



Job Training Programs Shouldn't Overlook Small Businesses

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The nation's workforce training and job placement programs have long focused on large businesses. This is hardly surprising, given that larger employers often have multiple positions to fill, whereas most small businesses add one or two employees at a time.

But with small businesses driving economic growth and job creation in cities nationwide, it's time for smaller employers to become a larger part of the workforce equation.

Over the past 20 years, small companies have created two-thirds of the nation's net new jobs. This entrepreneurial boom is generating economic opportunity in cities from New York to Detroit and strengthening communities through more inclusive growth.

But despite these evident successes, many small businesses struggle to find and retain the employees they need in order to grow. At the same time, workforce development providers still make the bulk of their job placements with large companies, despite the opportunity presented by a nation of entrepreneurs.

The disconnect between smaller employers and workforce development is understandable. Large companies hire frequently and often have multiple openings, so why work with small employers to place one or two jobseekers at a time? Federal funding, which accounts for most of the country's public workforce investments, reinforces that logic by funding workforce development programs based on the number of placements they make.

As a result, many small business owners aren't even aware that the workforce development system exists. And workforce development providers see little incentive to serve the needs of small businesses by filling jobs one at a time.

Making the connection between workforce programs and small business will require an effort at all levels of government, with rewards that will ripple throughout the economy.

Some of the most powerful work can happen on a local level, where cities have an enormous resource hiding in plain sight: small business intermediaries, such as chambers of commerce, local development corporations, and microenterprise organizations. Intermediaries work with small businesses on a daily basis and understand their needs, making them crucial potential partners for workforce providers. But few intermediaries currently offer workforce development services to small businesses, in large part because they lack the resources to take on that role.

Intermediaries that are equipped to offer their own workforce development programs should be catalyzed to do so. Others should be encouraged to partner with workforce developers to identify needs, design training programs, and pool demand from the small businesses in their communities. Without the human resources departments of larger companies, small business owners often have difficulty navigating the hiring process on their own.

A recent report by the Center for an Urban Future—made possible with funding from JPMorgan Chase & Co.—shined a light on several emerging efforts in New York that offer promising models for other cities to adapt and scale. Programs like the Brooklyn Navy Yard’s Business Support Services, where small businesses owners are given the skills to develop sustainable hiring practices, and Brooklyn Workforce Innovations’ Brooklyn Waterfront Workforce Initiative, which connects Brooklyn Navy Yard and Industry City businesses to the local workforce , are developing place-based solutions to broker better connections.

The East Harlem Talent Network and the Lower East Side Employment Network tackle the issue of scale by aggregating demand among a network of small businesses and funneling those hiring needs through a single workforce development point of contact. These models demonstrate the value of a collaborative approach, in which different job training and placement providers specialize in the needs of their communities but work together to drive impact at scale. One provider might train 20 job seekers for hospitality jobs, for example, and then partner with business intermediaries in the same network to place candidates at 10 different hotels. The result is a model that works for small businesses and workforce development providers alike.

Policymakers and funders should build on the success of these leading models to support programs that meaningfully connect small businesses in need of employees to workers in need of jobs. By forging a stronger relationship between smaller employers and the workforce system, cities and states can expand the pool of opportunities for job seekers while helping more of their small businesses to grow.

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