



Why Teens Aren't Finding Jobs, and Why Employers Are Paying the Price

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What do Warren Buffett, Walt Disney and Ross Perot all have in common? Besides being iconic American businessmen, all three have "newspaper carrier" on their boyhood résumés. But don't bother looking for leaders of tomorrow's corporate America to be walking down your block at dawn: Your newspaper carrier today is most likely an adult in a car.

As recently as 1990, nearly 70% of newspaper carriers in the U.S. were teens. But that number dropped to 18% in 2004, and more declines are likely, according to Robert Rubrecht, director of circulation and marketing at the Newspaper Association of America. "It's an evolutionary process," he says.

Although reasons for teens being edged out of this formerly youth-dominated profession are specific to the newspaper industry -- papers are delivered earlier now, and usually require driving -- the end of the boyhood (or girlhood) paper route reflects a dramatic but little-noticed trend: Teen unemployment has hit historic highs in the last three years. Experts in the field say employers who want to ensure a quality workforce down the line should sit up and take notice.

"It's a baffling problem. The economy is humming along, and employers are almost desperate for people they can hire and train. Contrast that with the lowest teen market penetration in 50 years. Somewhere the connection point is not being made," says Ken Smith, president and CEO of Jobs for America's Graduates, an Alexandria, Va.-based non-profit that helps more than 40,000 youth each year transition from school to work.

According to data gathered for the U.S. Bureau of Labor Statistics, 37% of teens nationwide worked in the summer of 2006 -- nearly 11% fewer than were working in 1989, the peak of a nation-wide economic boom.

Are teens working less because they are too busy with their MySpace pages, disdainful of teen job opportunities or just plain lazy? Adults are quick with anecdotal evidence to support such theories, but according to Andrew Sum, director of the Center for Labor Market Studies at Northeastern University, there is no data to back them up. "When you ask teens if they want to work, a large number of kids say they simply can't find a job," says Sum, who is also a professor of labor economics. For the summer of 2006, according to the labor bureau statistics, teens had an unemployment rate of 16.5% -- four times higher than that of adults during the same period. "If adult employment fell by the same rate teen employment has in the last 10 years, that would be greatest job loss in American history since the Depression."

Like adults, teens were hurt by the mini-recession of 2001, but while the adult economy has regained its footing, teen employment has continued to fall, says Sum. "Employers are hiring immigrants instead of kids, especially in the last six years," he notes. Hiring one immigrant often leads to hiring more, because hiring usually happens through social networks. Another group replacing teens are workers 55 and older seeking to supplement their incomes. "If you walk into a mall or a grocery store, you'll see large numbers of older people working at jobs teens used to have," says Sum.

The shift of the U.S. economy from manufacturing to services has hurt boys in particular, says Bernard Anderson, practice professor of management at Wharton.



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"Jobs in health, retail and other services pay lower wages and require fewer skills than jobs in manufacturing, transportation and utilities. Those jobs are more attractive to women than to men," says Anderson. Faring worst of all, he says, are disadvantaged, minority youth. White teens were almost twice as likely as black teens to work last summer, just as the poorest teens were least likely to work. "Many minority youth have just given up and stopped looking for jobs," says Anderson, a trend that artificially lowers unemployment figures for those groups. ("Unemployed" is used to define a person who is looking for work but fails to find it.)

Leveraging Early Work Experience

Should employers care about these trends? Why not continue to bypass teens in favor of immigrants, older workers or even workers in other countries?

"The private sector cannot just stand aside while Rome burns and say, 'That's too bad,'" states Anderson. "They live in Rome." He and other experts agree that teens gain critical skills from early work experiences; without widespread teen employment opportunity, the future workforce will be compromised, they say.

"Working as a team, completing tasks and taking responsibility. Kids learn these skills through employment," says Ivan Charner, director of the Academy of Educational Development/National Institute for Work and Learning, a Washington D.C.-based non-profit concerned with workplace development. "Can you learn those skills by playing a sport or volunteering at church? Yes, but if you are a volunteer, you don't necessarily have to show up. A lot of kids don't or can't play sports. Employment provides an important opportunity for kids to learn from adults other than their teachers or parents."

While getting a foothold in the labor market is especially important for teens who enter the workforce directly after high school, it is also true for those who attend four-year colleges.

Barbara Hewitt, senior associate director of Wharton's Career Services, says college graduates often leverage early work experience to win later employment. "I hear employers looking at a résumé say things like, 'He roofed houses in high school, he must have a good work ethic.' Employers understand the value of even manual labor," she says. During a mock interview for an auditing job, Hewitt recalls, one Wharton undergraduate explained how dealing with irate customers in his summer retail job prepared him for handling contentious clients. "That job may have seemed very irrelevant to him at the time, but it turned out to be valuable," she says.

Experts agree with Hewitt. "Employment is what we call 'path dependent,'" says Sum of Northeastern. "The more you work now, the more you will work later."

Rubrecht, of the newspaper association, recalls how teen carriers he managed at the *Trenton (N.J.) Times* in the 1980s sometimes rose to become district managers. Delivering newspapers -- and ensuring that customers paid for them -- gave carriers "a glimpse into the newspaper business," says Rubrecht, pointing out that the *Washington Post's* former circulation director, Tony Mineart, who died last year, began his career sweeping a newspaper office floor at age 10. "Young people think about becoming teachers because they attend school. They know about sports because they play them. Working is a great way to experience a profession."

A January 2007 story in the *Wall Street Journal* offers a host of similar anecdotes about America's corporate leaders. In reporter Carol Hymowitz's article, Pitney Bowes CEO Michael Critelli recalls how working as a dishwasher in a bakery as a teen -- and being yelled at by his boss for not reusing a piece of wax paper -- taught him the value of small cost savings; Critelli says he used that lesson to realize savings in Pitney Bowes' financial services.

Adequate Rather Than Excellent

Given the data, teens appear to be caught in the Catch-22 of employment: You can't land a job when you don't have experience, and you can't get experience unless you have had a job.

"We often ask, 'What's wrong with this generation? They don't have any work ethic?' but a deeper analysis shows they haven't had the same employment opportunities their parents and older siblings once

had," says Neil Sullivan, executive director of the Boston Private Industry Council, a business-led intermediary organization that seeks to strengthen Boston's workforce. As a result, employers are finding that entry-level employees are lacking in what Sullivan calls "the habits of paid work."

In an October 2006 study, "Are They Really Ready to Work?" more than 400 U.S. executives and human resource professions reported that entry-level employees, including graduates of four-year colleges, lack critical skills.

A vast majority of high school graduates are deficient in written communications, professionalism and problem-solving, among other areas, according to employers surveyed in the study, which was published collaboratively by the Conference Board, Corporate Voices for Working Families, the Partnership for 21st Century Skills and the Society for Human Resource Management.

Two-year college and technical school graduates were rated "excellent" in only one category -- information technology application -- and even that by only a quarter of employers. Four-year college graduates fared better, rating as excellent in IT application, diversity and problem-solving, yet a quarter of employers still found these graduates deficient in written communications and leadership skills.

"How can the United States continue to compete in a global economy if the entering workforce is made up of high school graduates who lack the skills they need, and of college graduates who are mostly 'adequate' rather than 'excellent'?" write the presidents of the study's four collaborating organizations. Demographic pressures make the study's findings all the more urgent, say its authors, because of the coming retirement of the baby boomer generation and the subsequent scramble for qualified employees.

The report calls on business leaders to take a leading role in creating employment opportunities for young people to master necessary skills, whether that means partnering with schools and non-profits, providing internships and summer jobs, or "using expertise in innovation and management to help identify new and creative solutions."

Strategic Solutions

For State Street, hiring teens from Boston Public Schools, who tend to be disadvantaged minorities, is one part human resources strategy, one part philanthropy, according to Donna Sinnery, vice president for worldwide staffing at the Boston-based financial services firm.

In cooperation with the Boston Private Industry Council and Boston Mayor Thomas Menino's Summer Jobs Campaign, State Street hires around 175 such teens each summer, exposing them to all aspects of corporate operations, such as information technology and human resources. "We ensure they have meaningful roles," says Sinnery. State Street also works with a non-profit called Year Up to provide 46 year-long apprenticeships for urban teens in Boston. The corporation is also exploring partnerships with the University of Massachusetts to employ students in need.

Hiring and training from within the local teen workforce, says Sinnery, is a "strategic business solution," given the labor shortfall that will follow the baby boomer retirement. "We are doing the right thing by giving back to the community in a meaningful way, but we are also attracting talent, increasing retention and branding ourselves in the marketplace as an employer of choice. That's a significant payback," says Sinnery, noting that State Street is also a member of the European Alliance for Skills for Employability, a Brussels-based organization that partners with global businesses to strengthen the European workforce.

Aside from State Street, says Sullivan, director of the Boston Private Industry Council, health services in the city, including several large hospitals, have worked with the council and mayor's office to proactively hire teens. "Clearly Boston employers hire teens because Mayor Menino asks them to be part of the solution as far as keeping peace in the city's neighborhoods. But companies are now looking at the issue with a more sophisticated lens, seeing what it's going to take to create more skills and work readiness among the next generation."

"Not the Jobs of Five Years Ago"

Although Sullivan and Sum say other metro areas -- cities have the highest rates of teen unemployment -- can follow the example of Boston's successful government-business partnership, others look toward the

public education system for solutions.

In the "Are They Really Ready to Work?" study, 75% of the executives and human resources professionals surveyed said the K-12 school system should be responsible for developing necessary skills in the workforce; only 11% said it was the responsibility of the business community. "Corporate tax payers want to know, 'With all of the money being invested in education, should the schools get students ready for work?'" says Smith of Jobs for America's Graduates.

Yet educational and economic trends work against job-readiness as a school concern. The federal No Child Left Behind policy has put a new emphasis on testing and achievement standards; vocational programs have fallen out of fashion; and, as the economy demands more highly educated workers, many students -- with the encouragement of parents -- are delaying work experience in order to focus on academics. Smith says he met recently with a large manufacturing company that is seriously considering creating its own high school, which would educate and train current high school students as well as drop-outs.

"The current pattern of 'educate now, employ later' is not working. It has to be simultaneous," says Sullivan, who calls on schools and employers to share an equal responsibility for preparing young people.

One important step corporations can take is to articulate what specific skills they need in their entry-level workforce -- and then communicate those needs to the relevant school systems, according to Smith. "Today's jobs are not the jobs of even five years ago, so parents and guidance counselors may not know enough about them, let alone the jobs opening up tomorrow morning," says Smith, who is also chairman and CEO of a consulting firm focused on workforce development. Corporations should work directly with schools -- and make clear demands. "You can say, 'Let me tell you principals and teachers, as our partners, what specific attributes we need. We're counting on you; otherwise we'll have to do it all over again.'"

Ultimately, says Smith, the growing need for employees will match up with the unmet desire in teens for work, as employers are forced to tap every available labor source. "The demographics will become irresistible."

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