

EMPLOYMENT SOCIAL ENTERPRISE

**A Model That Works To Build
Economic Self-Sufficiency
And Life Stability.**

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INTRODUCTION

Since 1997 REDF has supported employment social enterprises (ESEs), mission-driven businesses that provide paying jobs combined with training and services that help employees gain the stability, skills, and confidence they need to stay employed and build a better life.

With this integrated approach, ESEs create pathways to economic mobility for people who are often left out of the mainstream workforce. A developing body of evidence demonstrates the effectiveness of ESEs to provide positive outcomes for individuals, such as removing their barriers to entering the workforce and improving their economic situations. REDF partnered with RTI International to produce a research study that adds to the evidence base of the workforce development field: "Employment Social Enterprise Evaluation: Economic Self-Sufficiency and Life Stability 18 Months After Starting Work With An Employment Social Enterprise."

RESEARCH OVERVIEW

Nearly one thousand individuals, enrolled through four ESEs, participated in the RTI evaluation. The enterprises were located in Seattle, WA; Portland, OR; and San Jose, CA. There were two types of sites, determined by the method used to create the comparison group: an RCT (randomized control trial) site or a QED (quasiexperimental design) site. By comparing results from the groups receiving ESE employment to those who were in either the control or comparison groups, the evaluation measured effectiveness through a series of outcomes related to employment and earnings, such as retention and wages. The research also examined whether the individual perceptions of ESE employees corresponded with their later employment outcomes.

Study participants were administered a series of surveys delivered at intake to the ESE, at exit from the ESE (either through permanent job placement, enrollment in school, or early termination from the ESE program), and 18 months after enrolling at the ESE. RTI received follow-up information for 673 out of 977 people who completed an intake survey (a 69% response rate). A fourth survey was only administered to the study participants who received ESE employment. One third of the way through the ESE program, they were asked a series of questions about their perceptions of the ESE job experience, such as their optimism around finding a job after the program and the level of connection they felt with ESE program staff.

STRENGTHENING EVALUATION THROUGH COLLABORATION

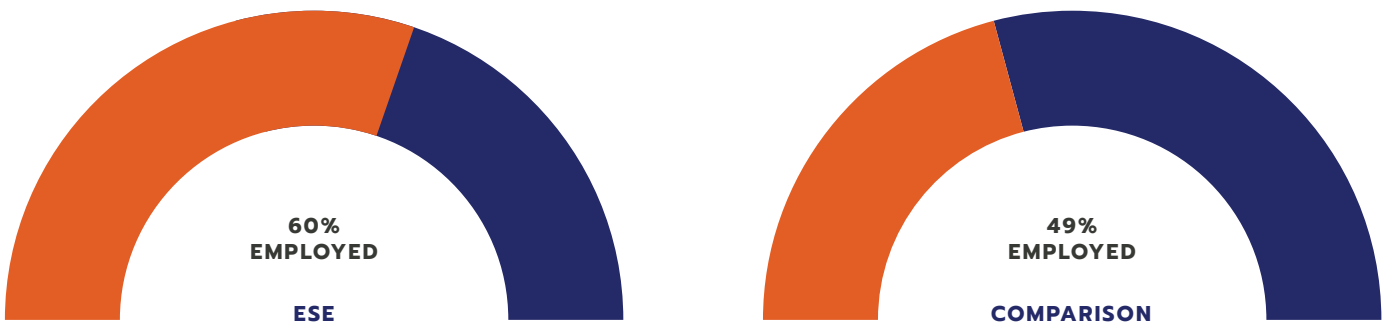
One strength of the study was the inclusion of an Evaluation Learning Committee (ELC) comprised of the RTI evaluation team, ESE staff members, REDF program leadership, and experts in the field of feedback research. The goal was for ELC members to apply their experience and expertise to craft a responsive and meaningful evaluation that would both minimize the burden on the ESE partners and build their capacity and understanding of the evaluation process and findings.



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Incorporating ESEs in the decision making during the design phase of the evaluation made them equally invested in the outcome. ESE staff went above and beyond to reach participants for enrollment and for follow-up surveys. They came to see the study as their own and were motivated to ensure its success. As the study shifted from implementation to analysis of results, the ELC engaged in co-learning and sensemaking of the results. The participating ESEs have since looked to each other as models for best practices in sharing results with internal and external stakeholders and have been inspired by next steps that others have taken to apply their learnings to program improvement.

ESE PARTICIPANTS WERE EMPLOYED AT A HIGHER RATE AT 18-MONTH FOLLOW-UP



SUCCESS IN CONNECTING PARTICIPANTS TO EMPLOYMENT

Previous evidence has shown that having 6-12 months of paid employment in a supportive work setting supports individuals who have faced great difficulty in finding and holding employment to retain jobs for the long term, which increases their income and economic stability over time. The RTI evaluation shows that across the board, ESE employees had better employment outcomes than the comparison group. This includes higher employment rates, greater number of hours worked, and higher wages. At follow-up, 60% of the ESE group reported being currently employed compared with 49% of the comparison group.

On average, employed ESE workers had been in their current job 1 month longer than those employed in the comparison group. In terms of months unemployed, the ESE group was unemployed, on average, 3 months less than the comparison group. Individuals in the ESE group worked more hours on average than the comparison group. When taking into consideration current or most recent job held (for those currently unemployed), over two-thirds (71%) of those in the ESE group worked at least 30 hours per week compared with 52% of the comparison group.

And there was a difference in earnings; those in the ESE group earned approximately a third more than the comparison group did in the month just before taking the survey (\$1,233 for the ESE group and \$927 for the comparison group).

As would probably be expected, a positive exit (defined as leaving due to a new job or because of enrollment in a job training or educational program) increased the likelihood of being employed 18 months later, working at least 30 hours per week, and greater wages. A positive exit increased monthly wages at the 18-month follow-up period by an average of \$640. Although the data do not indicate why the ESE group had less time unemployed than the comparison group, this result aligns with our knowledge of the ESE model. Social enterprises do more than just connect participants with job opportunities. They provide job skills and socioemotional skills training, which is designed to help people stay in jobs longer and help them become more resilient in seeking another job when one job ends. The evidence suggests that participants leave their ESE jobs with a toolkit for navigating the competitive job market and bouncing back after job loss.

ESE PARTICIPANTS HAD HIGHER EARNINGS AT 18 MONTH FOLLOW-UP



RELATIONSHIPS MATTER

A major strength of the employment social enterprise model is that it accounts for the whole person and recognizes that the circumstances that have kept individuals out of the workforce, or underemployed, need addressing prior to their leaving the enterprise environment and entering into a non-supported employment environment. Because of this, ESEs have integrated intervention models such as trauma-informed care and motivational interviewing into their programming. In addition to the support services that are provided, the overall experience that is created for participants has impact. ESEs are not just focused on building job skills and increasing employability but are also interested in providing a supportive environment where participants can build confidence, set goals, and build a momentum of achievement.

To learn more about how those experiences may impact outcomes, a perceptual feedback element was incorporated into the study, looking at whether there were associations between perception and subsequent employment and other post-ESE exit outcomes. Employees may differ in their ESE employment experiences and thoughts on if it prepared them for the future. There may also be different levels of general satisfaction or sense of belonging within the organization. Perceptual feedback has been defined as the “perspectives, feelings, and opinions individuals have about their experiences with an organization, product or service that are used to inform and improve the practice and decision-making of that organization” (Threlfall Consulting, 2017). Perceptual feedback is a litmus test on the overall relationship between an organization



and their participant, encompassing both what they did and how they felt about it (Threlfall Consulting, 2017). This information was gathered from participants when they were about one-third of the way through the program.

The study found that ESE participants’ perceptions and feedback about their ESE were associated with both short- and longer-term outcomes. For the short-term outcomes, information was gathered about the reason that a participant exited the ESE and then grouped into three categories – positive, neutral, and negative. Next, the links between perceptions and positive exits were examined. Positive exits include circumstances where the participant found a job elsewhere, was promoted within the ESE, or started an external training/educational program. Results show that feeling connected to ESE staff and not fearing being able to succeed in another job outside of the ESE were strongly associated with the short-term outcome of exiting the ESE for a positive reason.

The importance of staff and participant relationships was also demonstrated with the longer-term outcomes. The study examined the link between participants’ feedback about their ESE experience and three economic self-sufficiency outcomes measured through the 18-month follow-up survey: current employment, working a minimum of 30 hours per week (current or most recent job), and current wages. Feeling that ESE staff treated them with respect increased the likelihood that the ESE worker was employed 18 months after intake. Participants’ general satisfaction with the ESE was most strongly associated with them working at least 30 hours per week (although there were four other dimensions that were also associated), while interacting frequently with the ESE was associated with higher wages. These all lend credence to the notion that a positive experience for the participant during their engagement with the ESE has an impact on their later employment successes. Feeling respected and having a high degree of support links to greater employment stability.

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WEATHERING THE PANDEMIC: RESILIENCY AND CONFIDENCE

Although all members of the ESE group had experienced ESE work and training before the COVID-19 era began, for some of them, the 18-month follow-up period included the time of the pandemic. Across the United States, people lost their jobs during the pandemic, and adults with low-income jobs had higher rates of job loss than those with higher incomes. Fifty-six percent of adults from households with incomes below \$25,000 lost employment income during the first year of the pandemic compared with 37% of those making between \$150,000 and \$200,000 (Carnevale, 2021).

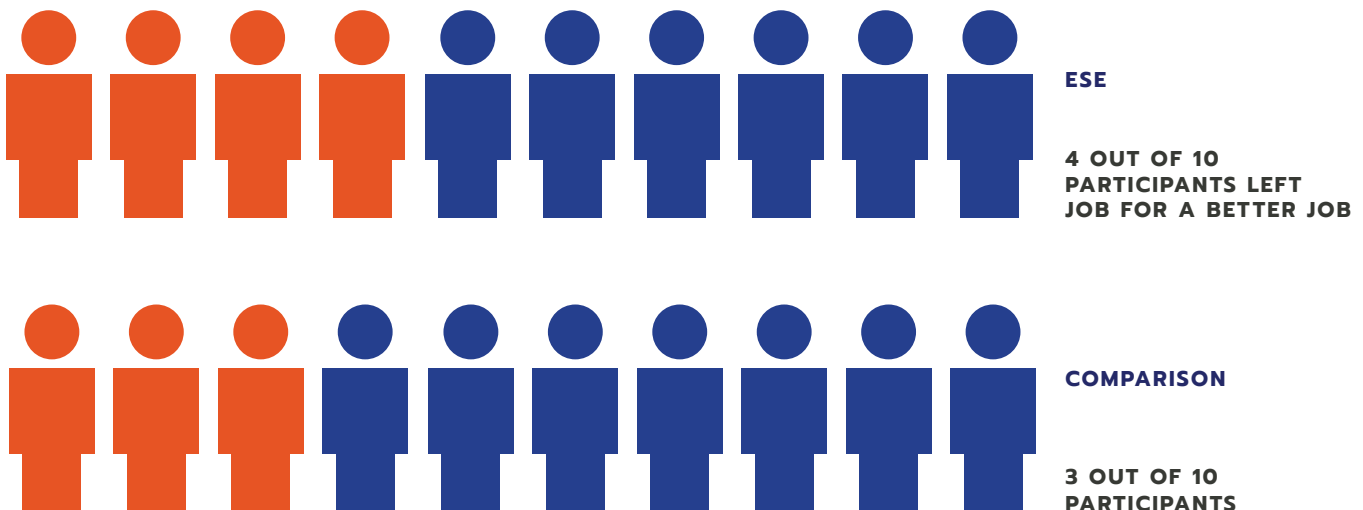
More ESE respondents, 41% compared with 30% of the comparison group, said they left their job for a better job—a positive reason for leaving.

Those participating in the study were not spared from the impacts of COVID-19. Despite the fact that the current employment rate dropped by more than 10%, the ESE group maintained a higher employment rate and income during the pandemic than the comparison group did. During the pandemic, 52%

of the ESE group were currently employed compared with 45% of the comparison group. Prior to the pandemic 68% of the ESE group were employed. For those employed, the ESE group maintained a higher wage income than the comparison group did, although it dropped for both groups. There was a greater difference in earnings before the pandemic started when, on average, the ESE group earned \$512 more in wages than the comparison group. This wage difference between the groups decreased to \$167 for those employed during the pandemic. This difference may be indicative of COVID-era wage adjustments that occurred such as hazard pay. Many of these study participants were hard hit in terms of their economic earning power during the pandemic, yet engagement with an ESE seemed to have a mitigating effect.

Additionally, the study results suggest that ESE participants became more empowered to seek better economic opportunities for themselves. Study participants who left jobs during the 18-month follow-up period were asked about their reasons for leaving. More ESE respondents, 41% compared with 30% of the comparison group, said they left their job for a better job—a positive reason for leaving. The limits of this study leave much room for conjecture, but perhaps the ESE group was more active about pursuing better jobs, was more equipped to undertake this task, and/or had greater confidence in their marketable skills than the comparison group.

ESE PARTICIPANTS EMPOWERED TO SEEK BETTER EMPLOYMENT DURING COVID-19



KEY LEARNINGS

This latest RTI study adds to a growing knowledge base around employment social enterprises as a unique form of transitional employment. Specifically, paid employment in a supportive work setting can assist people who have faced great difficulty in finding and retaining employment for the long term, which in turn, increases their income and financial stability over time. Prior studies have shown a range of impact of ESE participation on later employment outcomes:

- ▶ A 2012 randomized control trial (RCT) study of the Center for Employment Opportunities (CEO), a nationwide social enterprise, found substantially increased employment early in the follow-up period, but after the first year, employment and earnings were similar for both treatment and control groups (Redcross, Millenky, Rudd, & Levshin, 2012).
- ▶ The 2018 Enhanced Transitional Jobs Demonstration, which included an RCT of the ESE RecycleForce, found that at a three year follow-up, participants were 9% more likely to have been employed in the last year and they earned 24% more in wages (Barden, Juras, Redcross, Farrell, & Bloom, 2018).
- ▶ A more recent study of CEO found that at 12 months post-enrollment, participants were 52% more likely to be employed, and three-years post-enrollment they were 48% more likely to be employed than the comparison group (Center for Employment Opportunities, 2019).
- ▶ These findings are similar to prior research commissioned by REDF and conducted by Mathematica Policy Research. That study found that employment in a social enterprise setting led to a 19-percentage point increase in employment one year later, compared to those that were not hired by the social enterprise and only received job readiness and search services (Rotz, Maxwell, & Dunn, 2015).
- ▶ The current RTI study shows an 11% difference in employment for ESE workers versus a comparison group.

There are differences among the study results, both in terms of magnitude and duration, but all show positive impacts of engagement with an ESE on later employment.

MORE TO LEARN

This study provides new knowledge about employment, wage, and resilience in the job market for ESE employees, but there's still more to understand about which elements of the employment social enterprise experience contribute most to these outcomes. An important finding from this research was the highly correlated link between ESE participant perceptions and positive employment outcomes. Through those findings we validate the hypothesis that it is not just that the enterprises offer job training and transitional employment opportunities, but it is the way that these offerings are provided. Staff relationships and the ESE environment created are important to the participant experience and have an impact on what they take away from the program and on their later employment outcomes.

For participants, employment social enterprises are an early step on a career ladder toward economic empowerment. For this reason, ESE programming is focused to a great extent on the development of skills that are transferrable across industries. And there are also a range of supports that are provided to create stability in other aspects of the participant's life such as housing assistance, health care access, counseling, and wellness supports. The RTI study examined four groups that were different in populations served, transitional employment model, and support services provided. This makes it difficult to draw conclusions about the role of non-employment supports in outcomes attainment. There is still a lot to learn about the non-employment side of the social enterprise experience and which model components may have the biggest impact in moving participants toward long-term stability and overall well-being. A next step research question is to further examine how the supportive services offered by ESEs set their model apart from a traditional job training program and are essential to decreasing employment barriers and increasing life stability.

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CONCLUSION

The employment social enterprise intervention is distinct in that it blends a revenue generating business with a job training program that provides paid employment/transitional jobs, job skills training, and wraparound support services to address the additional challenges that participants face in obtaining and maintaining non-supported employment.

The RTI evaluation results are that ESE employees had better employment outcomes than the comparison group including higher employment rates, greater number of hours worked, and higher wages. The unique contribution of this study is from the perceptual feedback component of the evaluation which validates long held assumptions about what sets ESEs apart from other transitional job programs. Relationships matter. Hope matters. Paid employment in a supportive work environment is a key component of the model. And essential to a positive experience within the ESE is a strong relationship with staff who treat participants with respect, elevate their strengths, build confidence, and create a reinforcing cycle of achievement. The employment social enterprise approach to transitional job training is a whole person response and a strong model for building economic mobility and economic equity among those individuals who are often locked out of the workforce.

The key elements of the ESE model are...

- ▶ Paid Employment
- ▶ Job skills training
- ▶ Wrap-around services
- ▶ Supportive work environment

Which results in...

- ▶ Higher employment rates
- ▶ Higher wages
- ▶ More sustainable work hours

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REDF

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REDF invests in employment social enterprises (ESEs) – businesses that provide jobs, training, and support to people breaking through barriers to employment. REDF partners with these businesses and the entrepreneurs who lead them – providing capital, capacity, and community – to amplify their transformative impact. Since 1997, REDF has invested in more than 238 ESEs in 33 states and DC. Collectively these partnerships have helped 84,000 people enter the workforce and generate more than \$1.3 billion in revenue that is reinvested in employee success—creating a ripple effect that strengthens families and communities and helps build an economy that works. For everyone.

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