the company’s engagement with the schools and the government that influences their operation. This engagement helps ensure that the resources necessary to improve science education can be introduced into the schools.

Over the years that Bayer has focused on education improvement, the company has learned about the differences in the cultures of business and education. From building their Making Science Make Sense® program that supports the work of company volunteers and promotes the importance of science literacy, Molnar can share these lessons:

- Remember it is a long-term commitment. Businesses need to get involved for the right reasons.

- Partnerships have shared visions and goals. A true partnership leverages resources and can get more accomplished compared to a solo effort.
- Be open and clear from the outset. Articulate and outline how you will benchmark outcomes and measure success.
- Invest in the tried and true. Look at systemic approaches to learning and find one that has been in operation for a number of years and is showing positive results.
- Avoid the traditional notion of return on investment (ROI). If you want to be truly successful you have to make sure that the activities make business sense for you and that there is a return on investment. However it is difficult to apply traditional ROI measures here. You won’t see an immediate increase in sales or improvement in your P and L statement. Investment in education is a long-term proposition.

And how does a company measure whether these efforts are making any difference? Molnar believes there are a variety of benchmarks that can show you are heading in the right direction in the near term. He reviews survey results to see how consumers and suppliers perceive Bayer locally, regionally, and nationally. He looks at the number and quality of applications from good educational institutions for summer jobs and internships at Bayer. He looks at voluntary turnover rates of employees compared to the competition, and he analyzes the number and tenor of media articles that mention Bayer. He looks at the reception Bayer receives from politicians and lawmakers, and generally tries to measure the goodwill that Bayer has in the community. All of these, he believes, are positively affected by the company’s commitment to making and promoting a significant investment in education. And, the more positive these indicators are, the more willing the public will be to buy your products and hold your stock, and that ultimately results in value creation for the company.

The Big Picture—Why What’s Being Done Is Not Enough

If you continue to run the same speed, you will never catch a target that is speeding faster and faster away from you. This is the dilemma of workforce readiness. Global mobility (of people and information), increased longevity, and technological advances have increased the speed with which the target of a ready workforce is speeding ahead. While all stakeholders—business, education, nonprofits, and individuals—may argue they are pouring resources into education and training, applying the same resources in the same way isn’t enough any more.

The Changing Face of the Global Workforce

In many developed economies the baby boom generation—the most experienced workers with the greatest base of knowledge and skills—are nearing, if not entering, retirement. Simultaneously, the demands of jobs at every skill level are transitioning from fulfilling the needs of an industrial-based economy to those of a knowledge-based one.

The majority of growth in the global labor force now comes from low income countries—those where educational attainment is lowest.²

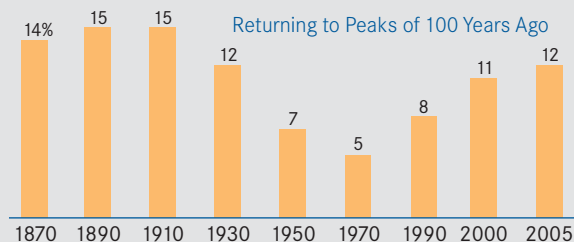
Advances in information-communications technology make it cheaper and easier to relocate jobs from the high-income economies to this growing labor force in low-income countries. In addition, this global labor force, at all levels of educational achievement, is itself mobile.

How Have These Trends Affected the U.S. Workforce?

Increased Immigration As of 2000, 175 million people migrated across national borders, up from 75 million in 1960.³ Within the United States, the percent of the

Chart 1

Population Share Born Outside the United States Back in Double-Digits



Source: The Conference Board.

Data source: U.S. Census Bureau, Population Census data

population that was born outside the country is approaching the peak hit some 100 years ago. By 2010, almost one in five U.S. workers will be foreign-born.

While the overall educational level of immigrants is improving, a recent immigrant to the United States in 2000 is still two times more likely than a native-born American to have less than a high school education (31 percent versus 13 percent). In 1970, the odds were roughly the same (46 percent versus 50 percent). Important to note, however, is that in both 1970 and today, the proportion of recent immigrants with a college degree is somewhat higher than that among native-born Americans.⁴

Increased Longevity By 2030, the number of working age persons for every one person over the age of 65 in the United States will have fallen by more than half since 1950.⁵ This equation changes the economics of retirement programs particularly Social Security. The aging population is increasing the need for improved productivity and sustained, high-value added workforce participation.

(text continued on page 4)

2 To understand how this beginning to change in a global context, see *Window on the Future: 2025 Projections of Education Attainment and Its Impact*, by Annababette Wils published by the Education Policy and Data Center, 2007.

3 United Nations, Department of Economic and Social Affairs, Population Division, *Trends in Total Migrant Stock: The 2003 Revision*, www.un.org/esa/population/publications/migstock/2003TrendsMigstock.pdf.

4 National Center for Educational Statistics, Institute for Education Sciences, U.S. Department of Education, at http://nces.ed.gov/pubs2007/dropout05/tables/table_08.asp. Data source: U.S. Department of Commerce, U.S. Census Bureau, Current Population Survey, October (1972-2005).

5 Analysis by The Conference Board based on U.S. Census data.

The Big Picture—Why What’s Being Done Is Not Enough *(continued)*

The good news is that more of these persons over the age of 65 want to stay working. The bad news is that this drives another preparedness concern—life-long learning for a lifetime of workforce readiness and employability.

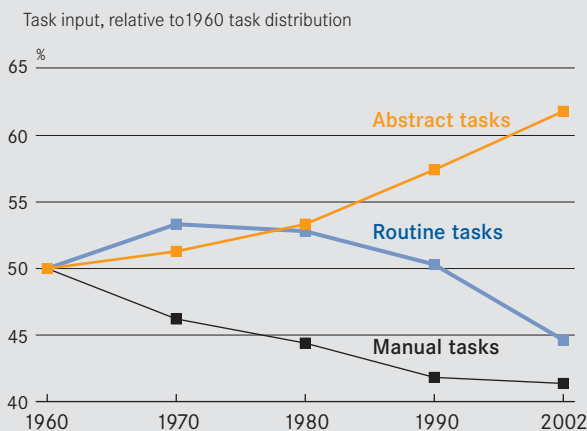
Change in Skills Demanded in the Workplace

Technology, while providing us with new mobility and productivity-increasing possibilities, is also changing the kind of work we do at every educational level. In the United States, since 1960, abstract thinking tasks required on the job have grown relative to routine or manual tasks.⁶

For college graduates, abstract thinking is a far bigger part of job task than it was just a generation ago, and routine and manual tasks less so.

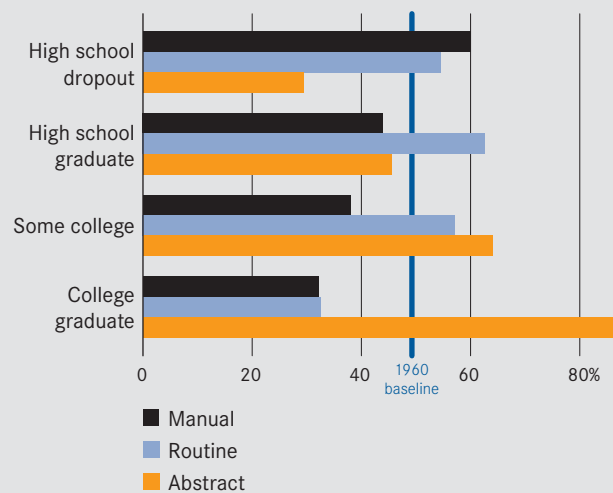
What is hidden in this three-task grouping of abstract, routine, and manual tasks, however, is that for those jobs where routine or manual tasks have grown, so has the demand for what are now complementary applied skills. Take the example of a package delivery person where routine and manual tasks are a large part of the job. First to note, these are the kind of jobs that are in greater demand within the United States because they can not be offshored or mechanized away (e.g., actually carrying the package to its final destination). But, second, competition on “service” is high in these markets and communication and professionalism, among other skills, are more critical to customer satisfaction and success on the job for the employee.

Chart 2
Trends in U.S. Job Task Content: 1960–2002



Source: David Autor, presentation for The Conference Board’s Advisory Group meeting on Innovation and Competitiveness Project

Chart 3
How does task demand affect demand for human capital?



Source: David Autor, presentation for The Conference Board’s Advisory Group meeting on Innovation and Competitiveness Project

6 David H. Autor, presented to The Conference Board’s Advisory Group Meeting on Innovation and Competition Project, and David H. Autor, Frank Levy, and Richard J. Murnane, “The Skill Content of Recent Technological Change: An Empirical Exploration,” *Quarterly Journal of Economics*, 118(4), Nov. 2003.

A Conceptual Framework for Business Involvement

During a pre-conference workshop on developing public/private partnerships the Academy for Education Development (AED) and the United States Agency for International Development (USAID) presented a conceptual framework⁷ for private sector investment in education that clearly points to the advantages of cross-sector partnerships as a way to achieve maximum impact. The framework can be useful to any business contemplating involvement.

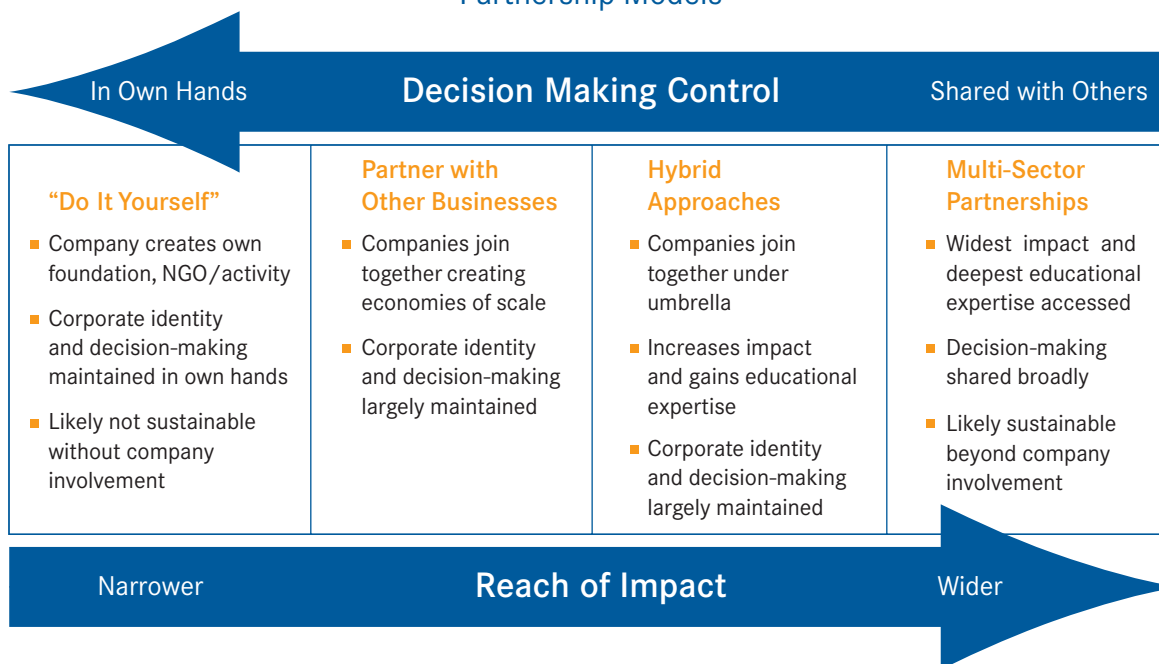
So why does a private business get involved in education? There are four basic rationales:

- Philanthropy: it is the right thing to do
- Reputation/Visibility: improves a company’s public image in the community

- Enlightened Self-Interest: when a company recognizes the intersection between its own interests and society at large. A company may strategically choose investing in education to:
 - Increase the productivity of a national/global workforce
 - Produce higher qualified employees
 - Attract investment or strengthen competitiveness
 - Improve community-company relations
 - Foster employee pride in the company
- Affect public policy: enhance financing for education, suggest changes in curriculum or standards; and create a greater understanding of and increase support for education

Exhibit 1

Partnership Models



Source: Academy for Education Development (AED) and the United States Agency for International Development (USAID)

⁷ Kristen Brady, Kirsten Galisson, *A Conceptual Framework for Private Sector Investment in Education: Strategies from the Latin American Caribbean Region*, United States Agency for International Development and the Academy for Education Development, August, 2006.

What does that involvement look like? The project scope can be:

- Specific Input—One discreet activity such as material support, donating books or computers, or improving infrastructures
- Education Processes—Activities such as teacher training, reading campaigns, and implementing new pedagogical reforms, changes in school administration, etc. to improve the quality of education
- Public Policy—Initiatives that work to change education policy at a national level and incite systemic change.

What are the internal considerations? Before a company can decide how it wants to participate, the following needs to be evaluated: on a basic model of participation, companies need to consider:

- Visibility—what amount of visibility will the activity provide for the company; how much is desired?
- Control—what degree of control or ownership does the company require?

- Flexibility—what amount of flexibility does the company need?
- Reduced Risk—what level of risk is the company willing or capable of assuming for investing in an education initiative?

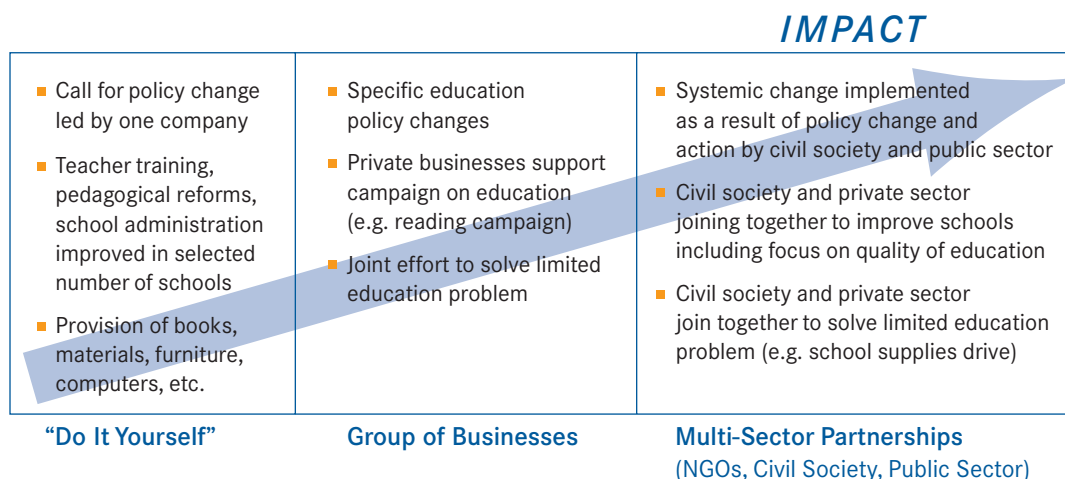
Keys to Partnership Success

Maintaining partnerships, especially cross-sector partnerships that involve a melding of sometimes vastly different cultures, is a significant challenge. All parties must recognize that each comes to the table with valuable expertise that needs to be valued. For example, often there is a tendency for non-business organizations to look at the private sector solely as a source of resources rather than appreciating the breadth of experience and managerial expertise that corporations can bring. What follows are some basics to consider when thinking of forming a partnership with another organization and are adapted from a paper given to participants at the October conference.⁸

8 Ivan Charner, *Building Powerful Partnerships for School Reform and Youth Development*, the Academy for Education Development, 2007.

Exhibit 2

Conceptual Framework for Private Sector Investment in Education



Source: Academy for Education Development (AED) and the United States Agency for International Development (USAID)

Criteria for Powerful Partnerships

- All parties participate on a voluntary basis... but must be committed
- Each member of the partnership has equal status... and will contribute to the best of their ability
- Recognition that members have independent goals... that converge in a shared vision
- Partnership is performance-oriented
- Organizational structure will vary
- Once goals have been met, members share equally in the credit for accomplishments

Seven Keys to Power Partnerships

- Shared vision
- Skilled leadership
- Process orientation
- Membership diversity
- Membership-driven agenda
- Multiple sectors
- Accountability

Barriers to Powerful Partnerships

- Negative past experience with partnership efforts
- Difficult past or current relationship among possible partners
- Competition and turf issues among potential partners
- Personality conflicts among representatives of the partners
- Differing community norms and values about cooperation
- Personnel and leadership changes
- Loss of funds
- Lack of shared or common goal
- Insufficient level of trust among partners
- Program versus partnership
- Strong partners versus strong partnership

How to Minimize Problems and Barriers

- Keep commitment and activities simple at first
- Make clear communication a priority
- Spend time getting to know other members and their organizational cultures
- Include new members in business and social activities of the group

- Encourage members to be “up front” about their needs
- Address turf issues and hidden agendas
- Develop clear roles for members and leaders
- Celebrate accomplishments

Developing a Partnership Plan

- Identify problem or issue to address
- Assess needs and resources
- Create mission statement
- Develop goals
- Develop objectives
- Develop a budget
- Create a work plan
- Monitor and adjust
- Evaluate results

Negotiating in the “Real World”

During the pre-conference workshop, participants were asked to role-play a possible partnership negotiation amongst a government, a corporation and an NGO sectors. Their learnings reflect the principles outlined above:

- Make clear objectives before you start negotiating
- Acknowledge the politics of the situation. Don't avoid them but rather address them upfront
- Identify your core competencies for your partners and let them know what you bring to the table. All participants should do this.
- Facilitated discussion is better than an open forum
- The goals of the business sector, the government/ education sector and the NGO must be aligned. If they aren't, then get them aligned through negotiations.
- Beware of the language trap. Each sector uses a different language/jargon.
- Listen, listen and then listen some more. Listening is very important
- Building relationships takes time
- The process itself takes time
- Recognize that we need each other. No one player can do this themselves
- You must have a strong action plan
- Different groups will create different time lines which can create conflict unless the partnership is prepared.

What Needs to be Done (Differently) – “Front-Line” Engagement, Unified Voice, Individuals as Change Agents ⁹

In June 2007, as part of a follow up to *Are They Really Ready to Work?*, a research report by The Conference Board, along with Corporate Voices for Working Families, Partnership for 21st Century Skills, and the Society for Human Resource Management that surveyed employers perceptions of the preparedness of recent high-school, two-year, and four-year college graduates, the four partners convened a cross-sector meeting with representatives from Fortune 100 companies, public school teachers, and community non-profits, as well as local and federal government officials to ask what business leaders can do to improve workforce readiness.

This unique cross-sector gathering came up with a set of recommendations to better frame the debate and to maximize the impact business can have on shaping the education system of the future. The framework has three parts.

Unified Voice

For the business community to effect change, it must agree on what it wants by way of change. It must, to put it simply, speak with one voice. A scan of major business membership organizations shows that the business community is concerned about educating a ready workforce. Within the United States alone, business organizations with strong agendas addressing workforce readiness issues include: The Business Roundtable, Achieve, the Council on Competitiveness, Business Higher Education Forum, and the National Association of Manufacturers, among others. A common call to action from the key leaders in these organizations would raise the tenor of the public discourse.

“Front Line” Engagement

In the *Are They Really Ready to Work?* report, the business community overwhelmingly identified educators as the sector most responsible for creating a workforce ready to compete. (K-12 Education—75.6 percent, Four-Year College—68.4 percent, and Two-Year College/ Technical School—45.2 percent). However, no amount of finger pointing will get the job done. Creating a workforce that is ready to compete requires cross-sector cooperation from the entire community. Business leaders, educators, parents, community leaders, and policymakers must work together to ensure that young people have the opportunities they need to develop important workplace skills. And business must lead the way in engaging front-line educators in the business of workforce readiness. This is not about just giving schools more supplies, but rather it means asking teachers one-on-one what they need, and then pushing for the empowerment of front-line teachers to ensure follow through. Corporations have traded in strict “do-as-I-say” autocracies for systems with increased empowerment, responsibility, and accountability of front-line employees. This culture change could produce the same innovation and productivity gains if applied to the world of education. As major employers within states or regions, corporations can effect change in their individual communities, and thus collectively across the nation.

⁹ Excerpted and adapted from Workforce Readiness Initiative, Summary Report, Stakeholders Strategy Meeting, June 26–27, 2007, The University Club, Washington, D.C., E-0014-07-RR, The Conference Board.

Five Recommendations for Improvement

In an address to conference participants, Bruce Nolop, Executive Vice President and Chief Financial Officer of Pitney Bowes Inc., emphasized that education is an issue that goes to the heart of American economic competitiveness.

While there is much to like about the public school system, especially how it handles students at the high end of the curve, businesses should be concerned about the broad middle group of students. It is here, he says, that there may be a gap between what the public schools are providing and what these students will need to maximize their full potential. It is this gap, said Nolop, that will have the most impact on our ability to meet our workforce needs.

Nolop urged the business community to support the five key recommendations made by the Partnership on 21st Century Skills, a non-profit organization that brings together business, educators and policy makers, to improve the education system. Among them:

- 1 Achieve proficiency in core subject areas** This includes English, reading, math, science, foreign languages, civics, government, economics, arts, history, and geography. And this is clearly an area where business people can help. For example, active or retired executives can serve as adjunct teachers for elective courses in such subject areas as “mathematics for business decisions” or “writing for business.”
- 2 Emphasize life-long learning skills** This, according to Nolop, may be the single most important recommendation, because the next economic revolution will place a premium on self-direction, adaptation, and personal and organizational flexibility. Indeed, human resources professionals at Pitney Bowes emphasize that the ability to learn is probably the number one factor that determines success or failure in their executive ranks.
- 3 Introduce modern technologies in the schools** The list of needed technologies is commonplace to anyone working in a large company—computers, networking equipment, digital audio and video systems, personal digital assistants and mobile devices, internet-based training modules—all the electronics and resulting connections that make high-value work possible in the contemporary business world.
- 4 Teach global awareness and business literacy** Teaching global awareness and economic and financial literacy is clearly an area where business people can make a significant positive contribution. Wherever possible, schools should open themselves to direct involvement by the business community and business leaders should make teaching these concepts a high priority in their community outreach programs, said Nolop.
- 5 Measure progress through quantifiable assessments** Business believes that it’s axiomatic to establish quantifiable objectives and to measure them rigorously and consistently. Nevertheless, business typically also allows room for subjective judgments. Schools likewise should strike a balance between objective and subjective assessments. There should be greater experimentation with more tools to measure and drive results. For example, schools should consider borrowing an assessment from the corporate world concerning “engagement.” Appropriately designed and administered, a student engagement survey might be a powerful tool to collect and analyze the opinions and suggestions of those who have the biggest stake in the quality of the educational experience—the students themselves.

Individuals as Change Agents

Many corporations already partner with schools, after school programs, and university and community based youth development programs to offer internships, summer jobs, work-study programs, and other hands-on programs to provide practical learning experiences for students to cultivate the important applied skills needed in the workplace. These programs must be expanded to all companies that feel they have a stake in workforce readiness. Companies must also communicate to local schools what skills they are really looking for in their entry level jobs. Also, more can be done to help individual employees be activist parents, mentors, and policy makers within local school districts. Supporting employees in their individual life-long learning also serves to increase the demand for workforce-focused learning opportunities.

What Business Leaders Can Do

According to representatives from Fortune 100 companies, public school teachers, and non-profit community/education organizations business leaders can:

1. Use their bully pulpit and speak with a unified voice to drive change in national policy and societal norms. Leadership is critical: business possesses a bully pulpit and if it gets behind an issue, it can force real changes in behavior. Get businesses, and especially CEOs, behind this issue and change will come. It will take strong civic and business leadership to effect reform in an education system fraught with inertia.
 - The current focus is too scattered. Businesses must align themselves both internally and externally to deal effectively with the education and workforce readiness issue. The business sector must speak with one voice and deliver one message to maximize impact and “move the needle.”
2. Support change on the “front lines”—at the local and state levels where businesses are significant employers and they have the presence and access to directly engage with teachers, community groups, and educators, as well as legislators and policy-makers.
 - Corporate philanthropy alone cannot improve workforce readiness. Truly collaborative long-term public/private partnerships that look at effecting systemic change will have the greatest impact. Just throwing money at the problem hasn’t worked in the past and won’t work in the future.
 - Companies rarely leverage their greatest assets when supporting educational programs—its own expertise in its core competencies. The old model of funding schools and scholarships is no longer enough. Corporations need to realize they bring a unique set of capabilities and expertise to the partnership table—something that no other sector has. It is important for corporations to share not just cash, but also other resources at least as valuable—time, talent, and experience.
3. Encourage employees to be individual agents of change within schools and school districts, and to be life-long learners themselves.

About This Report

The material in this Executive Action is based on discussions at The Conference Board's the 2007 Business and Education Conference as well as presentations provided by the following companies and organizations:

About the Academy for Education Development

AED is a nonprofit organization working globally to improve education, health, civil society and economic development. In collaboration with local and national partners, AED fosters sustainable results through practical, comprehensive approaches to social and economic challenges.

AED implements more than 250 programs serving people in all 50 U.S. states and more than 150 countries. Education programs focus on increasing access to relevant, high quality education and improving learning outcomes and teacher preparation. It has collaborated with TCB on both the 2006 and 2007 Business and Education Conferences and in 2007 produced a report on *Global Workforce Trends, Window on the Future: 2025, Projections of Education and Its Impact*.

About The Conference Board's Workforce Readiness Initiative

The Conference Board defines workforce readiness as ensuring that new workforce entrants to paid employment, as well as continuing employees, bring to the workplace the skills and knowledge to be valued and productive employees.

Mary Wright, Initiative Leader, Workforce Readiness. Ms. Wright is charged with expanding The Conference Board's involvement in the area of workforce readiness through research, publications, conferences, and by working with our members and other organizations. She is also a program director planning for our conference offerings including Business and Education and Corporate Community Involvement. She is also the Council Director for the Business and Education Council and the Community and Public Affairs Council. She can be reached at Mary.Wright@conference-board.org

About the Authors

Linda Barrington, Ph.D., conducts and directs workforce and human resources research as Labor Economist and Research Director of the Management Excellence Program at The Conference Board. Dr. Barrington's current research projects assess issues surrounding the maturing workforce and workforce readiness. Her Conference Board publications include *The CEO Challenge Survey: Top 10 Challenges*; *Are They Really Ready to Work?—Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce*; and *Does A Rising Tide Lift All Boats?—America's Full-Time Working Poor Reap Limited Gains in The New Economy*.

Charles Mitchell is the Executive Director of Publishing at The Conference Board and publisher of The Conference Board Review magazine. A former journalist and foreign correspondent based in South Africa, Kenya, and the Soviet Union, he is the author of several books dealing with international business travel, cultures, customs, and etiquette.

Acknowledgments

The Conference Board would like to thank Pitney Bowes and Bayer Corporation for their sponsorship of the conference as well as the Academy for Education Development for their involvement.