

Issue Brief: Benefits Beyond the Business

January 2023

No two employer-supported education programs are the same. Across companies, programs differ in terms of administration, partnership, academic programs, eligibility, and a variety of other factors. Most, however, do have strategic objectives of increasing retention of employees with the company and creating talent pipelines for advancement within the company. Within the last five years, fewer programs have implemented restrictions such as clawbacks, requiring an employee to pay the company back for the benefit if they leave within a certain time. And relatively more companies are offering employees access to a wide array of credentials and academic programs, signaling comfort with employees ultimately choosing jobs outside of the company.

But a recent [McKinsey report](#) shatters the myth that frontline workers are able to easily advance into corporate roles. While 70% of front-line workers are seeking promotions, only 4% move into corporate roles. Career ladders within companies come with broken rungs, or just aren't available to many front-line workers, especially workers of color who are overrepresented on the front line, a group of 95 million workers who earn about \$33,000 per year on average. Black workers both are paid less than white counterparts – 25% less – and are less likely to have the support they need at work to advance.

Employer-supported education programs benefit everyone involved. Workers are supported financially to advance their education, and employers see improved retention, promotions, and employee engagement, leading to positive financial returns. Less has been written, though, about the broader benefits that can accrue to the community because of employer-supported education programs, and particularly about the very few companies that have built education programs that are explicitly designed to connect employees with careers with other employers, creating pathways into careers with other businesses.

This brief describes this rare but exciting program design aspect, wherein large employers work to develop talent for opportunities beyond the business.

McDonald's Archways to Opportunity

Several years ago, McDonald's launched the "Committed to being America's best first job" campaign in support of Archways to Opportunity, a company program that provides financial assistance and resources to restaurant crew members interested in education advising services, learning English, or earning a high school diploma or college degree. The campaign acknowledged what McDonald's has always understood – that many who begin their careers at McDonald's won't always remain at McDonald's forever. Instead, McDonald's invests heavily in talent not only for the McDonald's system, but also for the larger workforce. Through Archways, restaurant employees can use the benefit to study any academic program they choose. McDonald's has supported students who have pursued careers in education, health care, IT, and more.

McDonald's Director of Education Strategies and Workforce Policy Lisa Schumacher frames the "best first job" approach as a source of pride for the company and its franchisees. "We have never been under the guise that people are going to stay forever. Our franchisees operate businesses where they live. [Archways to Opportunity] gives them a chance to create opportunities for their people. There is great pride in our owner/operators being able to say, 'keep working for me, you'll learn new skills and I'll help you pay for your education.' They're proud to be a part of someone's journey."

McDonald's has clear career pathways inside the organization that outline how employees can progress from crew to general manager and beyond. Similarly, the company uses well-constructed competency-based pathways to help employees understand how their work and skills gained at McDonald's translates into other professions. The Archways to Careers mobile app maps out how McDonald's restaurant crew members can build careers in health care, technology, finance, and the trades. "We're helping restaurant employees understand how the skills they're learning on the job are going to carry them into whichever pathway they choose to pursue. We see ourselves as their catalyst to what's next, whether that's in our system or elsewhere," said Schumacher.

Clementine "Clemy" Garza is a second-generation franchisee under the Garza Organization based in New Mexico, with restaurants spanning the state from Albuquerque to Los Alamos. Clemy regularly employs between 600 and 700 people across 10 restaurants and is a passionate advocate for Archways to Opportunity. Clemy has helped dozens of her employees earn their high school diplomas and college degrees. She commented, "Each diploma or degree earned by an employee of mine is making a huge difference in their family's legacy, their ability to earn money and move beyond the poverty level. The impact is huge, especially here in New Mexico. I'm proud of my employees when they leave to take on new roles. To me, it doesn't matter what career they've chosen, or if they come back. Either way, they're contributing to their community."

Clemy consistently goes above and beyond for what she calls her "McFamily," noting, "especially for younger people, we might be the only family, the only supportive, inspirational connection they may have." She has been the person employees have called when they were kicked out of their home and needed a safe place to stay. She buys computers for employees who need them and keeps space in her restaurants so employees can study with reliable Wi-Fi. True to this relationship, Clemy wants to see her employees thrive, whether at McDonald's or elsewhere. "Nothing makes me happier than when someone stays and makes a career, but that's not the goal of Archways. Our people are going to school because of Archways. They're likely to stay longer, number one, but they're also going to take subsequent semesters, learning and growing as people, and bringing that knowledge back into the restaurant. And they're talking to their friends and family and colleagues about the benefits of working at McDonald's."

Clemy has a broader focus than just her business, but her business is benefiting. The culture Clemy has created in her stores, supported by strong utilization of Archways, has created healthy business outcomes. Her restaurants consistently outperform others in similar regions, and she opened new, fully staffed restaurants during the pandemic, which was no small feat. To her fellow franchisees, Clemy said, "If you focus on helping your people grow, they stay with you longer, and you'll naturally have stronger operations. We care about our people. Archways is an unsung hero, one of the most valuable tools operators have."

McDonald's also hopes its "America's best first job" mentality helps to shift the perception of entry-level jobs. While a crew member may be an entry-level role, workers gain skills far beyond how to make fries or ring up orders. They learn logistics, money management, customer service, and even technology know-how. They gain long-term workplace skills and emerge better prepared for careers anywhere. Since its inception in 2015, McDonald's Archways to Opportunity has proudly supported nearly 75,000 US employees and awarded more than \$164 million in tuition assistance.

Amazon Career Choice

More than 750,000 US Amazon employees are eligible for Career Choice, the company's program that provides a suite of education and training options. The program expanded significantly in 2022, with 25,000 signing up in the first six months of 2022. Over 100,000 employees have participated in the program globally since its inception in 2012. Hourly employees can participate in three verticals focused on meeting the company's diverse workforce's needs. Those verticals include:

- Foundations enables employees to gain English language skills and earn a high school diploma or GED.
- College programming provides prepaid tuition support for employees to earn a credit-bearing certificate, associate degree, or bachelor's degree at over 260 local and online colleges and universities.
- Pathways, Amazon's longest-standing programmatic offering, is extremely unique among education benefit programs. Pathways creates learning cohorts in regions across the country in career areas that are in high demand, enabling employees to earn industry-recognized credentials. Amazon then forges relationships with regional employers who agree to interview and potentially hire Pathways completers.

Amazon has taken a methodical approach in creating Pathways. With 41 global career areas in five fields of study – which include administration and business services, health care, technology, transportation, and mechanical/industrial systems – Amazon employees have an array of options if they are interested in shorter-term certifications. All the fields align with jobs inside and outside Amazon, taking local job demand into account and recognizing that different labor markets have different talent needs.

Yuanxia Ding, senior program manager responsible for leading Pathways at Amazon, commented, "Externally, we identify hiring partners by examining aggregate local labor market hiring and job posting data, attending industry-specific conferences, and networking in these fields. Internally, we analyze data on open job requisitions across the company to find the specific roles with the greatest need that may be attainable by upskilled employees."

"By streamlining this process, we have helped our hiring partners reduce their time to fill high-need roles and placed thousands of Career Choice graduates into new jobs in their fields of study."

–Yuanxia Ding

Within the Pathways team, program managers forge relationships with hiring partners in regional labor markets across the country, identifying jobs that are in demand. “Then we seek their feedback on ‘competency specifications’ to align on what curriculum, competencies, qualifications, and/or certifications are required to be successful in these jobs (not including prior experience or a postsecondary degree). Finally, we work with them to identify how their recruiting processes can incorporate a streamlined pathway for Amazon Career Choice graduates. Sometimes this means hiring partners will guarantee interviews for all program graduates, or they may waive the interview in favor of a standardized skills assessment, or they may prioritize Career Choice graduates in reviewing resumes,” commented Ding.

The potential of this approach is readily apparent to hiring partners, who view the array of talent emerging from Pathways cohorts as a proven source, supported by the opportunity to conduct recruiting events on-site at Amazon facilities. The Pathways team also works closely with the hiring partner to tailor training programs to their needs.

Tammy Thieman, global program director for Career Choice, sees alignment with this unique model and Amazon’s effort to “Strive to Be Earth’s Best Employer,” maximizing options and opportunities for employees and benefits for the communities where they live and work. She said, “We see the value Career Choice brings to create talent pipelines for in-demand jobs in communities both at Amazon or elsewhere. We would, of course, love to have all of our employees be able to grow their career at Amazon, but we know that sometimes our employees’ career goals or life situations may take them to companies outside of Amazon. We want what’s best for our employees – even if that means that Amazon is the launching pad to their next dream job.”

UPS Metropolitan College

UPS launched Metropolitan College nearly 25 years ago in partnership with the City of Louisville, the Commonwealth of Kentucky, Jefferson Community and Technical College, and the University of Louisville. Metro College will celebrate its 25th anniversary in 2023. Part of an economic development package that incentivized UPS to expand its overnight air operations in Kentucky, Metropolitan College has enabled more than 22,000 workers in the region to attend college at no cost, contributing to workforce needs at UPS, as well as postsecondary attainment in Louisville and throughout Kentucky.

Metropolitan College was designed intentionally to address turnover. Courtney Abboud, executive director of Metropolitan College, said, “Before the inception of the program, employee retention on the job was an average of eight weeks. Since the inception of the program, student-employee retention has increased to over three years.”

Metro College participants work part time at UPS Worldport, the company’s global air hub in Louisville. They earn the same wages and benefits as other employees. UPS student-employees can enroll at either Jefferson Community and Technical College or the University of Louisville. UPS provides payment up to the in-state tuition rate directly to the college for courses passed with a C or better, as well as course fees. The company has also found that linking academic achievement leads to workforce retention. UPS provides an academic bonus structure,

rewarding working students for meeting milestones such as completing a semester of six or more credits with a C grade or better, and for graduating with a degree.

Employees participating in Metropolitan College are required to participate in a career and academic planning program. Planning includes an orientation that features a career assessment and financial literacy training, done in partnership with Commonwealth Credit Union. Workers also review their academic plan and career goals with a counselor, reviewing job projections. Once employees have earned 30 credits, they draft a resume based on their future career goals and current experiences, and work with a counselor to identify where there are gaps, adapting plans moving forward to eliminate those gaps. Participants are required to complete an experiential learning model and work through a mock interview and resume feedback session. Abboud noted, "We were worried initially about how students would perceive this, but we have seen close to 100% student satisfaction. They appreciate these opportunities."

UPS also supports its Metro College students through its Living Options and Opportunities Path program, which provides employees studying at Jefferson Community and Technical College with a monthly stipend for living expenses, including housing, food, transportation, and other basic needs. This program recognizes that working learners have unique needs and are balancing multiple priorities. The allowance is available for up to 36 months or through completion of an associate degree.

"Since we're a workforce development program, our goal has never been to start and graduate. Our goal has been to remove a barrier to postsecondary wherever it exists. We're very different relative to other programs. While UPS will retain some of the talent long-term, the ultimate goal is to produce debt-free graduates who can fulfill the larger workforce needs of the state of Kentucky."

–Courtney Abboud

This shared benefit is reflected in the program's funding model, as well. As a partnership, costs are shared across UPS, state and local governments, and colleges. The City of Louisville, Jefferson Community Technical College, and the University of Louisville provide funding for program administration, while UPS, with tax credit support from the Commonwealth of Kentucky, provides funding for tuition and fees, academic completion bonuses, and, of course, wages and benefits for working learners. Kim Saylor, talent acquisition supervisor at UPS, who has been with the program for more than 20 years, commented, "Since inception, we have had a wonderful working relationship with all of our partners. This program is a win-win for everyone in our community."

Recently, Metro College has focused specifically on creating distinct career pathways for students, enabling UPS employees who are completing their education to move directly into careers with partner businesses. Saylor added, "Students are able to study any degree program. We recognize that we might not have a position for each of those degree pathways. While we have career pathways internally for student employees if they want to pursue a career at UPS, we also support our student employees by fulfilling local and state partner employer workforce needs. Our partnership with our career pathway employers is very unique. It's a wonderful

opportunity for us to be able to partner with these other organizations and allow our student employees to study with us through their degree program, and land in that destination career.”

Metro College partners with Norton Healthcare, a large health care system with more than 140 locations in the Louisville region and the third-largest employer in the area. When Metro College students have 12-18 months remaining in their degree program, they are invited to become “Norton Scholars,” working toward a position at Norton while remaining employed by UPS or moving into part-time work or apprenticeship at Norton Healthcare while continuing their studies. Metro College students are paired with a career coach at Norton, who provides shadowing opportunities and helps prepare students for a career in health care. The partnership offers many health care career tracks for students, including nursing, imaging, pharmacy tech, and respiratory therapy. Abboud commented, “We help students transfer at the right point from UPS to Norton. We’re helping the larger economy – let us be the starting point.”

Metro College also partners with area automotive dealerships that need trained technicians. Through Metro College, UPS provides support for workers to earn the credentials they need. Metro College students study through Jefferson Community and Technical College to earn their Associate of Applied Science degree, along with an Automotive Technology certification, which typically takes about 2.5 years.

“When you look at our success stories, to have worked with these students and watch them meet their academic and career goals, it is absolutely fulfilling. It has been a privilege to watch our student employees grow during their time at UPS.”

–Kim Saylor

Students work part time at UPS, and then work 5-10 hours per week (paid) at an area auto dealership, gaining on-the-job experience and access to manufacturer-specific certifications and training opportunities. Once students have completed their degree and certifications, they can transition into full-time employment with the auto dealership, where they can continue training and significantly increase their earnings – technicians earn between \$40,000 and \$100,000 per year.

By supporting employees’ needs and designing career pathways, UPS and Metro College have achieved the goal of increasing retention. Over a semester, 87% of students retain at UPS, an almost 75% increase in retention rate. Since inception of the program, nearly 10,000 workers who have participated in the Metro College program for at least one semester have earned more than 13,000 degrees and certifications. Those workers then move into Louisville’s broader workforce in a variety of fields, contributing to a more prosperous and competitive region. Bill Geiger, talent acquisition manager with UPS, commented, “Metro College has been a game-changer. It’s good for the students, good for UPS, and good for the community. The results speak for themselves.”

What We Learned

These programs, wherein large employers invest in workers’ education and then support placement in careers outside of the company, are rare. Retention is front and center in HR and

people leads' priorities – voluntary turnover is up in 2022, with an estimate of [37.4 million](#) Americans likely to quit their jobs this year. We shouldn't expect efforts to transition employees to different careers to take off in a big way.

But Amazon, UPS, and McDonald's may be onto something. Front-line workers [report](#) overwhelmingly that they want job growth, learning opportunities, and to gain skills aligned with their work, as well as better pay. For companies with very large front-line workforces, which may lack career paths inside the company for many of those workers, creating talent pipelines outside of the company may contribute to retention to keep return on investment positive, while keeping employees happy and contributing to the well-being of the communities where companies operate.

Further, talent placement from large companies may solve a persistent problem for small and midsize businesses. Because investments in education and training are not strongly incentivized, small and midsize businesses may not have the resources to invest in the kind of skills training and education they ultimately need. This places them at a disadvantage, and also disadvantages employees of small and mid-sized businesses, who often don't receive support through their employer and may not be eligible for public education support. Large employers can help small and midsize businesses through these partnerships.

Corporate education programs are playing a vital role in enabling access to postsecondary education for working adults, leading to higher educational attainment in states and communities. The impacts of postsecondary attainment, measured as the proportion of the population holding a credential or degree, are well documented. Educational attainment is positively correlated with [better health and longer lifespans, increased volunteering and civic activity, lower instance of criminal activity and use of public assistance, and more resilient public tax bases](#). Graduates who have low or no student debt are more likely to [start their own businesses](#). And of course, people with bachelor's degrees earn more than 60% more than those with only a high school diploma and are nearly half as likely to be unemployed. As economic development decisions, including site selection and investment location, are increasingly based on availability of talent, with [95%](#) of business executives ranking availability of skilled workers as key to their decisions, talent begets investments.

Large companies, especially those with very large front-line workforces, might reconsider their roles as talent providers, rather than as purely talent consumers, benefiting from the increased retention and engagement of front-line workers during their education journeys, but ultimately supporting placement in jobs outside of the company.

By investing in employees' education, corporate leaders are driving a rare triple bottom line. Companies clearly benefit from improved retention as well as increased promotions, workers gain access to education and training without incurring debt, and communities benefit from improved talent.

This approach would require companies to assess their optimal retention rate – how long should front-line workers remain at the company to maximize benefit to all actors? Or, in the words of a [recent Inc.com piece](#), “you can come to grips with the fact that every role has a natural life cycle. And when fighting it means holding staff back, no one benefits.”

63% of workers who left a job in 2021 cited lack of opportunities for advancement as a reason, the same number as those who cited low pay. Lack of defined career paths likely hastened departures. Consider Metro College employees, who are retaining at work at a rate 75% higher than their non-participating counterparts. Supporting the future goals of workers can help keep them in their roles for the right amount of time, whether that is 18 months or five years.

McDonald's, Amazon, and UPS have centralized the role of coaching and advising in their programs, supporting workers to make informed decisions about how they are using education benefits. Amazon recently launched academic and career coaching for all US hourly employees, regardless of their participation in Career Choice. Employees can connect with a coach free of charge to work through a career assessment, select training programs, receive resume guidance, and conduct a mock interview. For employees who are studying through Career Choice, coaches support work-life balance strategies and academic success supports, as well as career-oriented guidance for working learners.

This expanded approach to upskilling also speaks to the broader corporate responsibility movement, where companies take a heightened role in creating positive social benefits. To date, most companies have considered internal ROI resulting from talent investments. Moving forward, businesses might consider social ROI as a key metric, working to measure the impact of education and talent investments on the broader community. As noted above, the impact of increasing educational attainment is overwhelmingly positive. As companies invest resources in their employees' education, and ultimately in colleges and universities, they are creating stronger talent and stronger talent systems for the broader community.

For large employers that have limited options for career advancement inside the company, but still want to reap the proven benefits of providing education to employees, considering out-placement of workers participating in education programs can be a smart choice – one that pays off for everyone.

Acknowledgements

UpSkill America thanks leaders from Amazon, McDonald's, Metropolitan College, and UPS for their time and insights. This brief was prepared by Haley Glover, director of UpSkill America at the Aspen Institute. UpSkill America is grateful to Amazon for its support of research activities that contributed to this brief.

About UpSkill America

UpSkill America supports employers and workforce organizations to expand and improve high-quality educational and career advancement opportunities for America's front-line workers. We seek to create a movement of employers, civic organizations, workforce intermediaries, and policymakers working collaboratively to implement education, training, and development strategies that result in better jobs and opportunities for front-line workers, more competitive businesses, and stronger communities.



Follow us at www.aspeninstitute.org/upskillamerica and www.linkedin.com/aspeneop