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ABSTRACT

The Training Incentive Payments Program (TIPP) is an experimental and demonstration project designed to explore the feasibility of using financial incentives to stimulate more effective upgrading of the skills and earnings of low income workers in the private sector. Self administration is stressed, with incentive payments to employers based on results. In this first phase, meetings with business groups and employees, as well as first-hand experience with 15 firms employing 163 workers, provided an extensive marketing test of the payments system. TIPP proved successful in enrolling the underemployed, although it has been more effective in raising their earnings than it has in raising their skills. (BH)

First Year's Operations

T I P P

TRAINING INCENTIVE PAYMENTS PROGRAM

A Report to the U.S. Department of Labor

From

The Institute of Public Administration

New York, New York

June 1, 1971

The TRAINING INCENTIVE PAYMENTS PAYMENTS PROGRAM (TIPP) is an experimental and demonstration project supported by the U.S. Department of Labor (MPR Contract No. 82-34-69-44). Its purpose is to explore the feasibility of using financial incentives to stimulate more effective upgrading of the skills and earnings of low-income workers in the private sector. TIPP provides incentive payments to employers based on results achieved. Program administration stresses self administration by participating employers. Each employer taking part provides full access to his firm's experience under the program for research purposes, as a contribution to the development of more effective manpower policies and instruments by the government.

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SUMMARY

The data in this report cover the first operating phase of TIPP, from March 1970 when the first agreement was signed, through May 1971.

In this period we have given the payments system an extensive marketing test: The program was presented to many business groups and discussed in personal meetings with several hundred employers. We have acquired considerable first-hand experience working with 15 participating employers who enrolled a total of 163 employees. We have also learned a good deal from nine employers who originally decided to take part, and then changed their minds.

So far, we have found that the model is both limited and flexible. Employers who decide to take part do so primarily in response to short-run problems for which they need help. A few have moved ahead to initiating long-run changes, stimulated by their initial success (or the prospect of success) with TIPP. Most are unable fully to exploit the potential which TIPP provides, but some have done so effectively.

The original planning underestimated implementation delays and difficulties as well as the amount of both employers' and TIPP staff time needed to produce a viable program. Also overestimated was the appeal of the single structure of incentive payments provided for the great variety of situations which are found in the private sector.

As a consequence of these findings, two important changes are needed to improve the program's future performance:

(1) a wider variety of incentive payment arrangements, adapted to the variety of real-world situations which exist;

(2) more systematic planning with employers, especially during the critical initial period of implementation.

We have suggested ways of making these changes effectively.

In its operations TIPP has successfully enrolled the hard-core working poor; so far TIPP has been more effective in raising their earnings than it has their skills.

Employers still give a low priority to improvement of their systems of employment and manpower administration, particularly for low-income workers. They also lack basic knowledge of the best methods for improving their own performance; as a result, they are often unable to utilize TIPP resources fully. Utilization of these resources by participating employers has been uneven; a few firms account for a high proportion of total slots and of incentive payments.

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I. Introduction

Summary: TIPP is funded to test the effect of financial incentives in stimulating employers to upgrade low-income workers more rapidly and widely than would otherwise occur. Extensive contacts yielded 24 employers committed to participate. Fifteen signed subcontracts and agreed to enroll 259 workers. Ultimately 163 were enrolled, 64 have so far received sufficient first-period earnings to qualify for incentive payments, and 92 in all remain enrolled. Participating firms show the limits of the present structure of payments in attracting employers. New methods are needed, in both the design of an incentive system and in the provision of enabling help to employers. The major factors limiting employers' response to the original design are clear enough to indicate what remedies are needed to deal with them.

From the outset in October 1969, the Training Incentive Payments Program (TIPP) has had these objectives:

1. Through the use of a system of financial incentives, to secure significant and systematic upgrading of low-income workers; the incentives embody the principle of "payment by results". 1/

[illegible]ximum self administration by participating employers, giving them the latitude to select employees from those eligible, and to determine the upgrading route which they would follow; to this end TIPP accepts increases in earnings as indicative of upgrading, without any requirement that formal skill levels or job titles be changed.

3. To extract from this experience a body of usable insights, principles and techniques which would enable manpower agencies to stimulate and foster effective upgrading efforts in the private sector

Our first subcontract with an employer was signed on March 2nd, 1970. One year later we are in a position to assess the results achieved so far and to

1. See appendix 1 for a description of the system of incentive payments.

indicate what more needs to be done in order to carry out these objectives. Our success during this year of operations has been limited. We were charged to enroll up to 500 workers, working with employers who undertook, in return for incentive payments, to make a good faith effort to carry out upgrading of these workers for up to three years. By October 1, 1970, we had commitments or signed subcontracts for 441 of these slots, from 24 employers. The results since then can be summarized as follows:

Table I-1

	No. of Employers	No. of Worker Slots
Informal Commitment to Participate	24	441
Subcontracts Signed	15	259
Workers Enrolled	15	163
Workers Eligible for Reimbursement after First Six-Month Period		47
Workers Still Enrolled	15	92
Employers Receiving Payments	12	

Total Incentive Payments as of June 1, 1971: $10,027.00

Participating employers represent three categories:

(1) small employers with immediate short-run manpower problems which one-step upgrading can help to solve;

(2) small and medium sized employers for whom the monetary returns of TIPP are meaningful and who, to receive these funds, need not alter sharply

the upgrading practices regarding low-wage workers which they would in any case have taken during the six to twelve-month period following their signature of a subcontract;

(3) medium and larger sized employers who come to see, after discussion, that the TIPP design offers them a stimulus to the solution of some of their manpower problems, who find it helpful to work with TIPP staff in designing a program to implement TIPP, who have the power to control manpower policies and directions, and who have the professional competence to use our resources intelligently and effectively. This category of employer is a small one.

TIPP was designed on the premise that the availability of incentive payments would lead employers to build a more systematic and effective upgrading system on the basis of their initial experience. It was expected that this experience would demonstrate the inherent values to them of taking further steps and of institutionalizing the upgrading process. Even in those companies whose executives have shown the best grasp of this objective, it has not occurred, and we see no evidence that it will, simply as a result of experience under TIPP, however gratifying that experience in specific instances. Employers have not yet learned how to extrapolate from their TIPP experience the skills and the internal commitment to create a systematic and viable upgrading process different in any important way from the upgrading which now occurs. It may even be argued that our focus on the narrow objectives of TIPP - success for the enrolled workers - has diverted attention from the larger issues which we see must be dealt with if upgrading of low-income workers is to take root in the private sector. The time has therefore come for us to assess what this

record means and what new actions are called for to reach our objectives. Specific proposals for more effective work are set forth in section VIII (pp. 112-118) of this report.

One major factor is clearly that the single structure of incentive payments which we have offered to employers is not readily adaptable to the variety of situations which employers face and in which they must, or choose to, operate. We propose, therefore, to offer a wider diversity of payments arrangements which will meet the different situations of employers while preserving the principle of payment by results.

A second factor is that incentives to provide more effective upgrading must be incorporated in the institutional arrangements of firms in order for even the most sincere intentions of top management to be effectuated; the structure of internal rewards, as perceived by various levels of management, needs to incorporate this commitment and make it real before it can take root. Accordingly, we propose approaches toward the solution of these problems.

A third factor is that the advantages of such action as we wish to stimulate, and the disadvantages of failure to act, are not clear to many firms. Much of the "conventional wisdom" on the costs associated with turnover, training time, effects of manpower policies on productivity, etc. is wide of the mark, and much of it is based on experience with an earlier generation of workers. While a small and interesting literature is beginning to develop in this area, employers have not shown much awareness of its implications. We hope to create and incorporate in our materials for management some techniques which will enable them to see more clearly and concretely what the costs and returns can be, based both on the literature of "human capital" and on concrete experience within participating companies.

A fourth factor is that even employers who understand and accept the need to develop more effective upgrading processes for low-income workers do not know how to do it, nor do they know where to get the help they need and how to put it to use. There are several reasons for this; often more than one operates in a given situation:

- publicly supported manpower programs during the past decade have focussed on efforts to provide first-level jobs for the unemployed; little attention has been given to upgrading or long-run manpower development;

- professional management consultants working in the manpower area focus on short-run steps toward increasing efficiency; where manpower is involved, the focus of their efforts is toward improving efficiency through engineering techniques and elimination of excess workers. Thus they appear to have little to offer management in the area of manpower development;

- management's focus, even in large firms, is relatively short run, and this is particularly the case with manpower problems as contrasted with market development, capital expenditure, and other major policy areas; manpower development programs tend to have low priority, and those which require extensive time and investment have little appeal;

- periods of downturn and economic uncertainty, such as the recent past, inhibit any serious interest in manpower development programs; management's focus is on short-run cost and revenue prospects, and decisions are limited to the same focus;

- the staff department charged with manpower responsibilities - generally called "personnel" or "industrial relations" - has limited visibility to top management, and hence limited influence with line operations; even where

personnel officials understand and seek to develop effective manpower planning, their task is difficult and their success generally limited.

The purpose of citing these factors is to suggest that the task we face is not easy, and to provide a set of tests against which to measure the effectiveness of the methods which we propose to utilize. It becomes clear that our original objectives need to be supplemented and extended. We feel the need to do the following in order to carry out our three basic goals:

1. Work to adapt the internal structure of participating firms to make possible effective implementation of upgrading programs; this cannot be done, in our judgment, through a narrow focus on the target group of employees alone, but must involve larger dimensions of the firm's manpower planning, development, and policy execution.

2. Provide technical assistance on a limited scale directed at helping firms to achieve an in-house manpower capability which can operate effectively on its own.

3. Develop analytical techniques which can be applied to provide managers with accurate insight into the costs of inadequate manpower planning and the benefits to be derived from more effective manpower management.

These added elements are supportive of the major goals which remain as stated earlier. In applying these tools, as well as a modified schedule of financial incentives, we envisage a spectrum of intensity from limited small-scale action to relatively intensive involvement over an extended period of time, six months or more. Our intention is to test and evaluate a set of tools, and to compare the costs and results of using them alone and in combination, to varying degrees of intensity.

The result of this process should be the creation of an evaluated inventory of tools and techniques which practitioners can use with some reliable indication as to their likely usefulness, their cost, the situations in which they are most likely to work well, timetables, and methods for testing and evaluating the results achieved. These findings will be incorporated in a "manual" which will be one of the major products of this project.

It may be useful to note how the approach which is contemplated here differs from that being developed by such agencies as New Careers Systems and Humanic Designs Corporation, though clearly any efforts whose focus is upgrading of low-income workers will inevitably share elements in common. The major areas of departure are:

1. TIPP experiments with and compares more than one approach and various levels of intensity;

2. TIPP's involvement in any particular firm will be relatively modest; even when we are providing intensive technical assistance, our presence in the firm will not exceed one year, and the man-days of TIPP-financed activity within any firm will average 15-20 per month;

3. TIPP's results will become visible in many firms within one year and will be then available for wider implementation;

4. TIPP will concentrate on techniques which can be widely replicated;

5. All TIPP-participating firms will be subject to objective measurement based on payments by results, whether this is a major or minor feature of TIPP involvement in the individual firm.

II. General Findings

Summary: The problem of the working poor continues to resist solution. Manufacturing constitutes a major employer of these workers. In this sector employers tend to be smaller and less professional, and thus less competent to deal with issues of manpower administration. But their larger and more sophisticated colleagues, in both the industrial and service sectors, seldom have full and accurate knowledge of the costs which ineffective manpower administration imposes. New and better tools of measurement would provide an important incentive to management to upgrade the quality of their manpower analysis and programs. Technical help is then needed to enable management to respond effectively to this incentive.

Our overall findings are set forth here. The specific findings, based on particular experience and operations with participating and cooperating firms, which are set forth in the sections which follow will serve to amplify and illuminate these general comments:

1. The problem of the working poor persists at high levels; no effective means for solving it have yet been developed.

In March 1966, median weekly earnings for all industries in the New York metropolitan area were $90.91. The 1968-69 Urban Employment Survey of the Bureau of Labor Statistics showed that only 38.5 percent of the 191,300 employed persons living in the three major poverty areas of New York City earned $100 or more per week. Comparative data for the six cities covered in this survey vary more with regard to male than to female workers; in Chicago, Detroit and Los Angeles relatively few full-time males living in poverty areas earned less than $100 per week but no city is free of large numbers of full-time women workers at low wages:

Table II-1

Percent of Full-Time Workers Earning less than $100.00
Per Week, Poverty Areas, June 1968 - June 1969

	Males	Females
Atlanta	53.0	85.4
Chicago	28.0	68.7
Detroit	20.2	71.1
Houston	50.3	88.3
Los Angeles	24.5	70.6
New York	45.5	70.4

Source: Urban Employment Survey, Bureau of Labor Statistics

The New York City CAMPS plan for fiscal year 1970-71 estimates the number of full-time employed poor at 444,200 out of a total "target population" of 745,400, or 60 percent; by contrast the unemployed number only 171,200, or 23 percent. Paradoxically, most publicly funded manpower programs miss the working poor; out of expenditures estimated at more than $115 million in fiscal year 1969-70, only TIPP and "a few small JOBS Upgrading Contracts" reach the full-time working poor, 1/

In New York City, manufacturing employment has been declining for many years. Based on average weekly earnings, this decline has not been sharply different for industries at different earnings levels; between 1964 and 1969 the declines were:

1. New York City Cooperative Area Manpower Planning System (CAMPS) Plan for Fiscal Year 1970/71, pp. 26, 64, 86.

Table II-2

Higher Earnings Industries	5.0 percent
Intermediate Earnings Industries	4.0 percent
Lower Earnings Industr	3.6 percent

Source: Bureau of Labor Statistics, "Some Facts Relating to Earnings and Wages in New York City," March 1970, p. 18 (adapted)

Minority employment tends to be concentrated in the lower earnings industries, but these in 1969 employed only 22 percent of the 817,000 workers in manufacturing. Upgrading efforts which concentrate on improving opportunities for low-wage workers in the higher and intermediate earnings sectors clearly offer important possibilities. Success in these sectors would offer two added advantages:

1. Helping employers to solve their manpower problems may help to reduce or arrest the rate of decline in employment in these sectors;

2. Attracting young workers to entry-level jobs in the higher and intermediate earnings sectors can help reduce the pool of labor available to the low-earnings sector and thus exert upward wage pressure. Such pressure in turn should give traditional low-wage employers greater incentives to increase productivity and to modernize their operations.

It is noteworthy that in 1969-70, 90 percent of the combined intake in New York City of the New York State Employment Service and the City's Manpower and Career Development Agency were black and Spanish-speaking workers, and almost half were less than 22 years old. Low-wage employers depend heavily on this supply of labor. If the options available to this segment of the labor force are not improved, these agencies cannot expect to affect levels of poverty among workers in New York.

2. Employers do not pay adequate attention to their manpower needs; they seldom know the real costs of manpower failures or the advantages to be achieved by more effective manpower planning and programming.

An apposite quotation is appropriate here; a key phrase has been omitted; the reason is explained below:

> "1. A great deal of what appears regarding ________________ in books, company programs, and university-sponsored and other outside programs can be classified as "conventional wisdom" and appears to be inappropriate as a practical guide for top management.
>
> 2. There is a wealth of pious statements in the literature about what companies are doing, based on what they think they are doing. But there is often a disparity between this and what is actually being done.
>
> 3. Many companies appear to think of ____________________ as something that is done to the individual rather than as a step in a continuous and integrated management process, involving not only the motives and development of the individual but likewise the philosophy, objectives, and organizational structure of the corporation. The interplay between individual development and the particular corporate environment in which this takes place requires close study of the total corporate setting; to study the formal education program of a corporation hardly suffices.
>
> 4. The corporate environment, which embodies the formal authority system, policies and practices, the control system, and the wages and jobs set by organization structure, is created by top management. Hence, development must begin at the very top, and if change is needed, that must also occur at the top. The leadership of business must think more about what it is doing and why, and there must be a willingness to apply rigorous self-examination."

The source of this quotation is a 1968 study, "Top Management Development and Succession", published by the Committee for Economic Development, 1/ and the missing words are "management development". But with scarcely a change the words "manpower development" could be substituted. Our experience and discussions with employers have shown that very few, including the largest and most

1. p. viii

sophisticated, are as well-informed about their manpower situation and its significance as they are about other major areas of company operations - finance, capital investment, sales, advertising, industrial relations, etc. When they are informed, it is usually in very specific terms about a particular problem area; the knowledge arises from problem-solving involvement, is limited to the problem area, and seldom carries over to a more systematic appraisal of manpower arrangements and processes. We are struck by the dearth of reliable and sophisticated instruments of appraisal in this area. Only recently, have some new efforts begun on the part of individual firms to quantify their "human capital" investments and returns; from the attention which these efforts have begun to attract we deduce that they are few in number.

One effort which has begun to attract attention in professional circles is that recently undertaken by the R. G. Barry Company, an Ohio manufacturer of footwear. An article in Financial Executive 1/ describes this "pioneering work"; the vice president for personnel is quoted as pointing out that

> "Net profit-and-loss figures don't tell you what a manager has done with the human resources at his plant. A plant manager can show good profit results while driving people and actually depleting his human resources. Under conventional terms, such a manager will get promoted, and the poor guy who follows him has to rebuild the organization. We're going to try to avoid rewarding the guy who does that."

Barry has set tentative dollar values on the training time required to qualify skilled operators, supervisors, and various levels of management. Expenditures for training are treated as investment items based on the expectation of future benefits, and appear on the balance sheet as part of human resources capital, along with physical capital.

1. Richard E. Cheney, "How Dependable is the Bottom Line", Financial Executive, January 1971, pp. 10-15; cf also Wall Street Journal, April 3, 1970, p. 9, col. 2.

Such efforts have scarcely begun in business and ir try. Existing systems of accounting, which are the real keys to manageri.al ision-making, neglect or grossly understate these costs and eturns. As a r ult the incentives are not present which would stimulate action o man wer problems. Responses thus tend to be ad hoc, based on specific problems or crises, rather than systematic and ongoing. In an informal memorandum a senior staff member of New York Coalition JOBS has observed that among the sophisticated medium and larger sized firms which constitute the major category of JOBS related firms, few firms undertake any special activities to "identify individuals who are not, by the normal criteria, promotable and promote th m with training. By and large we don't see this being done. We don't see many instances when companies do such things as an end in themselves. Rather they might react to new equipment or reorganization by restructuring or some other mechanism which might result in more enriched jobs or in upgrading. 1/ It is not human resource development which moves them ... I see no breakthrough on the horizon ... Companies doing upgrading are, for the most part, merely extending supportive services to other than new hires. We have not found companies receptive to the idea of analyzing their whole organization, restructuring jobs, and creating new career ladders".

Without accurate information and a body of experience, it is not surprising that many firms respond with considerable hesitation to proposals to improve their manpower methods. Most employers in our experience (both those participating in TIPP and those who have opted not to take part) view any significant degree of manpower development as involving considerab'e trouble and

1. or might not (TIPP comment)

expense which, as they see their own affairs, do not appear worth the effort. A smaller number are more sophisticated and experienced and, therefore, are willing to take some action; in these cases, even where there is an incentive to act, companies lack the knowledge needed to act effectively. The detailed account which appears in Section VII of this report shows that our largest and most knowledgeable participating firms have not been successful in utilizing TIPP incentives to develop upgrading mechanisms of any significant size or scope. We have been directly involved in providing a limited degree of technical assistance to these firms, and this has provided a close view of the internal factors which must be dealt with if upgrading efforts are to take root and develop; this experience is described in Section VIII. A consideration of this experience documents the general findings reported here, and indicates why a redirection of our effort is needed to achieve more effective movement toward TIPP objectives.

III. Contact Experiences

Summary: In discussions with over 100 firms, we have usually been able to reach key executives and to measure quickly whether our proposals may be of real interest. Involvement of top management from the outset is the key to effectiveness; at the same time lower level managers, whose day to day actions are key to success, must be helped in a variety of ways to clarify and execute their own roles. Charting the internal structure of power and of communications is necessary to secure both these prerequisites for success. Employers tend to be heavy on knowledge of specific problems, but lack a framework for relating them or for connecting them with new ideas which can help in their solution. When we can provide such a framework, much of our preliminary work is done and we can move toward implementation.

There tend to be differences by size and sector with regard to both the need to respond to social pressures symbolized by the problem of the "working poor", and to the quality of the efforts already being made to deal with them. Clearly larger and more exposed firms feel compelled to respond at least symbolically, as compared with smaller and more obscure employers; but these efforts often leave much to be desired when one goes beyond appearances to look closely at the realities involved. For many employers, the low-income worker poses a set of problems which he is simply unable to understand, much less deal with effectively. Such employers know they need help, but seldom are clear about what it is they need. Such order and system as exists in their manpower structures results from the terms of union contracts. Management, on its own, is more likely to have put together some system in white-collar than in blue-collar industries. When small companies grow, their system for dealing with personnel and manpower questions often lags seriously behind.

Since October 1970, we have carried out extensive discussions with about 100 companies, using lists provided by sources which should have ensured a receptivity well above that which a random sampling would provide. Our lists for individual firm contacts were developed in several ways.

Through New York City's Economic Development Administration, we have pursued referrals from the Department of Commerce and Industrial Development which is responsible for screening loan applications to the New York State Job Development Authority. Together with the department's commissioner and the vice president of the separate corporation created to process JDA loans, we developed a system for referring loan applicants to TIPP staff for follow up.

Additional sources for our contacts have been newspaper and business journal articles; trade publications; the Urban Affairs Directory of the Commerce and Industry Association of New York; responses to previous mailings of the TIPP brochure; the professional experience of our own staff members with the economic and job development history of our region.

In all cases we began with a telephone contact with a specific individual whose name we had in advance. These were followed by a letter with appropriate enclosures and a request for the opportunity to visit the firm to explore participation. Many such visits were made; and, in some cases, there were repeat visits invloving more than one staff member. We also held meetings with several of the leading business organizations, including two key Chambers of Commerce, the Commerce and Industry Association of New York, and the Civic Executives' Conference of Metropolitan New York. In addition, we met with key executives responsible for operating two of the multi-firm consortia organized under the JOBS program in the publishing industry (one is defunct, the other is still in operation), and with a group of Harlem-based firms who are members of the Uptown Chamber of Commerce.

Techniques Involved in Making These Contacts

Our target population has been the decision-making people in each company. From such key executives we elicited reactions to:

a) the basic concept of upgrading-from-within: for all employees - for low-level employees particularly;

b) the TIPP design.

We developed a technique for making first contacts by telephone, at which times we presented:

1. TIPP's auspices (IPA, DOL, City of New York)
2. TIPP's uniqueness (the only project of its kind in the country)
3. TIPP's challenging research goals (to enlist the reactions of the New York City business community, an "elite" corps in the toughest market place in the country - what we learn in New York can benefit other sections of the country)
4. TIPP's target population (the neglected American, the working poor earning $100 per week and less)
5. TIPP's key features (cash reimbursements supplemented by technical assistance).

Contact by telephone is a good technique for screening out those companies who either do not qualify (no significant number of employees within TIPP's wage parameters) or who are plainly disinterested. We have encountered no person who does not listen to our initial telephone presentation; and,

frequently, the person with whom we make the first contact will refer us to the correct person(s) within the company's management hierarchy for further presentation of TIPP. We have tried to avoid being shunted off to personnel directors, since our early experiences indicated that this was often a dead-ended route for TIPP. When such a referral is inevitable, we attempt to involve the officer making it in at least a part of the subsequent process. This, we think, brings the weight of top management to bear in TIPP dialogues with personnel people if only subliminally, and requires them to listen to us seriously and creatively.

During these first telephone conversations, we aim at making appointments for personal meetings with the executives we have been talking to -- they are usually a president, an owner/partner, or a vice president with responsibility for operations or personnel. With the larger sized companies, our experiences have been that executives will normally invite to our meeting other staff members with responsibilities that could relate to TIPP; they are usually personnel or training directors, or management development specialists. In the smaller companies, we have found that it is sufficient to meet with the president or the owner; he will subsequently, as we continue our meetings, involve one other key person (an office manager/personnel manager in companies who are producing a service, e.g., insurance, banking; a production/plant manager in companies manufacturing products).

Information Garnered

Once personal contact is made with the company's decision-maker(s) at their own headquarters, the next step -- the most critical one, in our judgment, up to this point -- is to convert interest or curiosity into a genuine TIPP involvement.

Our approach has been to gather as much information as we can about the company's total operations; then, with skillful questioning, move the discussion to manpower aspects. When we are interviewing manufacturers, such a dialogue always produces an invitation to tour the factory during which executives explicitly illustrate their understandings of manpower needs and problems. It then becomes possible for TIPP staff to observe much that has not been said but is highly significant regarding the company's personnel practices and relations; e.g., patterns of communication between employer and employees; the spectrum of languages among the working force; relationships between top management and production managers; delegation of supervisory responsibilities; expenditures by the company on such amenities as in-house eating facilities, safety features, employee transportation; upgrading "success stories" incarnate; etc.

During every interview at the worksite, we have found information generously, even expansively, given. Some guardedness was apparent in some instances; but it focussed mostly on such "sacred" subjects as company-produced personnel/training manuals, numbers of minority workers in particular job-slots, and production costs. (Occasionally, we had the impression that employers were documenting their equal employment practices for our benefit.) Wage and salary scales have been freely disclosed, and the firm's approach to upgrading and promotion described. Wage factors, timetables, training functions, involvement with MA-type programs are all spelled out, in-depth, by executives charged with these responsibilities. We have had on-the-premise access to confidential personnel materials and manuals, employee evaluation systems, and have been handed companies' published financial statements (unsolicited by us) as a matter of course.

All the executives with whom we have talked have freely discussed their perceptions of work production problems (both factory and office-based). Encouraged by us, they will disclose their attitudes toward causes and solutions of such widely experienced phenomena as excessive turnover at the lower job levels, high rates of absenteeism, continued scarcity of skilled workers.

It is at these moments that a restatement of TIPP's research agenda and benefits becomes pertinent, since any success we can hope to have in interesting the employer in a TIPP participation really depends upon his perception that TIPP can share development of some new solutions to his old problems. HE CANNOT MAKE THIS CONNECTION HIMSELF. It becomes our role to use the data he has given us to elaborate on the theoretical possibilities for improved hiring and retention experiences, the potential for building a within-house pool of skilled workers, the possibilities for increasing production and reducing waste in turnover and training costs.

At different points during the information exchange process, it will usually become apparent to the TIPP staff that the employer is responding either positively or negatively to salient features of the project. For example, some of the larger corporations who tell us that a fully developed personnel program exists and that upgrading practices are institutionalized, will simultaneously state that they are already doing what TIPP was designed to catalyze. They clearly regard their interview as solely information sharing and have no intention of acting upon TIPP. Their perceptions are that we have nothing to give them which they don't already have; that if we want their participation in our research (as distinguished from operational) efforts, they will be glad to tell us how they have developed jobs for minorities and created sequelli for promotions.

This response occurs frequently among companies which express a reluctance to accept federal subsidies for manpower programs, and who (although several have participated in Coalition JOBS efforts without accepting funds, or accepting funds as an exceptional instance) tell us that they have ethical scruples about "taking government money for doing what we already are doing".

Among the 15 larger corporations with whom we have talked, there are four which followed their initial discussions with us by sharing an exploration of tentative upgrading mechanisms, using existing personnel to meet particular and current skill shortages. Significantly, all four dialogues are now being conducted by us with Personnel Managers (plus, in one case, a recently hired training specialist).

With the smaller sized companies, information is quickly available, TIPP possibilities are (or are not) then rapidly visible; and it becomes the task of the company management to determine how they can participate and what benefits and problems such participation is likely to produce for them.

We have found similarities and patterns by specific industrial sector, some of which is summarized here:

Insurance companies, for whom clerical workers are the largest category of employees, report the computerization of clerical functions to be in process or being planned (we have not seen accurate data which measure the number of jobs replaced by machines). The nonautomated low-level function in the insurance field is likely to be a messenger, a file clerk, supply clerk, or mailroom person. (The custodial and maintenance staff, who are also among the low-wage earners, are usually nighttime workers and not regarded by the companies as candidates for daytime jobs.)

Now emerging is a new level of low-paid worker, working in one of a new cluster of functions related to the operation and maintenance of computers. Such jobs, examples of which are console operators and tape librarians, will pay an entry-level wage of $95 to $100 per week. There appear to be some efforts underway to retrain traditional clerical workers for these jobs, but these are job retention rather than upgrading efforts. In a report prepared in 1970 by the Economic Development Council of New York City, Inc., on "New York City's Clerical Manpower Requirements and Problems", seven insurance companies employing 34.9 percent of the total clerical insurance labor force were polled. Projecting estimates of clerical personnel needs for 1970-5, these insurance companies anticipated a .2 percent <u>decrease</u> in new hires. With this prognosis, any long-range commitment by insurance companies to wide-scale, sustained upgrading within the present TIPP parameters would clearly be contraindicated.

In <u>banks</u> in New York City, tellers are the largest employee category. Therefore, recruitment and training concentrate on producing skilled clerical people who can move into either tellers' jobs or office machine operations involved with record keeping. The Coalition JOBS consortium, for which the American Institute of Banking is the training agency, committed city banks to a hiring quota of 20 percent of their work force. Both commercial and savings banks with whom we had TIPP discussions were quick to volunteer success (or failures) in retention of AIB-trained graduates. Turnover among tellers is still high, but this has not stimulated much attention to upgrading as a retention strategy. This industry appears to have completed no large-scale labor saving automation in clerical functions and it projects a growing need for clerical workers.

The 26 banks surveyed by the Economic Development Council now employ 74.2 percent of all the clerical employees in financial institutions in New York City. They anticipate an increase of 31.5 percent in clerical employment between 1970 and 1975, by far the largest need within one industry, amounting to 92.0 percent of the total estimated expansion for all types of firms combined. 1/

New York City banks as a group, probably because they are chartered to do business only within the city's legal confines, report the largest internal adjustments we have encountered to the city's changing population and their specialized banking needs. New branches (both in the inner city and the suburbs), flexible banking hours, polylingual employees with ethnicities related to the neighborhoods in which they work, corresponding new training methods and specialized training staff added on to the existing mechanisms are described to us in considerable detail. One executive summed up this organized ferment by stating that his bank's board of directors decided their policies and systems must adjust to their new market, the changing urban scene.

1. Estimated increases (or decreases) in clerical employment for the seven principal types of firms between 1970 and 1975 are as follows:

Category of Firms	Total 1970 Employment	Total 1975 Employment	Increase or Decrease	Percentage Change
Financial	112,209	147,576	+35,367	+ 31.5%
Utility	34,297	34,860	+ 563	+ 1.6
Insurance	28,008	27,958	- 50	- .2
Retailing	9,654	10,612	+ 958	+ 9.9
Transportation	8,016	8,707	+ 691	+ 8.6
Manufacturing	14,367	14,104	- 263	- 1.8
Other	17,618	18,755	+ 1,137	+ 6.5
All firms combined	224,169	262,572	+38,403	+ 17.1

Despite these large internal adjustments, the wages for banks' clerical work force remain well within TIPP's parameters, and little upgrading occurs. We have been able to conclude a TIPP plan with only one bank (multi service), black-owned and staffed, serving a predominantly minority clientele.

Our impression from the three nonparticipating banks we have visited and at least half a dozen others with whom we talked on the telephone is that banks believe they are already handling their upgrading/training needs very satisfactorily and need neither technical assistance nor financial subsidy from TIPP. Their major manpower problem, we are told, is a shortage of new candidates for existing jobs; they believe their opportunities for advancement within their organizations are both real and clearly visible to existing staff and new recruits.

Each of the banks we visited has at least one middle management person whose assignment it is to identify potential among the low-level employees and program such incipient talent for in-house development and advancement. The largest of these three banks clearly labels its program "Minority Upgrading Program" and the black man in charge has the rank of Assistant Vice President. Our impression is that these programs have far to go to tap the pool of talent which must be developed in this industry.

In the printing and publishing field, where our contacts were with two different consortia (one springs from the production or printing and graphics arts end of the business, the other is involved with publishing magazines and trade journals), we learned that both development of skilled jobs and possible upgrading routes are in the expressed conscience of industry spokesmen.

The successful consortium has already pursued its interest in the Coalition JOBS upgrading feature, which is a logical sequence to its MA-subsidized program. The other group of employers had a less successful experience; we are maintaining contact with the company which engineered their consortium on the possibility that when the group's wounds are healed, we can develop their interest in TIPP upgrading from within their ranks.

Another core of information we have gathered concerns the shoe manufacturing industry in New York City. One medium sized manufacturer of moderate-priced men's shoes, one small manufacturer of high-fashion women's shoes and boots, and one tiny sized manufacturer of professional dancers' shoes (this latter almost entirely a hand-made product) all confirm their struggle to remain in this city. Key problems are centered about manpower shortages first, and only secondarily on the general cost of doing business in New York.

Skills with production of leather and plastic footgear are extremely scarce and possessed by a dwindling number of "old timers" who have spent their working lives in the firm. Their replacements seem to be a remarkably heterogeneous male work force, non-English speaking, gathered from almost the four corners of the world (middle Europe, Africa, Latin and South America, the Caribbean Islands, to identify a few). The management of these factories is Caucasian, male, with a lifetime background in shoe manufacturing. They have great difficulty communicating with their new breed of employees, relying on the resourcefulness of foremen or supervisors to improvise the necessary communication bridges with the work force. One plant manager responsible for producing

1500 pairs of shoes daily (this is a 100 percent reduction from the output of two years ago) counts himself fortunate that his knowledge of Italian lends itself to a work task patois understandable to Spanish-speaking employees. There is no human dialogue between him and them; and he is totally incommunicado with the other ethnicities. As a consequence, these employers know nothing about their new workers and seldom learn much. There are occasions when employers will "discover" the remarkable virtuosity of certain foreign-born employees after weeks of trial and error on the job. Thus, a highly skilled leatherworker who has command of neither English nor Spanish may need as much as a month to communicate (actually, he demonstrates) his skills to management. Traditional handicraft skills have limited usefulness with American-made machinery used in shoe production, but clearly in smaller scale operations of the kind found in New York, where style, finish and quality are important to saleability, these skills could be more fruitfully utilized.

The phenomenon of the working adult, foreign-born and newly entered into this country, with skills learned in his (or her) homeland, is increasing in the manufacturing industries in New York City. New immigrants are becoming important sources of labor for low-paid jobs. Endemic to this influx is a serious gap in communication between management and worker, which not only impedes optimum job task assignments and training, but which also flaws the total cognition system between the two groups. Stereotypical thinking proliferates on both parts; ethnic "stake-outs" of certain work tasks are made by one minority group; upward routes become skewed; and supervisory openings often look less attractive - e.g., to blacks - because they are not equipped to deal with these complex, ethnic-based difficulties. Employers often fail to understand this scenario and are helpless to deal with it.

The president of a small sized plant manufacturing commercial refrigeration cabinets, and a TIPP participant, describes his new work force as a "Tower of Babel". His personnel practices reflect his middle class values; he is surprised at (and somewhat contemptuous of) men earning $100 a week and less who don't appreciate the cash value of fringe benefits (the usual health and hospital insurance, plus cash "scholarship gifts" to college bound children of employees) and who would prefer those benefits translated into dollars in their weekly take-home pay.

A nationally known manufacturer of toys, now readying for TIPP participation, has moved toward some solutions of cultural and class shock problems between their management and their almost totally minority population work force. They are providing English-as-a-second-language classes on their factory premises, plus both skills training and some supportive services. This company is thinking ahead to incorporation of day care facilities and consumer education courses for employees in its next factory. Their grafting of a TIPP component on to a current set of personnel practices is perceived by them as fitting nicely into their normal manpower agenda.

A further word about small and moderate sized manufacturers. We were genuinely surprised at the almost total absence of personnel systems and structure in even the better known of these companies. Such structures as they have flow directly from the terms and conditions of their union contracts -- nothing more, nothing less. Personnel management is usually a tacked-on responsibility (read "headache") assigned to an executive whose prime function and skills are rooted in manufacturing production. He is often a second-generation owner of the business, "born into it"; or he may be indigenous to

the industry, trained in it from his youth, then advancing to increasingly higher skills and responsibilities, ultimately to his present eminence as a "production man" or "plant manager".

These men are almost entirely without training, experience, or skills in personnel or sophisticated human relations. They learned long ago how to work with an employee population only the remnants of which still exist among the older plant workers (who are now generally employed at the highest levels of production skills). It is these veteran employees who are "drafted" to share with the plant manager the responsibilities for training the raw recruits. This process becomes an ad hoc version of on the job training with human relations skills present only fortuitously. The turnover of new employees at these bottom-rung jobs is enormous, estimated variously among manufacturers with whom we've talked at anywhere from 75 percent to 600 percent per annum. But none have accurate figures or know the costs of turnover to them.

Among the smallest sized manufacturers, there is a marginal quality about their total operation which would make one question whether or not their troubles concerning manpower are not also some barometer of their manufacturing know-how. Sales is their major concern, and production almost an afterthought. One could postulate that the daily chaos which characterizes these companies' staffing patterns is the effect (not the cause) of a larger syndrome of management and production incompetence. Yet many are going concerns, some on the brink of moving to new and expanded plants (via the JDA loans), even though many of them regard their continuance in New York City as very tentative. They are, therefore, managing to survive the attrition of the marketplace. But they are visibly hurting in ways that elude solutions within their ken and grasp.

Our TIPP "savvy" interests them, not only because we are suggesting upgrading as a possible technique for stabilizing their labor force, but also because we tell them they can use TIPP to develop their own reservoirs of trained workers. They don't know how to do this efficiently and systematically; and they aren't going to put on their payrolls the kind of manpower specialist who might get it done for them. They see TIPP as a total source of generalized expertise, with an upgrading formulation as their price of admission.

Our probes into the department store industry in New York City suggest that part-time female workers may be the numerical majority of the retail sales force. While department store executives do not think at all about the part-time worker in the context of any upgrading programs, and a TIPP involvement for them would seem unlikely for the moment, we could make a good case for fresh research into the phasing patterns of women's work careers. In that context, plans for long-term upgrading cum training, to be completed in a progression of short-term work tours, could help modernize the prevailing concepts of adult education for women.

There is a striking contrast between the training/upgrading programs, limited though they are, which some employers have developed for white-collar jobs and the nonexistence of similar talent search cum development enterprises in the manufacturing ends of the same businesses. It may be that management has become so alienated from blue-collar workers -- has so ceased to individuate among them -- that it substitutes, instead, negotiations with union leadership who present "packages" and "programs" to which management reacts and generally acquiesces. In other words, it is a likely hypothesis that management has abdicated thinking about factory workers in ways it creatively thinks about its nonunion employees, leaving to the unions' initiative responsibility for programs which could develop individuals' potential for upward mobility.

IV. Implementation

Summary: There has been considerable slippage between the decision to take part and the signature of a subcontract, between the assignment of slots and the enrollment of workers, and between enrollment and wage increases. Over 40 percent of total incentive payments have gone to two of the twelve employers who qualified, only one of which is a "large" employer. TIPP appears to affect turnover, which impresses employers and increases their interest in developing the program further. Cash payments also make an impression, but their effects on management decision making are not always correlated with the size of the payment.

Where TIPP works best, employers appear to invest substantially in a selected portion of their eligible group of employees, and in return the results have been visible to both employer and employee. Before these results can be achieved, employers virtually always must experience a protracted learning-adjustment process in order properly to implement the program. In every case, implementation required considerable help from and discussion with TIPP staff. Apparently simple operating decisions turn out to involve more substantial questions of policy and priority. As a result, we experienced delays and slippage with virtually all employers during the initial implementing period. In some cases this process led firms to reconsider their initial decision to participate, or to limit the number of workers they planned to enroll.

Implementation has been free of attempts to evade the guidelines for eligibility. Employers exploit TIPP's potential to the limit available to them but without involving themselves in substantial alterations of basic employment, staffing and payment patterns. They concentrate in most cases on short-run visible benefits; only a few see their participation as an element in changing larger elements of their manpower operations. The "problem census" with regard to manpower is similar in firms which participate and in those which have foregone the opportunity.

On March 2, 1970, the first workers were enrolled in TIPP. Over the following 12 months 14 participating employers enrolled a total of 163 workers. Only 149 of the 259 slots for which we held signed contracts were filled; 110

slots were never utilized, 135 slots were filled once, and 14 slots were filled by more than one worker in the course of a one-year period.

In the 11-month period from February 1970 to December of the same year, 24 employers decided to participate in the program with a total commitment of 441 slots. Contracts were prepared for each of these employers, but ultimately only 15 of the 24 firms signed the contracts, for 259 slots. Nine employers covering 187 slots reversed their original decision and chose not to participate. Sporadic discussions continued with seven of these firms but, as of this reporting, only one employer (55 slots) is still considering participation. Of the 15 employers who attempted to implement the program, only four firms reached their enrollment quotas and eight firms failed to reach even 50 percent of their goal. A total of 163 workers were enrolled by these 15 firms.

As of June 1, 1971, 92 workers were actively enrolled in TIPP. Seventy-one workers had been withdrawn from the program by the participating employers. With only one exception, workers were withdrawn after they terminated employment with the firm who had enrolled them in TIPP. Reasons for termination, and subsequent withdrawal from TIPP varied considerably, but, overall, fewer than ten percent of the withdrawn employees left their positions at the employer's behest.

A summary of the first year of operating experience is as follows:

Table IV-1

	First Six-Month Period	Second Six-Month Period	Third Six-Month Period
Entered	163	75	10
Still in Period	27	65	10
Withdrawn	71	0	10
Completed	75	10	
Qualified for Payment	64	10	
Did not Qualify	11	0	
Payment Forms being Processed	8	0	

After one year we have made 74 incentive payments (64 for employees completing the first six months and ten for employees completing the second six months) to 12 employers for $13,527. Both the level of participation and the employer "success rate", measured by incentive payments, are considerably smaller than those envisioned by the designers of TIPP, or by the staff at the outset of the project. Clearly, the number of enrollees and subsequent payouts was limited by our inability to secure employer participation to the extent anticipated. However, this alone is an incomplete explanation of the "low profile" which TIPP maintained and the small numbers generated in one year of operation. The most significant indicators are those measuring the underutilization of TIPP.

Payments to employers have varied considerably:

One has received more than $3,000
One has received more than $2,500
Three have received between $1,500 and $2,000
Two have received between $500 and $1,000
Five have received less than $500
Three have received no payments at all.

Some employers with large numbers of slots received only modest payments, while others with only a small number of slots are included among the group receiving relatively high payments. The latter include two groups:

(1) Firms with clearly defined job hierarchies into which enrolled workers could be fit and up which they could begin to move fairly quickly;

(2) Firms which sought to maximize their short-run benefits from participation by using TIPP to facilitate wage increases which they felt were needed to deal with short-run problems of turnover and labor scarcity.

The table which follows, IV-2, shows clearly how sharply differentiated the degree of implementation has been in the 15 participating firms. Some with ambitious intentions at the outset have so far shown little or no achievement; others with more modest initial ideas have been able to exploit the possibilities of the program quite heavily. Firms which have benefited now wish to continue and even to expand their involvement; those which have benefited now wish to continue and even to expand their involvement; those which have received only modest or minimal returns intend, in general, simply to play out the remaining possibilities without making special efforts to build on the base already established. But a minority of larger firms among this group see real benefits for themselves in terms of learning and planning and will enlarge their efforts despite only modest initial financial rewards.

Table IV-2

First Period Activity by Firm as of June 1, 1971

FIRM (by TIPP No.)	SLOTS CONTRACTED	ENROLLMENTS No.	ENROLLMENTS Average Wage	ENROLLMENTS Average Earnings	WITHDRAWALS	CURRENTLY ENROLLED	COMPLETED PERIOD I No.	COMPLETED PERIOD I Average Wage	COMPLETED PERIOD I Average Earnings	INCENTIVE PAYMENTS No.	INCENTIVE PAYMENTS $
001	4	1	$98.00	$87.16	1	0	1	$115.00	$93.76	1	112.42
002	10	12	72.50	71.84	3	9	5	93.00	84.47	5	1,159.00
003	10	10	85.90	76.53	2	8	9	109.25	89.41	9	2,362.61
004	15	3	85.00	85.00	1	2	3	96.87	92.50	3	321.75
005	25	28	81.50	77.92	16	12	11	87.55	82.51	1	93.50
006	2	2	79.50	79.50	2	0	1	100.00	99.23	1	228.80
007	5	3	82.50	78.28	0	3	3	98.72	98.72	3	876.70
008	3	2	80.00	62.56	2	0	0			0	
009	40	51	78.00	76.91	28	23	18	98.10	84.67	18	2,119.82
010	5	2	90.00	86.39	0	2	2	100.50	91.74	1	77.55
011	50	23	68.17	64.52	12	11	12	75.92	69.61	12	1,808.24
012	20	10	93.80	93.55	3	7	2	104.00	103.93	2	283.80
013	10	9	89.44	87.92	1	8	8	96.25	94.67	8	782.80
014	50	0									
015	10	7	89.00	82.16	0	7	0			0	
TOTAL	259	163			71	92	75			64	$10,026.99
AVERAGE			$79.89	$77.00				$94.25	$85.46		

In contrast, absenteeism shifted slightly downward on the average, to 1.7 from 1.9 hours per week for enrolled workers. Seasonal and other factors would play a sufficiently great role in this area so that it is not possible to claim any effects, either way, of TIPP participation on absenteeism.

The degree to which TIPP appears to have reduced turnover seems to have made the most pronounced impression on employers. One of its effects appears to have been to induce multiple wage increases for enrolled workers; more than 60 percent of them received more than one wage increase during the first six-month enrollment period. Wage data show that TIPP has been effective in (a) reducing turnover (but not absenteeism) among enrolled workers and (b) raising wage levels of enrolled workers, often to a significant degree. Employers have been willing, with our help, to make selective investments in the form of wage increases, in order to reduce turnover among entry-level workers. The increases in earnings among those workers who qualified for payments during the first period averaged almost 12 percent, and their average full-time straight-time wage rates rose by almost seven percent. At the same time, those who received these increases were clearly a selected minority of the total enrolled:

Table IV-3

	All Workers (n=163)		Workers Completing First Period (n=75)		Workers Qualifying for Payment (n=64)	
	Weekly Wages	Earnings	Weekly Wages	Earnings	Weekly Wages	Earnings
At Enrollment	$79.89	$77.00	$88.88	$77.54	$89.69	$76.98
After Six Months			94.12	85.52	95.01	85.93
Increase:			$ 5.24	$ 7.98	$ 5.32	$ 8.95
			% 6.6	%10.4	% 6.7	%11.6

The chief limitation on the scope of impact of TIPP arises when employers cannot mesh TIPP requirements with their normal operations. For most firms the problems began with their first attempt to grapple with the specifics of TIPP. The procedural questions which had attracted little attention in the precontract negotiations became the major issues in the postcontract planning stage; but the underlying questions of who was to be upgraded, when, and how were rarely raised by employers. The problem which TIPP presented to the employers was not one of upgrading, but rather the requirements of qualifying for incentive payments. On one hand, employers were willing to make an effort to qualify for incentive payments; on the other hand, they were unwilling or unable to concern themselves with the issues of upgrading and the logical and systematic development of workers' skills necessary to increase earnings substantially over time.

The consequences of this posture by employers were quickly visible -- the operations in all the firms were characterized by the following difficulties, though some have been able to deal with certain of them:

...delays between the decision to participate and planning for operation TIPP.

...delays in the enrollment of workers.

...problems in identifying workers for enrollment.

...sporadic patterns of enrollments.

...difficulties in meeting enrollment deadlines.

...problems in identifying workers for enrollment beyond those who were due for wage increases.

...inability or reluctance to alter standard personnel practices and schedules to meet TIPP requirements.

...lack of coordination of the functions required to produce upgrading.

...placing the responsibility for operating TIPP with one manager without including other managers whose cooperation and assistance are necessary for the implementation of a coordinated program.

...poor planning for phasing-in the program.

...emphasis placed on the wage and salary aspects of TIPP without regard for the training or production requirements.

These responses reflect the more fundamental problems which stymied firms from their first attempts to utilize TIPP. The operational requirements of TIPP, the (apparently simple) decisions which had to be made in order to implement the program, forced each employer to face problems which had been neglected or minimized in precontract discussions. When we came to questions of implementation, invariably we encountered a gap between the employer's expectation from the program and the program's actual ability to fulfill his expectations. Generally, implementation tended to focus on the possibility of relieving the pressure of rising wage costs rather than on upgrading. Training to fill skill shortages from within, reduced entry-level turnover, and increased earnings were discussed; but wage supplementation and holding down wage costs was the name of the game. While TIPP could be adapted to this purpose, and was successful in some measure by some employers, substantial

financial reward for participating firms requires employers to make a considerable input upfront and sustain the effort over a one-to-three-year period. TIPP requires an employer to make an investment in human capital subject to variables which he does not fully control, with no guarantee of a satisfactory return on his investment. If the employer is to be successful with TIPP, he must not only make this investment decision and accept the financial burden and risk, but he must have, or be willing to purchase, the manpower development and training capability to bring his investment to fruition.

Each TIPP employer faced this investment decision some time between our initial contact with the firm and the enrollment of workers in the program. Most have decided that the cost of implementing a serious upgrading program far outweighs the potential benefits, given the TIPP requirements and payoffs. Some have not yet decided the issue and are subject to the influence of first-phase results, changes in the designs, and our own influence. So far implementation, however successful, has not required any employers to make a significant input of personnel or money, or to make changes in their personnel or production systems. The employers' decisions to opt for short-run financial reward requiring limited input and yielding limited benefits (rather than focussing on the issue of upgrading as a potential solution to deepe roblems) has meant that the focus of our implementation effort while working with employers has not been on the logical sequence of planning, training, upgrading, increased earnings, and incentive payments that was envisioned. Instead, employers used TIPP for wage support which would permit them effectively to increase employee earnings in the short run at a cost to them of only 45 cents on the dollar over the first six months. Further,

they used the program selectively and avoided the risk of institutionalizing a more expensive wage and salary structure. The prospect of increased costs resulting from implementation of a systematic upgrading program was a central factor in employers' decisions to use TIPP only on a small basis for individual employees. As our discussions pressed employers to go beyond using the program as an offset to increased wage costs, other significant deterrents surfaced in their thinking:

...entry-level workers enrolled in TIPP would bypass workers at higher levels.

...nonselected workers would resent wage increases for selected workers.

...union shops would insist on selection by seniority.

...wage increases for entry-level workers would (a) compress the wage scale (b) lead to wage increases in jobs above entry level.

...increases in earnings among certain worker groups would induce jealousies among other groups.

...increased wages would increase production costs without necessarily increasing production.

...training for increasing skills and/or productivity was (a) expensive (b) a drain on production time (c) difficult to integrate into the production schedule (d) impossible, given the "capability" and "potential" of the entry-level work force.

...upgrading training and/or upgraded workers were likely to seek employment with competitors or in other industries after they improved their skills.

It was not difficult for the TIPP staff to point to examples of firms or programs which had successfully resolved these problems, or to point out the degree of exaggeration or lack of factual foundation in these concerns. However, such illustrations had little effect in modifying the employers' concerns; the reason, which became more and more apparent as we learned more, was that for most employers upgrading was not the objective. TIPP-eligible employers did not identify with those examples from "mainstream" American business which we cited. They were interested in incentive payments for increased wage costs, but only if this could be accomplished without a significant expenditure of time or money beyond what they might well have done in the absence of the program.

The basic premise of TIPP -- that employers must increase skills and productivity in order to increase employees' earnings -- was confirmed by the employers' operational responses. Payment by results, using increased earnings as the only test for success, provided a very effective deterrent to employer abuse. No TIPP employer attempted to "skyrocket" wages of TIPP enrollees knowing the severe dislocations which would result. Both the wage scales in the firm and within each industry sector presented considerable constraints upon the employers. Within these parameters, and in the context of "upfront investment" and "payment by results for success", employers would find it necessary to increase skills and productivity in conjunction with increased earnings to qualify for payments. The only viable alternatives were to use TIPP so selectively that dislocations would not occur; to use TIPP as a substitute or supplement for wage increases which would have occurred without the program; or to use TIPP as a short-term employee "retention" device by increasing earnings without increasing productivity, knowing that wage/skill balance is always imperfect in the short run.

On the whole, the participating employers chose these alternatives. The TIPP carrot -- incentive payments -- was attractive enough to induce employer wage and salary activity producing short-run financial gain, but inadequate for stimulating upgrading activity as a vehicle to generate long-run production and financial benefits. Stated another way, it appears that the incentive payments are only attractive enough to encourage limited participation of a limited number of employers, but not sufficient to promote effective action toward upgrading, TIPP's primary goal. The limited benefits which employers saw in TIPP did not justify the high costs of upgrading as they perceived them. However, this did not prevent them from seeking incentive payments on a limited basis <u>without</u> upgrading. The net effect of TIPP utilized in this manner may have been to delay the development of upgrading programs, by encouraging employers to focus on short-run increased earnings for enrolled workers rather than on those changes in their manpower process required to sustain and generalize those increases.

While the logic of TIPP -- that increase in skill or productive capacity are prerequisites for increasing earnings more rapidly than would normally occur -- proved accurate, the incentives were inadequate to encourage employers to implement the TIPP process. Three factors of particular significance could be identified which were common to all firms, although they presented themselves in different guises in each employment setting.

First, the general malaise of employers on the issue of upgrading. Employer-sponsored upgrading programs are not yet a widely accepted practice; most firms see them as a last resort when conventional alternatives have been exhausted. A few firms go still further; they have never learned to consider in-plant or employer-sponsored upgrading even as a last alternative, and even when they must go to great pains to find other solutions to their manpower problems.

Second, most employers do not have the manpower planning and training capability to design and implement a manpower development program with an upgrading component. Constraints of firm size, labor supply, and labor utilization dominate in the firms' decision making concerning manpower development. The small and medium sized firms and some of the larger local firms do not feel the pressures felt by large multi-plant firms (particularly those which deal with large and effective unions) for centralized, uniform, and well-articulated policies and procedures. Important motivations to develop a good manpower capability are thus missing.

Third, few firms appear to know the costs of their manpower practices with any accuracy. Normally, recruitment and initial training expenditures are the visible and recognized costs for manpower development; but even here most employers do not know these costs with any degree of accuracy. Programs which offer to deal with other, less visible, costs of ineffective manpower management are seen as both costly and utopian; perhaps they might be feasible in "good times", but under present economic conditions are impossible. Investment to secure more widespread upgrading is seen by most employers as an expensive process which the employer cannot control and which cannot guarantee results. Employers acknowledge the decline in the availability of skilled workers to fill their skill needs; yet their actions indicate that, in money terms, they still believe that upgrading is not a cost-solving investment.

The patterns of upgrading in the participating firms are informal and have evolved over the years in response to the fundamental pressures and balances which exist in the private sector. While some of the participating employers have more precisely defined personnel policies and practices because

they are union shops, none has developed a regular and systematic process of upgrading workers. In most part this is because the TIPP employer sees no clear-cut benefit from systematic upgrading. The nature of the labor supply in New York City has enabled the employer to "go outside" to fill skill shortages; workers are forced to take it upon themselves to improve their own skills. This is particularly true for the TIPP employer, because he draws from the unskilled, semiskilled, and secondary labor markets. For these employers, the upgrading process is essentially a matter of selecting workers for promotion. Because the jobs to which workers are being upgraded are by and large semiskilled, the workers can learn the new position through job exposure and informal instruction by the supervisor. The employer selects workers for upgrading on the basis of past job performance, length of service, and behavior, on the supposition that "a good worker" can learn the new job.

This was, and still is, for many employers a satisfactory approach to meeting those skills shortages which the firm wishes to fill from the lower ranks. However, TIPP employers state that this informal approach no longer works as well as in the past because of changes in the labor force. The problems which are mentioned most frequently are as follows:

1. The present labor supply is by and large unmotivated and unwilling to do more than the minimum amount of work.

2. There is a high turnover.

3. The present labor supply is lacking in basic skills and knowledge, which prevents them from moving into better jobs.

4. The competent non-English speaking worker who seeks advancement is often forced to accept jobs where advancement is independent of language skills.

It is interesting to note that these findings, which surfaced when the 15 participating firms began to implement their TIPP programs, are quite similar to what we found from the extensive discussions with employers who decided against participation. The prevailing reasons given for the decision not to participate revolved around employers' perception or expectation that the costs of TIPP, including financial outlays and institutional effects, far outweighed the benefits. Particularly, when the benefits are contingent upon the employers' own initiative and ability to produce specific results, the employers operating TIPP programs offered the same reasons for their selective ad hoc approach to implementing TIPP.

Our experience shows that TIPP, offered in a milieu of self administration and payment by results, is an inadequate catalyst for creating major changes in the manpower policies and practices of employers vis-a-vis low-income workers. At the same time, there is evidence which suggests that TIPP can have definite short-run benefits for employers and workers alike. Although there was considerable variation from one firm to another and the sample of workers was often small, it appears that some firms interpret increased retention times among new workers and some relief from increased wage costs as the results of their TIPP programs. For a small number of workers - again this varies by firm - TIPP has made possible larger and more frequent wage increases and a greater opportunity for substantially increased future earnings, if not concrete upgrading opportunities.

At this point, it is important to stress the unstructured and unsystematic approach to TIPP which employers adopt. In only two firms was the program officially announced to participating employees; in two others some of the enrollees were informed about the possibility of periodic six-month

increases above union scale, but the TIPP program as such was not identified. Employers refused to make more than one commitment at a time to the program. In most cases, the first commitment was a $5.00 per week salary increase concomitant with enrollment in the program. This was followed by a "wait and see" attitude. The substantial dropout rate in the first six months after enrollment served to confirm the employers' view that increased wages alone would not affect turnover problems among large numbers of workers. However, the fact that 53 of 120 enrollees left their jobs before completing the first TIPP period (27 enrollees are still in the first period) was a self-fulfilling prophecy and only served to validate the proposition that small increases in wages will not, by themselves, change the mobility pattern for low-income workers. On the other hand, some employers are impressed by the performance of those TIPP workers who received wage increases and stayed with the firm throughout the first period (with the employer collecting an incentive payment). The initial TIPP wage increase tendered by those employers with a high turnover rate in the first four to eight weeks after hire did reduce the manpower loss during the "evaluative period". This was particularly true for the manufacturing firms and other employers whose enrollees were in production and semiskilled occupations. The normal hiring process is an overkill technique where the employers hire more workers than needed looking for the "diamond in the rough". Many "new hires" work for as little as one-half a day or as long as the union probationary period permits, until the employer (and the employee) makes a final decision. This costly and inefficient technique of finding suitable job matches is accepted by both employer and employee, even though it results in an extremely high turnover in the unskilled jobs. In those firms where employers enrolled

workers who were in probation periods, retention was improved. In two TIPP firms, turnover among entry-level workers ran as high as 500 percent per annum, with almost four-fifths of the turnover resulting from quits or fires within the first 30 days of hire. The turnover among TIPP enrollees was much lower in aggregate and retention times were extended. It should be noted, however, that TIPP enrollments are more heavily weighted toward workers with three months' employment or more, which limits the inferences to be drawn without a more detailed analysis.

There are of course serious limits to upgrading on the "demand" side. With the exception of two supermarkets where the organization of work has produced an identifiable career ladder, few TIPP firms have the capacity to offer large number of workers upgrading opportunities. In the firms with a horizontal structure increased earnings are dependent upon increasing productivity, longevity, or selection of a worker to move into the occasional specialized-skill job opening. For example, among the manufacturing firms participating in TIPP, all workers were selected from the general helper category. Those workers who remained in the program after six months did not receive formal training or change jobs, yet many received substantial increases in wages. In one manufacturing firm in which the employer used TIPP effectively to increase wages more quickly than he had in the past, average straight-time weekly earnings of nine general helpers rose from $76.53 in the preenrollment period to $89.41 after the first six-month period; their stated wage rates (hourly wage rate multiplied by 40 hours) rose over this same period from $85.90 to $109.25.

The employer's justification for the increased wages is better job performance in terms of worker beh[illegible], range of [illegible]ls, and the flexibility of having a "more general general helper". At the same time the employer is

quite emphatic about the possibility for the workers' future advancement in the firm. One or two general helpers will be called upon to replace older workers or to be trained as replacements for specific skill shortages. The others will have to continue to generalize their skills if they are to continue advancing in earnings, with no special help from the employer.

Most manufacturers in TIPP (as well as other employers whose job structures are horizontal) recognize this built-in limitation upon upgrading. Unlike the employer mentioned above who chose to upgrade his entry-level workers by 'generalizing' their skills as a preliminary to selecting a few workers for specific skills upgrading, most employers lean toward specific individuals from the outset. These employers attempted to predict which workers were going to "make it" in the company regardless of TIPP, enrolled them in TIPP, and collected incentive payments as a byproduct. This approach was perfectly consistent with the rationale for participation which we had previously identified.

In these situations, the major effect which TIPP has had has been to "sharpen" the perceptions of employers about individuals and to induce them to think more specifically about these people as candidates for increases in earnings coupled to greater responsibility. These employers have not, at least so far, generalized in any way from this experience toward a more systematic and built-in upgrading process which could be seen and responded to by larger numbers of workers. Nor have the unions involved been induced by this experience to push these employers in this direction so far.

The population of participating firms changed considerably between October 1970 and April 1971, as a result of our efforts to move employers from "a commitment to TIPP" to some operational reality. The attrition rate has been substantial, particularly among the medium sized firms (100 to 500 employees) for whom TIPP appeared initially to be most attractive. The trend for participation by firm size is shown below:

Table IV-4

Firm Size (No. of Employees)	COMMITMENTS No. of Firms	COMMITMENTS No. of Slots	CONTRACTS SIGNED No. of Firms	CONTRACTS SIGNED No. of Slots	CONTRACTS OPERATING (as of June 1, 1971) No. of Firms	CONTRACTS OPERATING (as of June 1, 1971) No. of Slots
Less than 100	12	76	9	59	6	45
100 to 500	9	270	4	160	3	83
500 plus	3	95	2	40	2	40
TOTAL	24	441	15	259	11	168

The initial TIPP sample of 24 firms, although quite small, was characteristic of mainstream New York employers. The firms are predominantly small and medium sized firms covering a wide range of industry sectors. Large white-collar employers in the financial and retail industries are the major sectors in which TIPP failed to attract at least minimal participation. The distribution of participating firms and slots by industry sector and firm size is shown below:

Table IV-5

Sector	LARGE FIRMS No. of Firms	LARGE FIRMS No. of Slots	MEDIUM SIZED FIRMS No. of Firms	MEDIUM SIZED FIRMS No. of Slots	SMALL FIRMS No. of Firms	SMALL FIRMS No. of Slots
Manufacturing			4	130	8	52
Trade	1	25	1	40	3	12
Financial			1	20	1	10
Service	2	70	3	80		
TOTAL	3	95	9	270	12	74

The attrition of firms from the program altered the sample considerably. The loss of six medium sized firms (three each in manufacturing and services) prior to implementation of their programs not only reduced the sample size but invalidated our earlier finding that this group of employers would be attracted to TIPP and capable of making the program operational. These losses, and others, reduced the total sample to 11 firms with 168 slots by June 1, 1971 with the following distribution:

Table IV-6

	LARGE FIRMS		MEDIUM SIZED FIRMS		SMALL FIRMS	
Sector	No. of Firms	No. of Slots	No. of Firms	No. of Slots	No. of Firms	No. of Slots
Manufacturing			1	23	3	30
Trade	1	25	1	40	2	5
Financial			1	20	1	10
Service	1	15				
TOTAL	2	40	3	83	6	45

Of the eight small firms for whom we wrote contracts, five have dropped out of the program; however, three did implement the program; two qualified for incentive payments after the first period.

The general pattern of participation for all firms can be characterized as follows:

First, the decision to participate in TIPP is taken cautiously and cannot be interpreted as a commitment to specific actions by employers. Second, implementation of the program proceeds at a slower pace than the employer initially envisions. Third, enrollment of workers is done selectively from individuals, rather than by job category or work group. Fourth, the employer proceeds with TIPP as a wage and salary program, not as an upgrading program.

Initially we described TIPP as "self administered" and "automatic". By this we intended to convey the idea that the employer would be free to operate under his own initiative, dictate his own course of action, make his own decisions, and get reimbursed for meeting prestated objectives. However, the philosophy of self administration and automatic payment did not attract wide interest, nor in any identifiable manner induce a participation by employers which would not have otherwise occurred. Our experience has been that employers would not, or in some cases could not, proceed with the implementation of TIPP unless pressed by the TIPP staff. Without exception, none of the 14 firms which enrolled workers in the program did so without prompting from the staff. Often it was necessary to set up a meeting with the employer specifically to assist in the enrollment of workers. These meetings usually evolved into instruction sessions to teach the employer the TIPP procedures. Invariably these sessions ended with the employer being surprised to learn the potential monetary payoff. This was, however, an inadequate inducement to attract sustained attention or productive action from employers. Often the clerical aspects of the program were assigned to bookkeepers, payroll clerks, and secretaries who were instructed to "take care of the program". This is indicative of the general attitude toward TIPP; employers saw their role as making only the initial decisions about whom to enroll.

The lack of TIPP activity among participating employers is reflected in Table IV-7 and Table IV-8 which show both the monthly and cumulative totals for contracts, slots, and enrollments. In the context of the total effort made between January 1970 and February 1971, the numbers are very small. During this period, TIPP contacted more than 750 firms, talked to more than 200 firms, and visited more than 125. This effort yielded only 24 commitments for 441 slots;

15 employers signed subcontracts for 259 slots; and 14 programs for 209 slots became operational. As mentioned previously the attrition rate has been significant. On June 1, 1971 only 11 firms with 168 slots, of which 92 are filled, remain active in the program. Since September of 1970, seven months, there has been a net loss of 21 slots under contract and a concomitant reduction in the number of workers actually enrolled. Between March and August of 1970, 130 workers were enrolled and only 12 were withdrawn from the program. Since that time, 59 workers have been withdrawn and only 33 workers enrolled, reducing the number of workers in the program from a monthly high of 118 in August to 92 workers in March of 1971.

There is no indication that this trend will change. In fact, recent discussions with employers suggest that the withdrawal rate will accelerate. Two factors appear significant. First, the persistence of turnover patterns in the participating firms which make it unlikely for more than a small percentage of the enrollees to remain in their positions for more than a one-year period. Second, there is little interest among participating employers to attempt to go beyond the first six-month period. In a sense, the situation is no different from when we first introduced TIPP into these firms -- the operation of a systematic TIPP program requires an input that employers are unwilling or unable to make. In this regard, several employers have mentioned that the growing labor surplus has offered substantial relief from skill shortage and turnover pressures.

The first six months of operating experience for most TIPP employers was characterized by the general emphasis toward qualifying the two decisions each employer chose to make. This accounts for TIPP's low profile which was established and maintained in each firm.

Most employers saw their responsibility as limited to making the enrollment and wage increase decisions. While some employers discussed the more esoteric aspects of training and upgrading, the decisions they made in regard to TIPP enrollees suggest their objective was simply qualifying for incentive payments. Their aim was to accomplish this through wage and salary changes rather than as a result of upgrading. In large measure, this orientation is the logical consequence of providing employers with the flexibility inherent in the policy of self administration. Once the employers opted to use TIPP for the short-run limited economic returns rather than as an upgrading mechanism, it was inevitable that the program resources would be underutilized.

Table IV-7

Contracts and Slots
(Monthly and Cumulative)

	No. of Contracts Signed		No. of Slots Contracted		No. of Contracts Deactivated*		No. of Slots Deactivated or Withdrawn**		Net Cumulative Totals	
	This Month	Cum.	This Month	Cum.	This Month	Cum.	This Month	Cum.	Contracts	Slots
1 9 7 0										
March	5	5	52	52					5	52
April	2	7	17	69					7	69
May	3	10	50	119					10	119
June	1	11	50	169					11	169
July	0	11	0	169					11	169
August	[illegible]	12	20	189					12	189
September	0	12	0	189					12	189
October	1	13	50	239	1	1	3	3	12	236
November	1	14	10	249	1	2	5	8	13	251
December	1	15	10	259	0	2	0	8	13	251
1 9 7 1										
January	0	15	0	259	0	2	5	13	13	246
February	0	15	0	259	1	3	77	90	12	169
March through June	0	15	0	259	1	4	1	91	11	168

*Contracts not officially terminated - for Research purposes.

**Slots deactivated because employer chose not to enroll workers or failed to meet enrollment deadlines.

Table IV-9

Enrollments
(Monthly and Cumulative)

	WORKERS ENROLLED		WORKERS WITHDRAWN		WORKERS IN TIPP (Net)	
	This Month	Cum.	This Month	Cum.	This Month	Cum.
1 9 7 0						
March	10	10			10	10
April	18	28	1	1	17	27
May	12	40	5	6	7	34
June	28	68	2	8	26	60
July	38	102	2	10	36	96
August	24	130	2	12	22	118
September	3	133	10	22	- 7	111
October	0	133	4	26	- 4	107
November	14	147	6	32	8	115
December	9	156	20	52	-11	104
1 9 7 1						
January	7	163	5	57	2	106
February	0	163	4	61	- 4	102
March	0	163	3	64	- 3	99
April	0	163	0	64	0	99
May	0	163	7	71	- 7	92
June	0	163	0	71	0	92

V. Patterns of Employer Response

Summary: Operating experience with fifteen participating firms shows three patterns of utilization:
1. Composed of small employers, these firms utilized TIPP in a limited way for one six-month period to help meet short-run problems. Whatever their experience none has extended the pattern of use, some dropped out, most are not likely to show meaningful results during subsequent periods.
2. Composed of some small but more medium sized employers, these firms have used the program effectively and have developed a commitment of some duration. One key to effectiveness was the willingness of these employers to utilize TIPP staff advice and counsel; though always of modest dimensions it was often critical. Where the job structure permits, these firms will continue to show effective utilization.
3. Composed of larger firms, implementation has been prevented either by adverse economic circumstances or by internal weaknesses in the structure of manpower management. However, the basis for future progress is well established.

The experience of each of the 15 participating firms during their first six-month period suggests that employer response to TIPP, once the decision to participate has in fact been made, falls into one of three patterns: 1/

Pattern 1: The six small employers in this group accounted for 11 percent of all slots and 14 percent of incentive payments in the first period. These employers used TIPP selectively to deal with limited and concrete problems which they face. A typical employer in this group behaved as follows:

a. He accepted more slots than he filled, even though ten was the largest number of slots assigned.

b. He identified each worker whom he intended to enroll in advance of signing the subcontract, and enrolled them one

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See Table V-1.

at a time. When this list was exhausted he ceased to enroll workers. When an enrolled worker left his employment, he did not replace him in the program. When all the enrolled workers left his employment, he withdrew from the program.

c. He provided informal on the job training for TIPP enrollees virtually identical with the on the job training already utilized in his place of employment. He advanced TIPP enrollees to fill vacancies which he knew would exist or intended to create, adapting the timing to assure eligibility for incentive payments at the end of the initial six-month period.

d. He administered the program himself, instructing his line supervisors on what he wanted done and making all the decisions.

These employers varied in their understanding of TIPP objectives, though all professed to understand and support them. Some never got beyond mastery of the basic procedures. Some carried out a relatively effective implementation which yielded good monetary results, while others performed only perfunctorily In terms of upgrading the best performers in this group were the two restaurants where built-in ladders can readily be seen in the kitchen operations. One, with only three enrollees, qualified for incentive payments of $877 after the first six-month period; the other, with two enrollees, received only $78; both consider the program successful! They credit TIPP with an important role in increasing employee retention and stimulating skills

upgrading, but they have not sought to expand the number of enrolled workers. Of the remaining four employers in this group, two withdrew during the first six-month period, and two at its conclusion (withdrawal in this sense means a decision not to implement the program, though the subcontract remains in effect and TIPP's right of access for research purposes is preserved). In all six cases, TIPP began and remained an instrument of limited usefulness for the possible solution of short-run problems.

<u>Pattern 2</u>: The six employers in this group accounted for 54 percent of all contracted slots, 71 percent of all workers enrolled, 84 percent of all workers who qualified for first-period incentive payments, and 82 percent of all payments made. They are the characteristic employers who have responded to TIPP and their behavior is thus of special interest. A typical employer in this group showed these characteristics:

a. He contracted for a large (10-50) number of slots representing a substantial proportion of his work force.

b. He filled at least half his slots (three of the six filled all of them). When vacancies or withdrawals occurred, the slots were often filled by new workers.

c. He took risks, choosing to enroll not only those workers who looked like safe bets but including some recently hired workers who would have been passed over by employers in group 1.

d. He used TIPP deliberately to help himself build a stable cadre of workers among those at lower levels, including both black and Spanish-speaking workers. TIPP enabled him to

increase retention by increasing wages, and thus to retain employees long enough for them to be trained to meet his present or projected skill needs.

e. His initial positive experiences with TIPP broadened his perceptions of its potential and increased his acceptance of the basic rationale behind the program (two of the six asked for more slots).

This group includes small firms like those which predominate in group 1, and medium sized firms (less than 500 employees). The smaller ones originally saw TIPP much as did those in group 1, but they later changed and enlarged their perceptions and intentions. A major factor in this change was the relationship which developed between these employers and TIPP staff. In part because we were dealing with men with a somewhat more urgent need to deal with their retention and productivity problems, these employers were open to the development of a closer relationship with TIPP staff, using them in effect as manpower consultants to help the employer clarify his manpower needs and devise solutions which would be applied within the TIPP framework. Each discussion with an employer, normally set up to provide briefing in TIPP procedures, becomes in such cases an analytic-advisory session in which we are able to broaden the employer's grasp of his problems and the usefulness of TIPP in dealing with them.

This process in turn leads to more effective planning and early implementation of the program. Because this goes smoothly and the employer can anticipate - and then realize - concrete cash flows of some magnitude, the

credibility of our earlier work is strengthened and the employer then becomes willing to take additional steps which extend the program. These may be the addition of new slots, the enrollment of higher risk employees, the commitment of additional internal resources, or all three.

The longer run impact of the program in these firms seems to depend primarily on the built-in possibilities of a career or skills ladder. In three of the six firms these possibilities are limited, and for this reason we expect little significant development during the second or subsequent six-month periods; in fact one of the firms, a manufacturer or drapes and curtains, has ceased to plan further work under the program. The other two are wholly white collar, and are willing to explore revamping of their wage structure and personnel system with the help of TIPP staff in order to see whether and to what extent changes of a more thorough-going nature in their patterns of deployment, task grouping and salaries can yield further benefits over the long run. Because of their relatively small size and undeveloped managerial and administrative structures we have only limited hopes of achievement, but intend to explore the possibilities more systematically.

Among the remaining three firms is one of the three small bedding manufacturer's participating in the program. Initially this employer contracted for five slots. After 13 months in the program this firm represents a "TIPP success story". The employer enrolled ten workers nine of whom completed the second six-month period and entered the third and five more workers are expected to complete the second period in the near future. The average weekly wage of the nine workers increased from $85.90 to $109.25 over the first six months. The average weekly straight-time earnings for these workers increased by almost 20 percent over the same period.

The enrollees in this firm received more than one increase in the first TIPP period. And in addition to the increased earnings which were eligible for TIPP reimbursement each worker received a wage increase mandated in the collective bargaining agreement. The enrollees, all of whom are general helpers, had an average wage almost $15 per week above union scale. More significant from the employer's vantage point, is that he has been able to retain 90 percent of the TIPP enrollees compared to the 400 percent annual turnover among general helpers in the year prior to TIPP. In one sense TIPP has worked to change the firm's approach toward the utilization and development of entry-level workers. The firm's president describes the unilateral and voluntary wage increases, in conjunction with limited on the job training on the shop floor, as a successful technique for demonstrating management's eagerness to provide workers with an opportunity to advance within the firm. In part, this posture was adopted as a recognition and acceptance of changes in the composition of the labor supply.

A second firm in this group of three is a small manufacturer of barbecue equipment used commercially, in restaurants, supermarkets, etc. This employer used TIPP to help him provide wage increases to new employees. All but one of the workers enrolled had been on the payroll less than three months; he had enrolled about half his work force at its seasonal peak. When business fell he laid off more senior workers and retained the TIPP group; at one point nine out of a total of ten workers were TIPP enrollees. Expansion later reduced this proportion again. The result was to raise entry-level wages but to compress the wage structure, and change his pattern of response to seasonal changes. The longer run possibilities for increasing the upward mobility of workers thus

are scant. High incentive payments have raised entry-level wages but have not led to structural changes.

The third firm of this group of three has received the highest total of payment of any participating employer. This is a supermarket chain with well-developed ladders arising out of the structure of jobs. The employer turned over responsibility for TIPP to the director of personnel without specific implementing instructions, and TIPP staff worked closely with him to develop the program. Partly because he lacked a clear mandate, it took a long time, about one year, to build the pattern of implementation which ultimately has developed. During that time this firm enrolled more workers but reported more dropouts than any other two firms combined. Ultimately, however, the firm showed a higher number of enrollees qualified for incentive payments than any other, and has thus received the highest total amount of payments. As the director of personnel gradually learned how to use TIPP effectively in carrying out his responsibilities, efficiency in the firm's TIPP operations increased. One thing he learned was to integrate effectively TIPP-eligible wage increases with those mandated under the collective bargaining agreement, so that TIPP added an effective instrument to the battery of motivational tools available to him. TIPP-related increases were not, as they are in many firms, a foreign addition to the existing wage administration but became part of it. While this firm's success was materially aided by growth in total employment and the existence of job hierarchies, the process of TIPP management was important to success.

Pattern 3: These are three larger employers. Together they account for almost 35 percent of TIPP slots, but only 4.1 percent of all incentive payments made after the first six-month period. One is a large wig manufacturer with plants

in Canada, Puerto Rico and California as well as New York. This firm welcomed the opportunity to participate and assigned a high-level operations executive with high skills to plan implementation. Rapid growth had demonstrated the high cost which shortages of skilled workers imposed on production goals as well as costs. Working with the executive responsible, TIPP staff were able to develop a concrete plan for implementation which met both the firm's felt needs and TIPP objectives. The results would include substantial investments in training by the firm, increases in workers' skills and earnings, and higher productivity. Unfortunately these plans could not be carried out because of a sudden and sharp change in the firm's prospects, in part a consequence of the economic downturn. While the plans could not be tested, we believe that they are well founded and demonstrate TIPP's potential for stimulating new departures in training and manpower policy at the operations level.

A second firm is a large advertising company. In this case the commitment of top management to implement TIPP was never successfully transmitted or translated to the level of personnel management or operations. Management did not attach great importance to the financial returns which TIPP could generate but agreed to go ahead because of the lessons which participation might provide in solving problems related to the employment of lower income clerical workers in an industry dominated by professionals. The major concentration of low-income workers is found in the accounting department, which is relatively isolated. An effective program would require close collaboration between the personnel department, where TIPP responsibility was placed, and this operating section; this was particularly important if the firm was to develop its plan for implementation itself. It was never possible to secure or sustain this

collaboration. This was in part because of changes in staffing in the firm, but a more important factor was the failure of the personnel director to play his key planning and implementing role in order to make TIPP resources available to help the operating executive solve his problems. It must be added that, with only a general mandate and intermittent attention from top management, the personnel department found it easier to give up this effort than might otherwise have been the case.

As a consequence TIPP offered to play a more active planning and catalytic role, and top management accepted this offer. In some ways this made it easier to get cooperation but it also served to deepen the perception by members of the personnel department that TIPP posed a challenge which they might not be able to meet, and thus was a threat to their status because they might fail. They thus had at best an ambivalent commitment to success. To overcome these barriers, to deepen and sustain the interest and commitment of top management, and to work out a plausible scenario and timetable for implementation has required a commitment of TIPP staff and consultant time which is disproportionate to the total resources available to us. As a consequence we have been forced to slow our pace and to work out each step before being able to think about the next. The result has been very little concrete implementation. At the same time those directly involved have slowly come to repose confidence in our ability to help them solve problems and in our willingness to work so as to preserve their own internal reputations and record of achievement. The basis has therefore been established for putting a concrete program into effect which can be successful, concentrating still on this one department or group of workers.

The third firm in this group is a chain of supermarkets where we have from the outset had excellent rapport with the key management official, and have enjoyed his enthusiastic and knowing support for our objectives. Here the problem has been his failure or inability to commit sufficient internal resources to carry out the necessary analysis and planning for a successful program. Paradoxically we continue to enjoy the support and confidence of management, and the official in question has no hesitation in characterizing the first year of TIPP as a success, primarily because our discussions and his commitment have forced him to think through some of the longer run manpower problems which his firm faces and for which solutions are needed. He has used TIPP primarily as a vehicle for thinking and planning; only now does he appear ready to begin seriously to plan implementation.

able V-1

First Period Activity by Firm

FIRM (by TIPP No.)	Slots Contracted	ENROLLMENTS No.	ENROLLMENTS Average Wage	ENROLLMENTS Average Earnings	WITHDRAWALS	CURRENTLY ENROLLED	STILL IN 1st PERIOD	COMPLETED PERIOD I No.	COMPLETED PERIOD I Average Wage	COMPLETED PERIOD I Average Earnings	INCENTIVE PAYMENTS No.	INCENTIVE PAYMENTS $
Pattern 1:												
001	4	1	$98.00	$87.16	1	0	0	1	$115.00	$93.76	1	212.42
006	2	2	79.50	79.50	2	0	0	1	100.00	99.23	1	228.80
007	5	3	82.50	78.28	0	3	0	3	98.72	98.72	3	876.70
008	3	2	80.00	62.56	2	0	0	0			0	
010	5	2	90.00	86.39	0	2	0	2	100.50	91.74	1	77.55
015	10	7	89.00	82.16	0	7	7	0	———	———	0	
Sub-total	29	17			5	12	7	7			6	$1,395.47
average			86.32	79.65					101.74	96.09		
Pattern 2:												
002	10	12	72.50	71.84	3	9	4	5	93.00	84.47	5	1,159.00
003	10	10	85.90	76.53	2	8	0	9	109.25	89.41	9	2,062.61
009	40	51	78.00	76.91	28	23	3	18	98.10	84.67	18	2,119.82
011	50	23	68.17	64.52	12	11	1	12	75.92	69.61	12	1,808.24
012	20	10	93.80	93.55	3	7	6	2	104.00	103.93	2	283.80
013	10	9	89.44	87.92	1	8	0	8	96.25	94.67	8	782.80
Sub-total	140	115			49	66	19	54			48	$8,216.27
average			78.42	76.18					94.50	84.29		
Pattern 3:												
004	15	3	85.00	85.00	1	2	0	3	96.87	92.50	3	321.75
005	25	28	81.50	77.92	16	12	1	11	87.55	82.51	1	93.50
014	50	0	———	———	0	0	0	0	———	———		
Sub-total	90	31			17	14	1	14			4	$ 415.25
average			81.84	78.61					89.55	84.65		
GRAND TOTAL	259	163			71	92	27	75			64	$10,026.99
AVERAGE			$ 79.89	$ 77.00					$ 94.25	$ 85.46		

VI. Participating Employers' Perceptions

Summary: Employers vary widely, both in their perception of TIPP's potential and in assessing how well they have utilized TIPP resources, but all profess to support the program's goals. All express the need for technical assistance, varying from limited to large-scale help. Employers use different criteria of success, depending on their assessment of their own needs. TIPP is adaptable in principle to a variety of settings and needs, but runs the risks of being seen as a panacea for all manpower problems; this could lead to disillusion unless the program's limits as well as its potential are made clear from the outset. Employers get much benefit from exchanging concrete experiences with one another; they value their association with the program and with staff.

Several participating employers attended an all day conference on February 4, 1971. This section is based primarily on the discussion at that conference.

A position shared by all the employers who attended (whether they were already operating the program or just on the brink of participation) is their acceptance of the basic TIPP premise that employee upgrading from within is good business practice and can be made to work. Support for this concept ranged from cautious but optimistic expectations to freely expressed enthusiasm stemming from companies' early experiences with their TIPP employees. At the same time their specific perceptions of how to do this, and their ability to do so, varied widely.

Each company stated its acceptance of the responsibility for providing both upgrading opportunities and the training therefor. These TIPP employers have thus advanced beyond the state TIPP staff most frequently encounters in its interviews with the business and commerce community, where upgrading from within, when it happens at all, is largely management's reflexive recognition

of those few outstanding employees who bring themselves to management's attention by reason of their special abilities and exceptional motivation. TIPP employers recognize and act on this phenomenon; but they are also looking to upgrade other than the natural "winners". There was general agreement expressed by these employers with the idea that "every employee is motivated" and the burden is management's to help "remove the obstacles to that motivation's expression".

All employers accepted the necessity of focussing on TIPP's target population, variously described as "bottom rung" or "lowest level" worker, and saw TIPP as making it possible for them to extend training and advancement opportunities to employees they would not ordinarily select for upgrading, the "risky" candidates.

All employers appeared to have adapted to TIPP's schedule of incentive payments, but all of them expressed the need for technical assistance; the list of areas where help is needed includes help with structuring manpower, wage, and salary systems; identification and evaluation of related resources such as remedial education, organization of day c[illegible]on programs; coordination of data about all government-sponsored programs intended to aid employers in manpower development primarily, but also related to plant construction and tax incentives as other examples.

Help with the design and implementation of training programs was sought by four companies; two of the others had paid staff training directors, and the remaining two had evolved their own methods for satisfactory on the job training.

One company voiced some apprehension about its union's accommodations to TIPP and was reassured by the successful experiences reported by two participating firms who had satisfactorily surmounted this hurdle.

Employers with "flat" staffing patterns, and consequently, limited numbers of slots approachable via vertical upgrading, shared concepts and models for horizontal upgrading (job enrichment/enlargement), and indicated they would want technical assistance and guidance from TIPP staff. Job enrichment was also reported as an interim device for encouraging and rewarding employees who were destined for vertical upgrading in other companies as soon as job slots became available.

For each company experiencing rapid and predictable growth, TIPP was welcomed as an aid to implementation of its already developed explicit policies of training and promotion from within. Those whose staffing needs had leveled off were planning to use TIPP as a device for employee retention and job enrichment.

Most of the problems presented were related to the mechanics of implementation. To publicize TIPP among employees or to refrain from disclosing its precise identity? To make TIPP available to all comers or to restrict it to predetermined numbers? Who should undertake the training? When? What are the most effective ways of monitoring each TIPP employee's development? Beyond wage parameters, should there be other criteria for TIPP enrollment? Is it possible to tell in advance of enrollment what each employee's potential will be? How can line managers' cooperation be insured by top management? What techniques does management find successful in unblocking obstacles to employees' motivation? Must every employee go the full route of upgrading?

Each employer's contribution to the discussion concerning these (and other) key questions is described below.

Predictably, the expectations of employers about what would be achieved through their TIPP participation differed according to each company's perceptions of what its manpower needs and problems were.

Company A: In an advertising firm, TIPP will be applied in the accounting department, where 100 employees, mostly women, "operate billing machines" and do other "routine and boring work". Management is experiencing chronic tardiness, absenteeism, low work output, and a generalized low morale in this department.

This firm has reserved 15 TIPP slots with three people currently enrolled. There are only five top jobs "to be competed for" and the "job ladder is not well defined".

Management wants help in "defining jobs, especially the top ones", "restructuring the entire department", and continuing the work assignments of those employees (mostly middle aged, married women) who are "content" with present responsibilities. Help is also sought with the design and articulation of routes for the employees who could be interested in "moving up". The company is looking for -- and receiving -- inputs of technical assistance from TIPP staff in order to remodel its accounting department manpower system; upgrading will be one component, not yet definable, in such a system.

Company B: As elsewhere detailed in this report, one small insurance company is experiencing many personnel problems about which they have the generalized expectation that TIPP can be of help. With nine poeple enrolled in the plan, all of whom are low skilled (some not high school graduates), the company hopes to advance them from their present clerical and switchboard duties to "statistical and technical jobs". Excellent training for these jobs is presently available through industry-created agencies and the company's policy is to provide both tuition advances and tuition rebates. The company's problem is that "people don't stay long enough to take advantage of such training"; and it expects

TIPP's help "to keep people and upgrade them so that they will want to stay and grow with us". "All positions in the company are accessible to any employee, e.g., the president started as a clerk".

This firm has received some TIPP technical assistance to help create an in-house threshhold training program "so that employees can get basic on the job training and then the company can send them to the industry's more advanced technical training resources". What the company wants to learn to do is to upgrade each TIPP employee via "job enrichment" training which would involve many types of machines now in use at the company's offices. Optimally, "everybody can learn to do everything", because multi-skilled employees would be valuable to the company, especially "when seasonal pressures require that everyone get involved"

The company's conference representative, its personnel director and office manager, reported that "TIPP (seemed) to be good for us" and that she would better be able to evaluate the program's impact when it had accumulated more operational experience.

Company C: The vice president in charge [illegible]s of a candy manufacturer attended the TIPP conference at our invitation in anticipation of a company-wide application of TIPP to both training and upgrading. One of a self-described "vanishing breed of employers which is increasing its blue-collar jobs in New York City from 300 to over 500 by 1972", this firm anticipates it will be hiring "basically unskilled" people who will "need to be trained by us for skills we can't buy".

The firm's rhetoric is forward looking; they envisage creation of an internal training system which will accommodate its new hires as sales and production expand.

The company's present cash flow is very tight, largely due (according to its financial statement) to interest and amortization drains related to debts contracted for both acquisitions and plant expansion. They are therefore eager to connect with government-subsidized programs that provide cash benefits.

In advance of its participation in TIPP, this company asked for and received limited technical assistance with the design of a training plan for its three separate manufacturing divisions; and the company has indicated a readiness to share the costs of creating a total manpower structure and staffing it.

The company asks whether TIPP can provide a "one stop" service which inventories all government programs intended to help urban manufacturers (examples of which the company is now aware, some of which it has already acted upon, include JOBS, New York State Urban Tax Incentives, OJT, the JDA loans routed through New York City's Eco[illegible]ministration, Veterans' Training, TIPP, and favored bidding privileges for federal contracts).

They anticipate that TIPP can provide resources that enable the corporation to create training opportunities which can "equalize" the gap between the visibly qualified and trained employee and the others who "never got to first grade". This employer is convinced that "intrinsic ability exists in all people" and that it is impossible to predict, with any degree of accuracy, those who will or will not "make it".

They expect their participation to produce some "churning up" from the lower levels of job categories to the higher levels. They are not worried, as another conferee stated he was, by the initial cash outlay the company would

need to invest in wage increases in order to qualify for TIPP reimbursement. Their plan is to train and upgrade as expanded production dictates the need for an expanded work force; "if you need 100 mechanics, you are not going to have 120".

The corporation is looking to TIPP to help them learn how to acquaint new employees with prospects for job advancement within the company and then to deliver the necessary training that helps employees act upon their own best motivation.

Company D: The personnel director of a small participating bank voiced generalized and high expectations from TIPP. He believes "TIPP is tailor made for us" and it will help to "meet a need we have". The company is young and "not set in its procedures". They recently decided th [illegible] overstaffed an adopted a policy of not replacing certain employees as they left the company's employ. They now feel ready to institute some systematic "wage and salary administration, grades of jobs, rankings..." and see TIPP dollars as support for upgrading costs. TIPP is perceived as enabling the company to "take risks" with employees who, were the costs entirely borne by the employer, would never be considered for advancement.

The company's conferee was frank to state his own limited experience in the manpower development field, and was visibly impressed by the assurance of a veteran employer that TIPP could help him shorten the time necessary to advance those employees who have neither the desire nor the ability to go the full route. He anticipates wage increases generated by TIPP as "rewards" after the fact of employees' performance on the job; e.g., skills, dependability, attendance, cooperativeness (volunteering).

The bank wants assistance with the totality of its needed manpower systems structure, both for present staff as well as for anticipated expansion (a second branch is being negotiated, this one in the World Trade Center). One concept the bank is exploring is a "vestibule training school" which would be operated within the company to bring new employees up to a level where they could then pursue further specialized training in the industry-sponsored programs, with the bank providing tuition advances or tuition reimbursements (even on grades as low as "D").

This firm does not intend to publicize TIPP to its employees because "black people could expect that they are entitled to the benefits of the program", "they are owed by society", and would count on the TIPP-generated wage increases as their due without being motivated to larger work achievements.

Company E: The personnel director of a major toy manufacturer stated most of the 3000 workers in its Queens plant are unskilled. Therefore, training and job development are perceived as important needs. The company hopes to explore/share some of its experiences with other TIPP employers. They have their own "insights" about how they plan to use TIPP in order to develop higher skills among a "large employee population not fully utilizing their (sic) potential". The personnel director expects, therefore, that TIPP will help them "(1) discover talent now existing in the company and (2) provide the necessary training to make that talent more professional using our own organization to accomplish this".

He believes that money is perhaps only a secondary motivating factor for employees to become more productive. "Ninety percent of the time it is management's attention to the individual who thinks 'I am being looked at by management, therefore I must have something, so I will give of myself'. Therefore, it is always possible to motivate if management is astute and gives time to the task."

The company's recently hired director of training and job development pursued the company's plans for using TIPP. Wage scales are generally low and "vertical progression" to higher paying job slots is limited by the nature of the work itself (essentially, low level tasks attendant on plastics molding and extrusion machines). The training director intends to use TIPP to upgrade employees horizontally ("horizontal progression") within their existing job slots. This is explained as job enrichment/enlargement which adds more skills. Actual projects will include training of clerical workers to become stenographers or secretaries; training factory workers to use English as a second language in order to increase their job-related vocabulary and, then, become eligible for higher job skills.

This firm looks to TIPP for help with design and implementation of its projected job-enrichment programs. The training director anticipated some problems with the union and hoped that others could suggest ways they could avoid "being fettered by union seniority rules". Two employers were able to narrate their own satisfactory resolutions of comparable problems.

The company's expectation of TIPP is that it will eventually provide "coordinating" services that catalogue government-subsidized (and other) programs supportive of their manpower needs, as well as exchange with other participating employers, through conferences and by direct dissemination and contact.

Management believes that the best way to utilize TIPP is by incorporating it "into the overall scope or plan" of the company's manpower structure, now in the process of development. Further "ten people in TIPP will not be felt"; rather, TIPP employees must be sufficient in number to "have an input to the total manpower picture". Consequently, the corporation is

looking for TIPP technical assistance with methods for job enrichment/ enlargement through horizontal progression. It is also hoped that TIPP can strengthen the company's "planning function" so it can pursue other manpower programs (e.g., MA-6) within the total context of its manpower policies and system.

The company enrolls workers in classes offered by the Board of Education in English-as-a-second language. They, and two other employers, stated that such programs would be far more effective if available on work sites and asked whether our "influence" could bring this about.

They also asked for help in quantifying the "real costs" of manpower turnover (as compared with training and job enrichment costs) in order to strengthen the case with the company's top management for more comprehensive manpower planning.

Company F: The employer, a manufacturer of beds and couches, stated that his company is participating in the TIPP program because the union recommended it. He attributes much of the success of TIPP to the union's cooperation. For example, there is no "dissension or trouble" when TIPP employees are permitted increases over their "top starting rate", the employer "assumes the union has handled this" because there are "no repercussions" from non-TIPP employees. "They all know that these men getting raises are on a program", described to all employees as a "training program" which makes it possible to add to the skills and the wages of the men involved even when it is not possible "to move someone up" to a higher paid job.

Because there are only occasional slots for upgraded openings, and because the company's contract with the union sets both wages and upgrading schedules, the firm sought additional flexibility for recognition of employees awaiting upgraded openings. TIPP makes possible a holding pattern for employees who are slated for upgrading, with "interim promotions" and "raises" in wages that insure a "pool of men" who can earn more money without a new job classification and thus are less likely to leave. The company is now able to count on three or four men in each department who are trained and ready to move into upgraded job openings as they occur.

TIPP makes possible a training capacity above the level of the company's on-the-job-training program, in which six employees participate at the threshhold training level only. TIPP employees, who function at advanced skills levels, can be given their interim increases at a "very small expense to the employer". Consequently, the employer believes TIPP keeps people on the job and has practically eliminated turnover (formerly at the rate of eight to one). These same employees are now increasing productivity significantly, with one estimate as high as 50 percent.

Company G:

After six to seven months' experience with TIPP, management in this chain of supermarkets feels it is a "good program" because

> "first-people in it have moved along very well;
> second-it was an incentive to them;
> third-it helped morale."

Fifty-one employees have participated in the company's TIPP program to date and management's policy is to phase employees into TIPP, informally and one at a time, as predecessors "move along to advancement". Employees do not

know there is a TIPP program, nor any "program" at all for that matter. What they do know is that individuals are singled out for promotion to clearly delineated job openings. These candidates for upgrading are selected as a result of personal conferences between the TIPP manager and both store and department managers. While in training for their new jobs, TIPP employees are given wage increases that are partially defrayed by subsequent reimbursements. They receive essentially on the job training, under the supervision of self-selected department managers who express a willingness to undertake this responsibility along with their regular work duties. Additionally, the company has sent some of its employees to adult education courses sponsored by the New York City Board of Education, the same program utilized by Company E.

TIPP employees, at the time they were selected for upgrading, had been employed as cashiers, produce men, meat wrappers, stockmen and delivery men. They are matched, in advance of their new job training, to identified openings which they will move into immediately upon "graduation". The numbers of trainees are always contingent upon the number of job openings which are imminent, which means that a "limited number of slots" are constantly available. The company trains TIPP employees for middle-line jobs such as journeyman butcher and head stockman. It also has created a management training program which makes accessible full managerial and assistant jobs in the company's dairy, meat, and produce departments. The company plans its training program "by steps" which are completed on a one-to-one basis between the trainee and the on-the-job-training supervisor. Between eight and nine months is calculated as the time span for TIPP employees to move into managerial slots; however this schedule can actually

be accelerated as happened, for example, with one new employee who took only six months to move from start to a dairy manager's job paying $125 per week.

This TIPP manager is committed to personal selection and monitoring of every trainee's progress. He gets constant feedback by making field visits to each store, communicating directly with each store manager, sharing information about employees with department managers, and constantly checking the work, attitude, and attendance of each trainee.

The employer has expressed no further needs from TIPP's program or staff.

Company H: This is "the most rapidly growing" retail food company in Metropolitan New York, with 23 stores in operation with a growth rate of four to five anticipated annually. Each new store needs the usual complement of supermarket staff including management personnel at the following levels: store manager, assistant manager, meat manager, produce manager, dairy manager, frozen foods manager, and a floor manager.

The corporation "is dedicated to the philosophy of promotion from within" and, therefore, seeks to plan ahead by training selected employees who are viewed as management potential for new stores. In this context, TIPP is regarded as harmonious with their own concepts of manpower development. "It's so good [a program], it doesn't make sense not to participate." TIPP augments the chain's practice of upgrading nonskilled entry-level workers and semiskilled workers to better paying jobs with higher responsibilities.

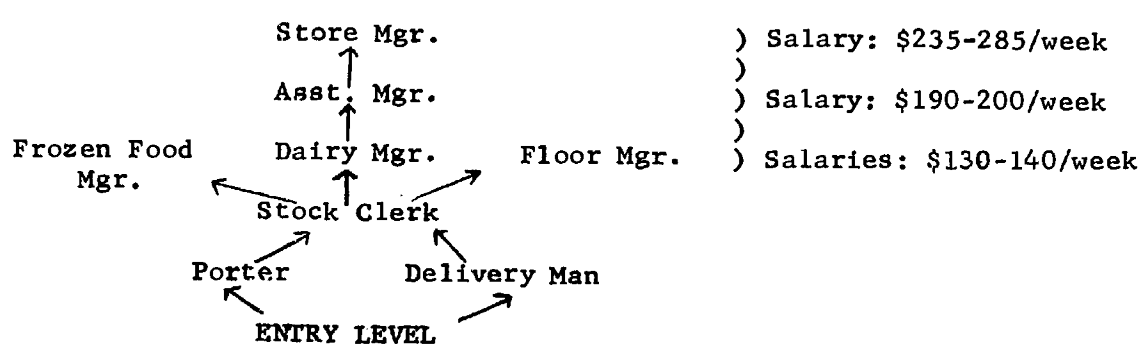
Management believes it "did a lot of things the wrong way with TIPP" at the start. It continued its only moderately successful practice of trying to upgrade employees from "the lowest possible level", "without the proper company

resources". Such resources had been supplemented by adding a counselor-trainer who had worked with them when they had participated in an MA-4 consortium. The new staff member had been given the responsibility for all the company's manpower programs. His assisgnment vis-a-vis TIPP is to make it operational within the chain. In his own words, he saw his role as "aiding in the training and development of TIPP trainees ... to help advance the people in the program".

The key executive recognizes that since the start of the TIPP program, none of the enrollees has moved "at the rate they should have grown". Retention rate is good, with only one dropout; but only five employees "have moved up in their jobs". The firm had recently instituted a new set of practices, including identification of potential TIPP enrollees, and personal interview with every employee going into the TIPP program. There is an announcement to all the company's employees about TIPP, with everyone within the wage parameters free to apply for entry into the program.

No formal testing of employees -- "potential" is what the interview seeks to identify.

The company has chartered a career ladder which it makes visible to all employees:



As he summarized the rationale behind the career ladder: "If TIPP works, it upgrades right up the line. Therefore, any person starting with us at entry level has a legitimate future with the company."

There was considerable discussion of employers' perceptions, often significantly different, about how one identifies motivation in workers. Employers were exchanging experiences and techniques which they felt make it easier for employees to act on their own motivations. Since all present were basically in agreement that no measuring device (interviews, tests, supervisors' reports, "intuition") exists which is infallible about predicting workers' performance, TIPP was being used to subsidize recruits who were not conspicuously creamed "winners", and was making it possible to train for upgrading employees who would ordinarily have been bypassed for such opportunities.

This firm has also enlarged job responsibilities ("horizontal upgrading") with commensurate wage increases until appropriate openings become available in upper level jobs.

The spokesman expounded on the nature of the personnel practices which have developed and changed as a result of the company's experience with TIPP. For example, they now interview every new employee with an eye toward determining "(1) where he can go in the company, and (2) what he can be trained for". What has spun out of the company's TIPP efforts are the discernible lineaments of a company-wide manpower administrative structure which will be responsible for the totality of programs and policies they have been struggling to coordinate. They foresee that, eventually, the company will be providing skills training (via on the job training); human relations training (in house); management level training, public contact training (via American Management Association and Dale Carnegie courses); general education which is job connected, e.g., mathematics

of business, remedial English for communicating with customers (through Board of Education night school programs) There is also in the offing an MA-6 program from Coalition JOBS. They see TIPP resources being used to supplement the company's own fiscal, pla ing, and implementing efforts. Because of TIPP's flexibility, it is more versatile in application than any of the other programs cited, and the company enjoys the freedom it exercises in utilizing TIPP.

Describing these emerging corporate personnel policies, the executive discussed the "three recognition factors" of employees' potential to achieve: first, there must be a genuine opportunity available to workers; second, recognition must be given them by the employer; third, the work itself* can become a motivating factor with "job enlargement" encouraged through the TIPP program. The company must accept responsibility for providing training as needed.

Some diversity of opinion was expressed by the conferees about the wisdom of "putting everybody into TIPP". This firm believes that if that were to happen, "you could destroy the motivational benefits for other people who are in the program and really trying to advance". TIPP, in their judgment, should be used as a "recognition factor" of employees' potential to advance.

Operational problems connected with <u>any</u> training program would include the likelihood that trainees' productivity would need to be "slightly sacrificed" while on the job training was taking place, but this cost is acceptable and necessary to ensure success. "Train now, produce later" was the formulation, with planning for the entire sequence being a sine qua non.

* cf Robert Ford, Motivation Through the Work Itself, American Management Association, 1970.

General:

Philosophical and practical questions about who/how/when/where (not why!) upgrading consumed the balance of the conference day, with discussion including these questions:

If TIPP is basically "upgrading", is it a monetary upgrading, or a job enlargement, or a status upgrading? Is just giving raises enough?

Or: How does the company handle the inevitable situation where the TIPP enrollee advances beyond the wages of the non-TIPP employee "under regular contract"? The question was directed not at the company-union relationship, but rather at the company's differing relationships with each of the two types of employees. Would the employer continue to invest training funds in the TIPP employee who is not making an effort to advance? How can feedback to management be structured so that employees' progress can be monitored from the start of the TIPP program?

Future needs to be channelled through TIPP were suggested. Remedial education for high school graduates was one. Another suggestion was the development of practical demonstrations of "humanics cost accounting theory" to TIPP applications, specifically in terms of measuring increased productivity, lessened turnover, an in-house talent bank for filling job openings. As a supplement to TIPP's present cash reimbursement model, one employer envisioned TIPP supplying "x amount of people for y number of our employees" to augment the company's training facilities. Since this company sees itself responsible for providing "an environment for people who want to progress", it is now using TIPP's cash payments to move "lower level" employees into training opportunities

prepatory for advanced jobs. The company is "r ng" training investments in employees it would not have previously selecte .

One of the larger firms expressed satis action with its current TIPP operations, despite the small specific payou so far achieved. TIPP has strengthened and sharpened the stated manpower development policies of the chain by "allowing the original MA philosophy to be projected right up the line". Further, in wrestling with the problems attendant on TIPP implementation, the company has had to "project ahead" and plan for future manpower needs.

VII. Employees - Characteristics and Experience

Summary: TIPP has enrolled authentic members of the working poor. TIPP enrollees are predominantly Spanish-speaking and black; over half are males; most come from outside New York; few belong to families receiving public assistance. Enrollees who stayed on the job for six months often received substantial relative increases in earnings. Employers tend to enroll selectively during the first six-month period. Some evidence suggests that initial success changes employers' perceptions positively; concrete actions have occurred which demonstrate this. It is still too early to know how far these changes will reach or how long the process will be sustained.

TIPP seeks to reach the "working poor". Of the 163 workers enrolled during the first phase, only 11 showed average earnings above $90 per week prior to enrollment. While many employers asked us to increase the original upper limit of eligibility from $90 to $100 per week - and we did - in fact the bulk of enrollees fell below the lower figure. Our enrollment shows what might be called reverse creaming when compared with the earnings of all-income workers in New York City; i.e., proportionately more TIPP enrollees were at the lower end of the earnings scale than is generally the case, as the following table shows:

Table VII-1

Weekly Earnings	Full-Time Workers in New York City Earning Less than $100 Per Week, 1969	TIPP Enrollees
	(percent)	(percent)
Less than $70	21.1	24.5
$70-80	21.5	46.1
$80-90	27.5	22.7
$90-100	29.9	6.7

Employer free choice in selecting workers for enrollment did not lead to concentration on workers at the upper end of the wage scale. The only limits on free choice were:

A limit on the total number to be enrolled in comparison to the size of the total eligible pool of workers. In order to make possible a comparison of the relative progress of enrolled and nonenrolled workers we generally limited enrollment to between one-third and one-fifth of the total pool.

To help assure a manageable program and to prevent results from being distorted by random changes, we also limited enrollment to members of particular skill groups or departments, in consultation with the employer. In this way enrolled workers tended to be somewhat concentrated for better and more reliable observation. One supermarket chain, for example, was permitted to enroll workers from "porters and delivery men earning less than $90 per week", a group of 40 in all. After enrolling 13 out of a total quota of 25, this employer asked - and we agreed - that we add stock clerks to the list and raise the earnings limit to $100. This permitted an enrollment of up to 25 from a universe of 85.

At enrollment, average wages were less than $80 per week, and straight-time earnings even less due to irregular work weeks, unpaid absences, and other factors. Slightly more than half of all enrolled workers had been on the job longer than three months at the time of enrollment; more than 30 percent had been working less than two months.

Questionnaires administered to a sample of 88 enrolled workers show that the average TIPP enrollee is in the prime working age (25-44), lacks a high school diploma, speaks Spanish, has lived in New York City less than five years, is married, has two or more dependents, and lives in a household with one other full-time worker.

In greater detail, these are the major results of our survey of enrollees:

1. Fifty-three percent are male;

2. About four-fifths are between ages 25 and 44;

3. Sixty-eight percent speak Spanish or belong to the Spanish-speaking ethnic groups; Puerto Ricans are the most numerous among them, but Mexican and South American-born people are numerically significant;

4. About half were born in the U.S., but only seven percent in New York; close to one-fourth have lived in New York less than one year, and almost half less than five years;

5. Thirty-one percent are black; less than one percent are white, who do not belong to a Spanish-speaking group;

6. More than three-quarters attended their last school outside New York; the number of years in school divides about equally among three categories: less than nine years, ten to eleven years, and twelve years or more. Most who graduated from high school did so outside the continental U.S.

7. Fifty-five percent are married, and 15 percent were married previously. Almost 60 percent have two or more dependents, and 65 percent live in households of three or more. Incomplete data also show considerable full-time employment among other adults in the family, but little part-time employment.

8. Six percent of these workers or their families receive public assistance.

Selection of workers for enrollment from the eligible population was the employers' responsibility. In most firms, the decision to select and enroll specific workers was accompanied by a decision to increase the workers' wages by amounts large enough to allow the employer to qualify for incentive payments six months later.

Employers had additional flexibility in selecting workers for enrollment because they were not obligated to fill all slots for which they had contracted. Further, they made the decision about when to enroll workers and both the amount and timing of wage increases which the enrollees would receive. The general enrollment/wage increase pattern which emerged was to provide a $5 per week wage increase at the time of the worker's enrollment. This increase was sufficient to allow the employer to qualify for an incentive payment at the end of the worker's first six-month periods if the employee remained with the firm.

This enrollment/wage increase pattern illustrates most clearly the employers' approach toward TIPP, particularly the initial tendency to use TIPP as a wage subsidy. It suggests that for most employers the principal incentive to participate was provided by the prospect of selective short-run relief for rising wage costs. The fact that employers were not obligated to fill all the slots for which they had contracted allowed them to proceed with TIPP without unusual risk and to ignore or postpone the longer run implications. In 11 out of 14 firms the ratio of employees actually enrolled to the number of workers eligible for TIPP was less than one to four.

Generally, employers tried to enroll workers who they expected would remain on the job for at least the first six-month period so that they would qualify for incentive payments. In some cases the presence of TIPP resources may have increased the employers' willingness to raise the wages of the 'marginal worker' by offering a reward, as well as a partial guarantee, for increased wage costs. Evidence on this is contradictory. On the negative side, most firms did not fill their TIPP quotas. On the other hand, certain TIPP employers have stated that the availability of TIPP resources prompted them to go beyond their normal wage increase parameters.

Prominent among this group of employers is one of the three small bedding manufacturers participating in the program. Initially this employer contracted for five slots. The positive effects of these voluntary wage increases on the firm's first enrollees encouraged the employer to ask for an additional five slots. After 13 months in the program this firm represents a "TIPP success story". The employer enrolled ten workers nine of whom completed the first six-month period. Three workers have already completed the second six-month period and entered the third and five more workers are expected to complete the second period in the near future. The average weekly wage of the nine workers increased from $85.90 to $109.25 over the first six months. The average weekly straight-time earnings for these workers increased by almost 20 percent over the same period.

All the enrollees in this firm received more than one increase in the first TIPP period. And in addition to the increased earnings which were eligible for TIPP reimbursement each worker received a wage increase mandated in the collective bargaining agreement. The enrollees, all of whom are general helpers,

completed the first period with an average wage almost $15 per week above union scale. More significant for the employer is that he has been able to retain 90 percent of the TIPP enrollees compared to the 400 percent annual turnover among general helpers in the year prior to TIPP. In one sense TIPP has worked to change the firm's approach toward the utilization and development of entry-level workers. The firm's president describes the unilateral and voluntary wage increases, in conjunction with limited on the job training on the shop floor, as a successful technique for demonstrating management's eagerness to provide workers with an opportunity to advance within the firm. In part, this posture was adopted as a recognition of and a positive response to changes in the composition of the labor supply.

Most TIPP employers were unwilling to provide wage increases to more than a selected group of TIPP's eligible workers because the TIPP incentive payments offered only modest financial reward compared to the extensive systems dislocation that "undeserved" raises to some workers would inevitably induce. This concern was offered by most TIPP employers as the reason they were reluctant to fill all the slots for which they had contracted. It also accounts for the employer preference for enrolling those workers who had already demonstrated some potential for increased earnings either through job performance or longevity. Over 50 percent of all enrollees had been employed for three months or more when enrolled in TIPP. The length of employment prior to enrollment in TIPP was a key variable in selecting enrollees who would be likely to remain with the firm for the first TIPP period. Approximately one out of every five workers employed for three months or more when enrolled dropped out prior to the end of the first period as compared to an almost 50 percent dropout rate among workers with less than three months on the job when enrolled (cf. Table VII-2).

For workers enrolled, earnings tended to rise well above the $5.00 per week minimum called for, as shown in Table VII-3. And fairly sizeable increases did not go overwhelmingly to those closer to the top of the wage distribution. Table VII-4 shows that the distribution of average weekly earnings for all enrollees who completed the first period rose, both for those who met the $5.00 target and for those who fell below it. Participation in TIPP would seem on this evidence to have induced in employers a more positive attitude toward low-income workers who remain on the job, translated into concrete action. At the same time, "making it" through the first period required extensions of the period and other adjustments in the case of over half the enrollees who ultimately qualified for payments (cf. Table VII-5).

Table VII-2

Distribution by Length of Employment at Enrollment of TIPP Enrollees

LENGTH OF EMPLOYMENT	ALL ENROLLEES		ENROLLEES COMPLETING PERIOD I		WITHDRAWN ENROLLEES*		ENROLLEES STILL ACTIVE		ENROLLEES WHO QUALIFIED FOR PAYMENT	
	No.	Pctg.	No.	Pctg.	No.	Pctg.	No.	Pctg.	No.	Pctg.
	163		75	46.0	64	39.3	71	43.6	17	10.4
More than three months	88	100.0	50	56.8	41	46.6	31	35.2	7	8.0
Two to three months	24	100.0	7	29.2	6	25.0	11	45.8	6	25.0
Less than two months	51	100.0	18	35.3	17	33.3	29	56.9	4	7.8

*There are ten enrollees who completed Period I before withdrawal from TIPP.

Table VII-3

Distribution by Change in Average Weekly Earnings for Period I
as of June 1, 1971

(In Dollars)

Average Weekly Earnings at Enrollment	No. of Enrollees Completing Period I	CHANGE IN EARNINGS 0 to -$10.00	0 to $4.99	$5.00 to $9.99	$10.00 to $14.99	$15.00 +
Less than $60	3	0	0	2	0	1
61 - 70	12	2	2	5	2	1
71 - 80	33	2	9	14	4	4
81 - 90	23	1	5	11	3	3
91 - 100	4	0	0	3	1	0
TOTAL	75	5	16	35	10	9

Table VII-4

Distribution by Average Weekly Earnings of TIPP Enrollees

AVERAGE WEEKLY EARNINGS ($)	ALL ENROLLEES At Enrollment		ENROLLEES COMPLETING PERIOD I At Enrollment		ENROLLEES COMPLETING PERIOD I After Six Months		ENROLLEES WHO QUALIFIED FOR AN INCENTIVE PAYMENT At Enrollment		ENROLLEES WHO QUALIFIED FOR AN INCENTIVE PAYMENT After Six Months	
	No.	Pctg.	No.	Pctg.	No.	Pctg.	No.	Pctg.	No.	Pctg.
	163	100.0	75	100.0	75	100.0	64	100.0	64	100.0
Less than $60	7	4.3	3	4.0	0		3	4.7	0	
61 - 70	33	20.2	12	16.0	7	9.3	12	18.8	7	10.9
71 - 80	75	46.1	33	44.0	12	16.0	27	42.2	11	17.2
81 - 90	37	22.7	23	30.7	32	42.7	17	26.6	23	35.9
91 - 100	11	6.7	4	5.3	20	26.7	5	7.8	19	29.7
101- 110	0		0		3	4.0	0		3	4.7
111- 120	0		0		1	1.3	0		1	1.6

Table VII-5

Incentive Payments
(Monthly and Cumulative)

		ENROLLEES COMPLETING PERIOD I		ENROLLEES QUALIFYING FOR PAYMENT		ENROLLEES REQUIRING EXTENSIONS		INCENTIVE PAYMENTS*	
		This Month	Cum.	This Month	Cum.	This Month	Cum.	This Month	Cum.
1970	September	16	16	5	5	2	2	$ 912.00	$ 912.00
	October	6	22	3	8	3	5	700.00	1,612.00
	November	3	25	2	10	0	5	617.00	2,229.00
	December	1	26	7	17	0	5	1,354.00	3,583.00
1971	January	2	28	2	19	1	6	554.00	4,137.00
	February	27	55	24	43	10	16	2,902.00	7,039.00
	March	3	58	3	46	2	18	747.00	7,768.00
	April	1	59	2	48	0	18	248.00	8,034.00
	May	2	61	2	50	2	20	335.00	8,369.00
	June	14	75	14	64	5	25	1,658.00	10,027.00

*Rounded to nearest dollar

VIII. Redesign for Increased Effectiveness

Summary: Experience to date has brought to the surface a series of specific problems which arise from both the structure of the incentive payment system itself, and the ways in which employers respond to the program. To achieve better results certain alterations in the payments structure seem to be called for, along with a more active role by staff and consultants in setting up and carrying out the program in individual firms. A greater variety of incentive payment and "bonus" arrangements will increase the program's success; provision of some enabling technical assistance will help to assure sound planning and implementation.

We have established the following on the basis of our experience:

1. Meaningful change and opportunity for low-income workers will occur to the degree that employers deal systematically with all aspects of their manpower operations. Exclusive policy focus on the target population or on enrolled workers produces only limited short-run results and may be counter-productive. One reason for this is the employer's tendency, within any given worker population, to operate selectively and on an individual basis. He seldom generalizes or looks systematically at his manpower needs and his methods for meeting them, unless given positive inducements to do so.

2. Giving employers total flexibility and control over program implementation simply confirms this tendency to proceed ad hoc and to neglect the necessary task of analyzing and then changing their manpower system. The project managers need to provide a framework for action and to build a relationship with the employer which will enable project staff to exert influence and even control, in order to ensure that careful and systematic planning takes place and that implementation produces long-run changes in the working lives of low-income workers.

3. The relationship between employers and project staff can and should produce sufficient short-run results to persuade the employer that what we are doing makes sense and is worthwhile in terms of his perceived self interest; at the same time it must lead in the direction of sufficiently basic and long-run changes in the organization and administration of manpower functions to ensure that the benefits to workers will continue because the methods for providing them will have been built into the system and taken root. We must be careful to avoid on the one hand exclusive concentration on quick results simply in order to persuade the employer, and on the other a scenario which seems so long run that the employer will lose patience and reduce or cease his commitment to participation.

4. Employers see their needs differently; some focus on the financial side, others on the technical assistance which they feel is needed to achieve joint objectives. We need a flexible combination of both kinds of support to secure and hold the participation and cooperation of individual employers. But in all cases we must provide a test of effectiveness, and the most objective and reliable is a financial reimbursement geared to actual results achieved; however we begin with an employer, we must leave this kind of test behind in order to have an accurate measure of what has been achieved.

5. It makes sense early in a relationship to focus on specific workers in planning implementation, but it makes equal sense to shift away from this focus toward skill categories and job slots, that is, toward the structure itself. So far we have not been successful in making this transition; problems of implementation have focussed on the individuals - their selection, enrollment, progress, and problems associated with these matters; so that it has in most

cases not been possible to go further. It is now time to do so; our research and technical assistance efforts must increasingly focus on these aspects of implementation.

6. Even the simplest and most modest commitment is difficult to carry out unless the employer assigns specific responsibility for implementation at a management level high enough to assure that it will be done, and the person so assigned is accountable for results. This decision is among the most critical to be made in any firm of any size where we are not dealing directly with the proprietor-president in a setting where he in fact oversees implementation.

7. Some employers judge their own achievement in objective terms: slots committed and filled, wage increases achieved, reimbursement payments made, etc. Others place less stress on these, particularly in the short run, and more on the learning which they themselves have undergone and the long-run commitment which they believe they have made to carry out upgrading and "recruitment from below". With the first group of employers the test of long-run effectiveness will be applied during the second, third and fourth periods, when the costs of qualifying for incentive payments - defined in terms of commitment of internal resources, both financial and institutional - will bulk steadily larger. For these employers success during the first six-month period was relatively easy to achieve, but long-run success will increasingly be the function of institutional change as we observe and measure it. For the second group of employers, the test to be applied is their willingness and ability totranslate professions of commitment and conviction into measurable action; here again the evidence will be clearer over the coming year. With some of these firms we will probably scrap the original schedule and begin anew,

changing the design along the lines of the alternative models which are described below.

Having said this much about our experience, we can now specify the changes which we propose to make available both to new participating firms and to some of those already participating. We have identified seven specific problems or limits in the existing model; these are set forth below with our proposed method for dealing with them.

Problem 1: The uncertainty associated with a relatively long wait before the first payments can be made has discouraged firms from participating.

Solution: (a) In some cases we will prorate the existing schedule payments over two three-month or three two-month periods during the first six months.

(b) In some cases we will add to this proration a more "front-loaded" schedule of payments which maximizes early returns and reduces later payments proportionately.

Problem 2: Large firms see the financial incentives provided as too modest to justify their participation and investment of internal resources.

Solution: (a) Offer them sizeable numbers of slots, above the rough limit of 50 which we have so far imposed as a limit.

(b) In one of these firms, combine this large number with a "front-loaded" payments schedule, with close and continuing scrutiny of implementation focussing on systems change (see item 5 in the previous discussion).

Problem 3: Upgrading which has occurred under TIPP has been limited in scope.

Solution: A bonus payment for upgrading across occupational lines, utilizing both the nine-tier classification scheme of the EEOC or the BLS, broken out to a larger number of discrete categories, and the skill levels used in the Dictionary of Occupational Titles.

Problem 4: Relatively small numbers of enrolled workers have qualified for incentive payments in most (though not all) participating firms.

Solution: A bonus payment for successful upgrading in each period of a specified large percentage of the total number of slots committed.

Problem 5: Large numbers of enrolled workers left employment during the first payment period.

Solution: A payment for successful retention of a specified large percentage of enrolled workers for one payment period; employer would then have the option to reenroll them and to begin the upgrading time clock upon completion of this first period.

Problem 6: Low-income workers often have deficiencies which on-the-job-training type training alone cannot solve.

Solution: A bonus payment for employers who successfully utilize institutional type education (English as a second language, mathematics, high school equivalency) or make such education available via paid released time, in order to help enrolled workers qualify for upgrading which otherwise would not be possible.

Problem 7: The minimum increase of $5.00 per week may discourage or limit employer participation.

Solution: During the first payment period only, provide reimbursement for any upgrading as measured by increases in straight-time earnings; thereafter the regular payments schedule takes effect.

In addition to dealing with these problems which arise in working in individual firms, we propose to expend modest staff resources in support of the creation of multi-firm consortia in industries where individual firms tend to be small and similar. In these cases the participating firms will be asked to agree to pool their training efforts and to open upper-level vacancies to those whose training qualifies them for the job, who are employed in any of the participating firms. At least two such possibilities now exist: (1) among the mattress manufacturing firms which are already participating, plus others to be added, and (2) among a dormant consortium of publishing firms formed earlier for the JOBS program, but capable of being reconstituted for this purpose.

Technical Assistance and Analysis

We have argued that employers often lack the knowledge to carry out the objectives of TIPP even when motivated to do so and attracted by the financial incentives provided. We have seen evidence of this over and over again. It is true not only of virtually all of our participating firms but also of most of the major employers, including nationally prominent corporations, whose manpower efforts we have been able to observe. It is therefore clear to us that we have no choice but to help employers to carry out the objectives to which they are committed. In the future we propose technical assistance activities observing certain guidelines:

1. They should be limited;

2. They should be linked to a clear commitment by the employer, thus constituting a quid pro quo which is clearly understood by both sides;

3. They should focus on the development of a long-lasting set of internal changes which are designed to afford increased opportunity for upward mobility for low-income workers as one important means of increasing productivity and morale.

4. It may make sense to make relatively heavy investments of staff time in the early stages of a relationship, but the curve of such activity should fall rapidly and the emphasis should shift to emphasize the firm's ability to self administer.

5. They should be adaptable to implementation in other settings by other people who wish to use technical assistance effectively to secure upgrading of the working poor, and who must rely on our written accounts and description of what we do and why.

Appendix I

How the Program Works

The sequence of events which leads to the provision of incentive payments is as follows:

1. The employer agrees to take part in TIPP; in consultation with TIPP staff he specifies (a) the starting date of his commitment, when he can begin to enroll employees, and (b) the number of slots he will accept. These terms are specified in an agreement which is signed by the employer and IPA.

2. The employer and TIPP staff specify the occupational group or groups, or departments, from which TIPP eligible employees will be selected; the criteria are a manageable program and a coherent group whose experience in the program is likely to yield useful results for both the employer and the government. At this time TIPP staff instructs the employer and his staff in the mechanics of enrolling workers, determining preenrollment earnings, and keeping necessary records.

3. When enrollment forms for one or more than one employee are received, TIPP staff checks the information for accuracy and completeness; if necessary we consult by telephone or in person with the employer. For each enrolled worker a TIPP "clock" is started effective the date on which he or she is enrolled.

4. Six months after enrollment the employer forwards to IPA a request for incentive payment, showing the enrolled worker's earnings during the six-month period. TIPP staff calculates the incentive payment, due by comparing this information with preenrollment earnings, excluding noneligible payments such as overtime and general wage increases under

collective bargaining agreements. On a sample basis a site visit is made to verify reported earnings. Thereafter payment is made by check to the employer.

Incentive payments are made on the basis of a comparison of the total increase in average weekly earnings during the given six-month period with preenrollment earnings. The schedule is as follows:

Six-Month Period	Minimum Increase in Earnings Over Pre-Enrollment Earnings During This Period	Percentage of Total Increase Over Pre-Enrollment Earnings Paid as Incentive
I	$130 (26 weeks x $5 per week)	55 percent
II	260	55 "
III	390	60 "
IV	520	50 "
V	650	25 "
VI	780	15 "

This schedule requires that average earnings increase during each six-month period as a condition of eligibility for payment. It also increases the total amount to be paid for successful upgrading (as measured by increases in earnings) over more than one six-month period. An employer who more than meets the minimum target of $5.00 per week during one period can, if necessary, apply the amount over $5.00 to successive periods in which, though earnings increase, they do so by less than the $5.00 minimum.

Appendix II

Key Working Documents Used in the Program:

TIPP Enrollment Request

TIPP Enrollment Record

TIPP Incentive Payment Request

NING INCENTIVE PAYMENTS PROGRAM
ITUTE OF PUBLIC ADMINISTRATION
EST 44TH STREET
YORK, NEW YORK 10036

TIPP
FORM IA

TIPP ENROLLMENT REQUEST

(FOR EMPLOYEES PAID WEEKLY)

DO NOT FILL IN GRAY AREAS

LOYER

MPANY	COMPANY'S REPRESENTATIVE TO TIPP		PHONE	DATE / COMPANY #
DRESS	NUMBER OF HOURS IN STANDARD WORK WEEK	LAST PAY DATE	DATE EMPLOYEES BEGIN TIPP: (USE FIRST DAY OF PAY PERIOD)	

LOYEE

ME	SOCIAL SECURITY NUMBER	JOB TITLE		WAGE RATE	EMPLOYEE #
COMPLETE LINE A, B OR C	A IF EMPLOYED FOR 3 MONTHS OR MORE, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 13 PAY CHECKS: $	MULTIPLY BY X =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	B IF EMPLOYED FOR 2 TO 3 MONTHS, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 8 PAY CHECKS: $	MULTIPLY BY X 3.25 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	C IF EMPLOYED FOR LESS THAN 2 MONTHS,* FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST PAY CHECK: $	MULTIPLY BY X 26 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE

LOYEE

AME	SOCIAL SECURITY NUMBER	JOB TITLE		WAGE RATE	EMPLOYEE #
COMPLETE LINE A, B OR C	A IF EMPLOYED FOR 3 MONTHS OR MORE, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 13 PAY CHECKS: $	MULTIPLY BY X 2 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	B IF EMPLOYED FOR 2 TO 3 MONTHS, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 8 PAY CHECKS: $	MULTIPLY BY X 3.25 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	C IF EMPLOYED FOR LESS THAN 2 MONTHS,* FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST PAY CHECK: $	MULTIPLY BY X 26 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE

PLOYEE

AME	SOCIAL SECURITY NUMBER	JOB TITLE		WAGE RATE	EMPLOYEE #
COMPLETE LINE A, B OR C	A IF EMPLOYED FOR 3 MONTHS OR MORE, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 13 PAY CHECKS: $	MULTIPLY BY X 2 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	B IF EMPLOYED FOR 2 TO 3 MONTHS, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 8 PAY CHECKS: $	MULTIPLY BY X 3.25 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	C IF EMPLOYED FOR LESS THAN 2 MONTHS,* FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST PAY CHECK: $	MULTIPLY BY X 26 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE

MPLOYEE

NAME	SOCIAL SECURITY NUMBER	JOB TITLE		WAGE RATE	EMPLOYEE #
COMPLETE LINE A, B OR C	A IF EMPLOYED FOR 3 MONTHS OR MORE, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 13 PAY CHECKS: $	MULTIPLY BY X 2 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	B IF EMPLOYED FOR 2 TO 3 MONTHS, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 8 PAY CHECKS: $	MULTIPLY BY X 3.25 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	C IF EMPLOYED FOR LESS THAN 2 MONTHS,* FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST PAY CHECK: $	MULTIPLY BY X 26 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE

MPLOYEE

NAME	SOCIAL SECURITY NUMBER	JOB TITLE		WAGE RATE	EMPLOYEE #
COMPLETE LINE A, B OR C	A IF EMPLOYED FOR 3 MONTHS OR MORE, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 13 PAY CHECKS: $	MULTIPLY BY X 2 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	B IF EMPLOYED FOR 2 TO 3 MONTHS, FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST 8 PAY CHECKS: $	MULTIPLY BY X 3.25 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE
	C IF EMPLOYED FOR LESS THAN 2 MONTHS,* FILL IN TOTAL STRAIGHT-TIME EARNINGS IN LAST PAY CHECK: $	MULTIPLY BY X 26 =		COMPUTED 6-MONTH BASE	ADJUSTED BASE

*IF AN EMPLOYEE HAS BEEN CERTIFIED AS ELIGIBLE FOR ENROLLMENT UNDER THE "HARD-CORE UNEMPLOYED" PROVISION OF TIPP, THE COMPUTED 6-MONTH BASE IS AUTOMATICALLY $1,248. WRITE THIS FIGURE ON LINE C UNDER "COMPUTED 6-MONTH BASE"

N'NG INCENTIVE PAYMENTS PROGRAM
'ITUTE OF PUBLIC ADMINISTRATION
/EST 44TH STREET
' YORK, NEW YORK 10036

TIPP ENROLLMENT RECORD

TIPP
FORM 2

LOYER

IMPANY	COMPANY'S REPRESENTATIVE TO TIPP	DATE
		PHONE
)DRESS		COMPANY #

'LOYEE

\ME	EMPLOYEE #	SOCIAL SECURITY NUMBER	COMPUTED 6-MONTH BASE

?NINGS REQUIRED TO JUALIFY FOR INCENTIVE PAYMENTS*

PERIOD	DATES		STRAIGHT-TIME EARNINGS	INCREASE OVER COMPUTED 6-MONTH BASE	INCREASE OVER EARNINGS IN PREVIOUS PERIOD
1	BEGINNING	ENDING	$	$	$
2	BEGINNING	ENDING	$	$	$
3	BEGINNING	ENDING	$	$	$
4	BEGINNING	ENDING	$	$	$
5	BEGINNING	ENDING	$	$	$
6	BEGINNING	ENDING	$	$	$

;HESE ARE ESTIMATED MINIMUMS AND DO NOT INCLUDE GENERAL OR
'OLLECTIVE BARGAINING INCREASES IN THE EMPLOYEE'S EARNINGS.

)TE TO EMPLOYER:

iere are many ways to achieve the minimum increase in earn-;s required to qualify for incentive payments in each period. iis depends on when the employee's rate changes, and by how ich. For example, you may decide to increase the employee's ekly salary by $5.00 or more per week beginning the first day a six-month period, or you may provide an increase of $10 or ore after three months. Either way would result in an increase total straight-time earnings of $130.00 or more, and would ialify you for an incentive payment for that period.

ow you proceed is up to you; your decision may depend on the iange which occurs in the employee's productivity, your produc-)n schedule, your training approach, or some other factor. If u wish, TIPP staff will be glad to show you how different ap-oaches to wage increases will affect your eligibility for incentive iyments and the amount you will receive.

REMARKS

Training Incentive Payments Program
Institute of Public Administration
55 West 44th Street
New York, New York 10036

TIPP
Form 3

TIPP INCENTIVE PAYMENT REQUEST

EMPLOYEE

name	employee #	social security #	date enrolled in TIPP

TIPP 6-month period	# of pay checks in period	TIPP period began	TIPP period ended

1. Computed 6-month base .... 1. $ ________
2. Total earnings in this TIPP period resulting from general increases or collective bargaining increases in previous TIPP periods .... 2. $ ________
3. Reimbursement percentage for this period .... 3. ________ %

INSTRUCTIONS TO EMPLOYER: COMPLETE THE FOLLOWING INFORMATION USING THE EMPLOYEE'S TIME SHEETS, PAYROLL, AND PERSONNEL RECORDS FOR THE TIPP PERIOD INDICATED ABOVE.

4. Number of days absent without pay .... 4. _____ days
   (If none, skip line 5 and put a zero on line 6. If more than five days, see FOOTNOTE at bottom)
5. Straight-time earnings for one day .... 5. $ ________
6. Straight-time earnings "lost" through absences without pay. (Multiply line 4 by line 5) .... 6. $ ________
7. Total earnings in this TIPP period (including overtime, etc.) .... 7. $ ________
8. Total straight-time earnings in this TIPP period .... 8. $ ________
9. Adjusted straight-time earnings for this TIPP period. (Add lines 6 & 8) .... 9. $ ________
10. Did employee receive a general increase or a collective bargaining increase in this TIPP period? (check one)

    [ ] NO If no, put a zero on line 11
    [ ] YES If yes, complete 10a, 10b and 10c

    10a. Effective date of increase (mo., day, yr.) 10a. ________
    10b. Amount of this increase for one paycheck.. 10b. $ ________
    10c. Number of paychecks in TIPP period that included this increase .... 10c. ________
11. Total earnings from general or collective bargaining increases during this TIPP period. (Multiply line 10b by line 10c) .... 11. $ ________
12. Deductions (Add lines 1, 2 & 11) .... 12. $ ________
13. Increase in straight-time earnings for this TIPP period. (Line 9 minus line 12) .... 13. $ ________
14. Total Incentive Payment Requested. (Multiply line 13 by line 3) .... 14. $ ________
15. Indicate below the changes in wage rates and/or job titles during this TIPP period.

WAGE RATE

Date of change	New wage rate

JOB TITLE

Date of change	New job title

Incentive Payment Requested By:

COMPANY	ADDRESS	COMPANY #

Name of Authorized Official	Title of Authorized Official	Signature	Date

FOOTNOTE: To avoid penalizing the employer for the employee's loss of earnings due to absences without pay, TIPP will extend the closing date of the 6-month period if more than 5 such absences occurred. Simply check below the reason (s) for unpaid absences beyond five days and return this form. TIPP will send you an new Payment Request Form 3.

Reason(s): [ ] unauthorized absence without pay
[ ] leave of absence
[ ] sick leave without pay
[ ] other