The Impact of the Employer Resource Network® Model Nationally
December 2021

The Latest ERN Research Study
Recent research highlights from the "Feasibility Study of an Impact Evaluation of the Employer Resource Network Model Nationally," prepared for American Enterprise Institute by Midwest Evaluation and Research, LLC., show the power and the promise of the ERN model. Through key informant interviews, the research identified three components of the ERN model that are necessary for model fidelity and success: **Employer Commitment and Buy-In, On-site Success Coaches, and Community Partnerships.**

The Current Workforce Landscape
Over 44 percent of the labor force earns low wages. These workers experience greater job instability than their higher-wage counterparts, with regular changes in employment that do not result in wage advancement. Frequent employment changes often lead to financial instability for households. Safety net programs provide resources for families in need, but when employment is gained, many of these benefits are lost. Families, in many cases, must choose between benefits and stable employment.

Employer Resource Networks
The Employer Resource Network (ERN) model provides on-site, shared resources specifically focused on job retention, increasing worker productivity, and providing skills training designed to overcome common barriers to greater economic stability and career advancement. Employers invest in their employees by providing embedded success coaches that are trained and have the knowledge to navigate available social services to address issues that low-income employees may be facing.

Launched in Michigan in 2007, the Employer Resource Network model differs from other programs by providing on-site, shared resources specifically focused on job retention, increasing worker productivity, and providing skills training designed to overcome common barriers to greater economic stability. The ERN program has been a registered trademarked model with the USPTO since 2017.

The Employer
Employer Resource Networks arose out of employers' desire to provide high-touch service dedicated to their employees and of the need to ensure that entry-level workers have the tools necessary to overcome unstable employment attachment related to issues at work and at home. ERN employer members use each other and their private/public partnerships to create employee resource economies of scale, with the goal of improving job retention among their existing workforces.

ERN networks are community-oriented, established by small regional groups of businesses each employing between 50-250 employees on average. The model calls for each firm to dedicate a representative to serve on their local ERN governance board and for firms to divide responsibilities for carrying out the administrative functions amongst themselves. Network members also work together on innovative approaches to common employee benefits and employment challenges of the entry-level workforce.

Joining a local ERN requires employer buy-in in the form of time and membership fees. Membership fees, also called shares, are paid by each employer within the network and are associated with funding and maintaining the ERN, including

the salary of the shared success coach. The fee structure is determined by the number of employers in the local network, which then determines the types and intensity of services provided and administered. This includes short-term high-touch case management, basic education and job skills training, specialized resources, and determining if/which services will be provided directly on site or at a centralized location.

The Employer

Employer Resource Networks arose out of employers' desire to provide high-touch service dedicated to their employees and of the need to ensure that low-wage, low-skilled workers have the tools necessary to overcome unstable employment attachment related to issues at work and at home. ERN employer members use each other and their private/public partnerships to create employee resource economies of scale, with the goal of improving job retention among their existing workforce (Derr and Holcombe, 2010). ERN networks are community-oriented, established by small, regional groups of businesses employing between 50-250 employees on average. The model calls for each firm to dedicate a representative to serve on their local ERN governance board and for firms to divide responsibilities for carrying out the administrative functions amongst themselves (Derr and Holcombe, 2010).

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The Success Coach

Another key component of the ERN model is the utilization of an on-site success coach. The job of the success coach is to provide voluntary case management services to all employees, with a focus on those low-income, low-skilled workers who may benefit from public services or assistance. By providing a trained individual on location, employers can create a confidential and connected relationship between their employees and the resources they need to enhance retention, job skills, and financial stability. To ensure model fidelity, data is collected by success coaches on a Salesforce platform called ERN® Data Solutions, and employers share data in an annual key performance indicator (KPI) report. Variables gathered and considered in this annual report include types of barriers employees face in the workplace, the services they request, what services are delivered to them, employer return-on-investment (ROI), and if retention rates tend to change for employers upon joining the ERN.

Success coaches are separate, and provide separate services, from both Human Resources (HR) and from Employee Assistance Programs (EAPs). HR largely focuses on performance issues and often lacks expertise in available community resources and resource eligibility requirements for low-income workers. Unlike HR employees, who are generally lacking in both time and knowledge to navigate available social services, success coaches are specifically trained to address the needs and problems that may arise for both the employees and the employers participating in the ERN. Some employers have an HR-to-success coach workflow, with the two entities partnering together to varying degrees, depending on the issues that need addressed.

For example, one ERN employer uses a "stepladder" approach, where an employee who visits HR with a concern outside the scope of HR's time or expertise is then referred to the success coach. The Employee Assistance Program is a workplace service that helps employees and their families cope with a crisis or other stress-related situations often affecting their mental and emotional wellbeing. Success coaches and EAPs both offer support for behavioral and mental health issues, but the setup of the EAP as a separate vendor with an impersonal phone number to call, rather than an integrated co-worker, has led to historically low utilization of this resource (Agovino, 2019). The trusting relationship between employees and success coaches is thought to lead to better uptake of services that aim to positively impact employee retention and productivity.

Methodology

The following primary data sources were used to conduct this impact evaluation:
- Existing literature on the ERN model, similar workforce advancement models, and key outcomes related to ERN membership
- Peer learning and advisory calls with ERN leadership
- Interview responses from ERN USA national-level staff, state-level leadership staff, success coaches, and employer members
- Survey data collected from success coaches

Key Informant Interviews

To learn more about the components and governance structure of the ERN model, MER conducted key informant interviews with ERN national and state leadership. In these interviews, ERN staff were asked to identify the key components of an ERN required for model fidelity. National leadership explained the process of ERN formation and governance and provided MER with contact information for state leaders to interview. ERN leaders were also asked about intended outcomes of ERN membership at multiple levels, data sources, and challenges. Follow-up interviews with success coaches and employers were conducted in October 2021 to capture their perspectives.

Findings: Key Informant Interviews - Key Model Components ERN leadership identified three components of the ERN model that are necessary for model fidelity and success.

1. Employer buy-in was the most emphasized key aspect of the ERN model. ERN leadership continually reiterated that it is the Employer Resource Network, not the Employee Resource Network. Monetary buy-in means that operating dollars must be used to cover ERN membership costs as business expenses. Grant funding may be used to get the ERN started, but businesses should transition to fully covering the cost of membership for the model to be considered fully implemented. Buy-in also means employer commitment to the model. Leadership mentioned the importance of a corporate champion, often an HR representative, and commitment to attending the employer member networking events and peer learning calls.

2. On-site success coaches are the second key component of the ERN model. Success coaches are seen as neutral parties that employees can turn to with concerns without fear of confidentiality issues they may face when working with HR. Ideally, the success coach would be available on-site and become a familiar face to build trust with employees. COVID-19 made on-site visits difficult or impossible for many success coaches, but the model encourages that the success coaches be at least partially on-site to build relationships with employees.

3. Community partnerships, including the support of non-profits and the public sector, are the final key component of the ERN model. Success coaches frequently help employees navigate the social support system and make referrals to community organizations, so partnerships must be established with these organizations to ensure referrals result in received services.

Key Outcomes

ERN networks use a Salesforce database, with common metrics and common access to a monthly dashboard. Annual Employer Resource Network Reports including the most recent in 2019 show many positive outcomes to the employer, the employee, and the community, with the strongest data coming from programs who provided a success coach at the workplace.

Benefits to the employer:
- Average ROI of 501% toward the goals of stabilizing households and growing businesses and communities (Watson, 2020). ROI calculated according to company investment and retention/attendance of those employees.
  What is ROI (Hollenbeck, 2012)?
  - o Depends on what your program includes as returns and costs
  - o Benefit-cost analysis is used to measure the net benefit in relations to the costs of an action

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o Depends on methods of estimate and several key assumptions
  ▪ Monetization: a valuation of the benefits and costs
  ▪ Counterfactual: benefit of investment is the result of the investment relative to what would have happened if the investment had not been made (this is never observed because both cannot happen simultaneously)
  ▪ Extrapolation of benefits for the "average" participant
• HR time savings of up to 15% by eliminating their role in non-core responsibilities
• Average of 95-98% retention of employees who work with a success coach
• Sharp downward trends in average monthly employee turnover across several years

Benefits to the employee:
• Allocation of $494,297 in emergency loans that were distributed and $257,034 generated in employee savings
• Workforce utilization rate of 16%
• Training and skill building leads to better job readiness, career development, and moving into higher-paying jobs
• Completed 15,573 service needs addressed through 10,222 employee requests, leading to resolution of work and personal issues with less absenteeism
• During economic downturn, ERN employers are able to share projected hiring and lay-off information prior to implementation and shift workers around instead of enduring mass layoffs; some employees were even picked up by partner members in the community

Benefits to the community:
• Community colleges, public agencies, and non-profits benefit from the ERN when local businesses appreciate and support the services they offer (Sherwood and Vander Hulst, 2016)
• Greater alignment of resources and collaboration by public human service workforce development agencies and stronger relationships with public partners to address employer and employee needs; this collaboration was able to disaggregate public supports in a manner that increases access for the most low-skill workers
• ERN's are able to provide sustainable jobs for community residents by efficiently leveraging community supports
• Stable job creation and more equitable employment opportunities available to communities, especially those with high concentrations of poverty and low levels of employment
• Taxpayer savings due to less individuals requiring government assistance programs

ROI in Workforce Development Studies (Hollenbeck, 2012):
• Earnings increased for the average participant
• Fringe benefits due to increased earnings: increases in paid leave, paid insurances, retirement and savings plan contributions, and other noncash benefits
• Tax payments increased due to higher earnings
• Unemployment compensation benefits decrease
• Income-conditioned transfers: participation in workforce development programs decrease the probability of receiving government assistance (could be a negative for the employee)
• Costs of training

Conclusion
The Employer Resource Network is a promising model to increase employee retention and wellbeing.

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