



## **Why JA? And Why Now?**

**A Way Forward During a Time of Economic Uncertainty**

# Why JA? And Why Now?

The U.S. economy continues to experience the after-effects of the COVID-19 pandemic and growing global tensions. In the workplace, “The Great Resignation” has put an even greater strain on employers who were struggling to find qualified workers before the pandemic. On the financial front, strained supply chains, rising fuel costs, and government stimulus used to help bolster the economy during COVID have resulted in inflation not seen since the 1970s. And while the shutdowns that occurred in the early months of the pandemic had a devastating effect on small businesses, entrepreneurial activity has rebounded to a level not seen in decades. These factors, combined with [enduring inequity](#)<sup>1</sup> and a growing [mental health crisis](#),<sup>2</sup> make for challenging times for all of us, especially for our nation’s young people.

Generation Z has already been dubbed “[The Pandemic Generation](#).”<sup>3</sup> They, along with the subsequent Generation Alpha, are experiencing a seismic shift in the way we all work, learn, and communicate with each other. The long-term impact of these changes is yet to be felt, but in the short term, we are already seeing [increases in mental health-related challenges](#)<sup>4</sup> such as anxiety, depression, and a sense of hopelessness amongst Gen Z-ers.



To estimate what may happen long-term with Gen Z and Gen Alpha, it is informative to look at Millennials. The most profound events affecting Millennials were 9/11 and the Great Recession. As a result of that experience, Millennials [tend to be more risk-averse](#) than previous generations,<sup>5</sup> which resulted in that generation taking longer to establish a career or purchase a home.

Though it remains to be seen how the pandemic impacts the careers and finances of Gen Z and Gen Alpha, some things can be done now to help them better manage the transition from school to work to life beyond in the coming years. For instance, while youth development organizations like Junior Achievement are not experts in mental health, volunteer-based mentoring models and social-emotional learning (SEL) approaches similar to those used by Junior Achievement [have been shown](#) to help support the mental well-being of young people who participate in them.<sup>6</sup> When it comes to addressing inequity, JA Alumni who are Black, Hispanic/Latino, and female report Junior Achievement [had a positive impact](#) on their decisions to pursue further education after high school, their career decisions, their personal and professional development, and their confidence in managing money.<sup>7</sup>

The intent of this document is to highlight the challenges ahead for young people in the areas of work and career, financial security, and business ownership and how JA can help them become better-prepared adults.

<sup>1</sup> “6 facts about economic inequality in the U.S.,” Pew Research Center, February 7, 2020

<sup>2</sup> “What’s Really Causing America’s Mental Health Crisis?” NPR, September 24, 2022

<sup>3</sup> “Today’s children are the pandemic generation.” Columbia Climate School, May 12, 2020

<sup>4</sup> “The Gen Z Mental Health wave – what is causing the surge?” HealthMatch, September 2, 2022

<sup>5</sup> “Why Are Millennials So Risk-Averse?” Federal Reserve Bank of Atlanta, January 22, 2019

<sup>6</sup> “2021 JA Back-to-School Survey: Hopes, Dreams, and Challenges for a Different School Year.” Junior Achievement, August 2021

<sup>7</sup> “Junior Achievement Alumni Survey Report 2021-2022,” Ipsos, August 2022

# Work and Career:

## The Impact of The Great Resignation and Quiet Quitting

U.S. employers have been struggling with responding to “[The Great Resignation](#),” the large-scale shift of employees who have quit their jobs in the wake of the COVID-19 pandemic.<sup>8</sup> According to the Pew Research Center, the reasons employees [cite for quitting](#) include low pay, lack of benefits, limited advancement opportunities, and the feeling of being disrespected.<sup>9</sup> Pew also found that those with higher education, including four-year and advanced degrees, were less likely to quit, though these groups are not immune to shifting jobs. Younger and less educated workers are most likely to leave. Similar factors contribute to “[Quiet Quitting](#),” where workers do the bare minimum in their jobs, often while waiting for better opportunities.<sup>10</sup> According to Gallup, as many as [half of the workers](#) in the U.S. workforce are “Quiet Quitters.”<sup>11</sup>



The pandemic also exacerbated the existing “skills gap” many industries were already facing. Countless trained and experienced “Baby Boomers” retired during the pandemic. Unfortunately, younger workers often [don’t have the same skillset](#), especially in skilled trades.<sup>12</sup> The impact of this shift is not only measured in the opportunity cost employers take on by not being able to meet needs in the marketplace, but in the overall [increase in wage inflation](#) as a result of employers pursuing a smaller pool of qualified candidates.<sup>13</sup> At the same time, less-qualified workers continue to feel under-compensated by and dissatisfied with their employment situations.



### The Purpose Disconnect

As noted, there are many structural reasons people are quitting their jobs, including pay, benefits, feeling under-appreciated, and more. But these reasons existed before the pandemic, and people were not changing jobs at historic rates like they are now.

One underlying cause could be a lack of a sense of purpose in work. In fact, [research by Gartner](#) shows that the pandemic caused nearly two-thirds of Americans to reconsider the importance of “purpose” in their personal and professional lives<sup>14</sup>. Additionally, McKinsey found that [70 percent of employees](#) say their work defines their sense of purpose.<sup>15</sup> Finally, the [Harvard Business Review](#) notes that a sense of purpose at work is essential for employee retention.<sup>16</sup>

<sup>8</sup> The Great Resignation, Investopia, September 14, 2022

<sup>9</sup> Pew Research Center, March 9, 2022

<sup>10</sup> Quiet Quitting, Wikipedia, August 2022

<sup>11</sup> “Is Quiet Quitting Real?” Gallup, September 6, 2022

<sup>12</sup> “The Skilled Labor Shortage,” Conger, May 17, 2022

<sup>13</sup> “The Effects of the Great Resignation,” Federal Reserve Bank of Chicago, February 2022

<sup>14</sup> “Employees Seek Personal Value and Purpose at Work,” Gartner, January 13, 2022

<sup>15</sup> “Help Your Employees Find Purpose or Watch Them Leave,” McKinsey, April 5, 2021

<sup>16</sup> “To Retain Employees, Give Them a Sense of Purpose,” Harvard Business Review, October 11, 2021

The Oxford Dictionary defines “purpose” as *the reason something exists, an intended end; aim; or goal*. But if the nature of someone’s work doesn’t align with their talents, strengths, or interests, how purposeful can it be?

Research by the [Federal Reserve Bank of New York](#) shows that only 27 percent of college graduates work in a field they studied in school.<sup>17</sup> Additionally, a study by [MidAmerica Nazarene College](#) found that just 25 percent of Americans were in their “dream career.”<sup>18</sup>

A few conclusions can be drawn from these statistics. First, there continues to be an inherent disconnect between education, higher ed, and preparation for a job or career. While some could make the case that the goal of education and higher education isn’t primarily to prepare young people for work, [recent research](#) shows that 86 of Americans believe that a college degree can help advance a recipient’s career.<sup>19</sup> The fact that about one-in-four college graduates end up working in the field they studied puts a spotlight on the disconnect between the perceived value of higher ed and real-world outcomes.



A second conclusion is that while not everyone can be expected to be in their “dream career,” [employee satisfaction is key to retention](#). Employees who feel they are doing what they intended to do for a living and utilizing their talents and skills to support their interests are more likely to find purpose and satisfaction at work.

### **Junior Achievement: A Pathway to Purpose and Work and Career Satisfaction**

Junior Achievement works with partners in education and the business communities to help ensure young people make more informed choices that lead to greater work and career satisfaction as adults. JA employs a pathways approach to teaching career and work readiness to young people. By “pathways,” we mean that JA programs are designed to engage students on the subject over multiple grades, from their first day in kindergarten to their K-12 years, preparing them for post-secondary education or work transition.

Junior Achievement takes this approach because, in many states, career and work readiness aren’t addressed until later high school grades, which may come too late for students who haven’t given the subject much consideration in earlier grades when they are taking courses which could ultimately affect their academic readiness and ability to pursue specific career paths. Since nearly all of us will work as adults, we at JA believe connecting students with career and work exploration throughout their K-12 journey is essential.

<sup>17</sup> Federal Reserve Bank of New York, December 2014

<sup>18</sup> MidAmerica Nazarene College, December 2018

<sup>19</sup> “Americans Strongly Agree on the Benefits of College,” Forbes, July 25, 2022

## What the Research Says

Junior Achievement's proven programs are shown to inspire and prepare young people for success. Our approach is demonstrated to give students the tools they need to increase their chances of achieving their potential in work, career, and life.

According to a [recent survey](#) by Ipsos,

- **73 percent** of Junior Achievement Alumni who graduated college say they work in a field they studied in college. Research by the Federal Reserve Bank of New York shows only **27 percent** of college graduates say the same.
- **69 percent** of JA Alumni say they work in their "dream career." Only **25 percent** of Americans say the same, according to MidAmerica Nazarene College.
- **80 percent** of JA Alumni say their careers are "extremely fulfilling."
- **56 percent** of JA Alumni who had a JA volunteer say they currently work or have in the past worked in the same field as their JA volunteer.
- **54 percent** of JA Alumni say Junior Achievement positively influenced their work ethic.
- **46 percent** of JA Alumni say Junior Achievement positively influenced their career choices.

Additionally, **4-in-5** JA Alumni credit Junior Achievement for:<sup>20</sup>

- Influencing their decisions about further education.
- Impacting their professional and personal development.
- Affecting their self-confidence and belief-in-self.
- Motivating them to succeed professionally.

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<sup>20</sup> Ipsos/Junior Achievement Alumni Survey, August 2022

# Financial Literacy:

## The Impact of Financial Insecurity

Nearly a **third of Americans (29%)** say they lack savings to cover one month's expenses.<sup>21</sup> With inflation near a 40-year high, **56 percent of Americans** report that rising prices are causing financial hardship.<sup>22</sup> Even before recent cost increases, **40 percent of Americans** said they struggled to pay for healthcare and food, including households making more than \$ 50,000 a year.<sup>23</sup>

While **real earnings** have remained flat or declined for many U.S. workers in recent years,<sup>24</sup> even those considered "high-income earners" **have struggled to pay bills**,<sup>25</sup> save for retirement, and be prepared for financial emergencies, according to a report by NPR.



Though real wages not keeping pace with the cost of living is an ongoing challenge facing too many U.S. households, research shows that only a **third of Americans** understand interest rates, mortgages, or financial risk.<sup>26</sup> In fact, **4 out of 5 workers admit** to being financially stressed,<sup>27</sup> **which may contribute** to the severity of illnesses like heart disease, diabetes, and depression.<sup>28</sup>

Even if people have limited means, a better understanding of how money works and how one can use budgeting, cost management, and credit as a tool can help lead to better financial outcomes, which can contribute to a greater quality of life and financial wellness.



### A Lack of Literacy Impacts Capability

According to research by the Milken Institute, **57 percent of adults in the U.S.** are financially illiterate.<sup>29</sup> Additionally, the problem appears to be growing as **Generation Z scores worse** than other generations on financial literacy tests.<sup>30</sup> While a recent survey shows that **80 percent of American adults** wish they had a financial literacy course in school,<sup>31</sup> about **25 percent of current high school students** have access to one of these programs.<sup>32</sup>

However, mandated or required financial literacy courses are often available for only one semester in later grades and focus on knowledge gain only. They may not impact the attitudinal perceptions **that are**

<sup>21</sup> Morning Consult, January 2022

<sup>22</sup> Gallup, August 2022

<sup>23</sup> NPR/Robert Wood Johnson Foundation, et al, October 2021

<sup>24</sup> U.S. Bureau of Labor Statistics, August 2022

<sup>25</sup> "Paycheck-to-Paycheck Nation," NPR, December 16, 2020

<sup>26</sup> National Study, FINRA, July 18, 2022

<sup>27</sup> "Financial Education for Today's Workforce," International Foundation of Employee Benefits, 2016

<sup>28</sup> "Stress in America," American Psychological Association, February 4, 2015

<sup>29</sup> "This is Why Americans Can't Manage Their Money," CNBC, April 8, 2022

<sup>30</sup> The 2021 TIAA Institute-GFLEC Personal Finance Index

<sup>31</sup> "88% of adults support requiring personal finance education in high school, survey finds," CNBC, April 27, 2022

<sup>32</sup> "Nearly 1 in 4 students in the U.S. has access to personal finance education this year," CNBC, April 22, 2022

**necessary** to foster intentionality resulting in the behavior change needed to transform financial literacy lessons into the financial capability of the student.<sup>33</sup>

## Junior Achievement: A Pathway to “The Other Literacy”

At Junior Achievement, we view financial literacy as “the other literacy.” Just like reading or writing, we all deal with money on a near daily basis. Yet too often, financial literacy programs consist only of a one-semester elective course in middle or high school that skims the surface of basic concepts. Nobody would be expected to read a book or write a term paper after one semester of lessons on reading or writing yet that’s essentially what happens with financial literacy education.

Junior Achievement employs a pathways approach to teaching financial literacy to young people. By “pathways,” we mean that JA programs are designed to engage students on the subject over multiple grades, from their first days in kindergarten, throughout their K-12 years, preparing them for the transition to post-secondary education or work.



## What the Research Says

Our approach gives students the tools to increase their chances of achieving economic security as adults. **Research results**<sup>34</sup> include:

- **82 percent** of Junior Achievement alumni agree they have a strong financial footing.
- **84 percent** of JA Alumni agree that their Junior Achievement experience helped with their financial literacy.
- **68 percent** of JA Alumni between the ages of 18 and 29 say they are financially independent of their parents. According to the Pew Research Center, **34 percent** of Americans in that age range say the same.<sup>35</sup>
- The average age JA Alumni report paying off student loans is **30**.
- JA Alumni report purchasing their first home at **29**. The National Association of Realtors reports the average age Americans purchase their first home is **33**.<sup>36</sup>

<sup>33</sup> “Junior Achievement’s Approach to Evaluation,” Junior Achievement USA, 2016

<sup>34</sup> Ipsos/Junior Achievement Alumni Survey, August 2022

<sup>35</sup> Pew Research Center, October 23, 2019

<sup>36</sup> National Association of Realtors, March 2021

# Entrepreneurship:

## Tapping into an Entrepreneurial Awakening

One of the surprising outcomes of the pandemic's impact on the economy is the [surge in new business creation](#).<sup>37</sup> In fact, the rebound in entrepreneurial activity disrupted nearly [40 years of lackluster small business growth](#), which had only worsened following the Great Recession of 2008.<sup>38</sup>

The causes for this increase in new business creation are many. For instance, [research by Intuit](#) shows that “The Great Resignation” is fueling the boom in small business as more Americans leave their jobs and careers and strike out on their own.<sup>39</sup> The next generation also feels this sentiment, with research by Junior Achievement and The Hartford showing that [60 percent of teens](#) would prefer to start a business over having a traditional job.<sup>40</sup>



However, while the interest and intent are there, starting a business is still risky. According to the U.S. Bureau of Labor Statistics, [one-in-five businesses fail](#) in the first year, and nearly half fail by the five-year mark.<sup>41</sup> This leads to the question, “What can be done to increase the odds of success for startups?”



### Filling the Knowledge and Experience Gaps

According to the Harvard Business Review, the average age of successful first-time [entrepreneurs is 45](#). However, as the Review points out, venture capital (VC) funds tend to put their resources behind startup founders in their late 20s or early 30s.<sup>42</sup> Ironically, the [reason most startups fail](#) is related directly or indirectly to lack of experience, including launching a product or service where there is no market need, running out of cash, not

having the right team, cost and pricing issues, and not having a business model.<sup>43</sup> This points to the fact that given the proper information, tools, and guidance, young entrepreneurs can increase their chances of success with their business endeavors.

### Junior Achievement: A Pathway to “The Path Less Taken”

Junior Achievement employs a pathways approach to teaching entrepreneurship to young people. By “pathways,” we mean that JA programs are designed to engage students on the subject over multiple grades, from their first day in kindergarten, throughout their K-12 years, preparing them for the transition to post-secondary education or work.

<sup>37</sup> “Business Formation Surged during Pandemic and Remains Strong,” NBER, September 2021

<sup>38</sup> “Start-up Boom in the Pandemic is Growing Stronger,” The New York Times, August 19, 2021

<sup>39</sup> “The Small Business Economy is Set to Soar in 2022,” Nasdaq, December 20, 2021

<sup>40</sup> Junior Achievement/The Hartford, February 2022

<sup>41</sup> “The Percentage of Businesses that Fail and How to Boost Your Chances of Success,” LendingTree, May 2, 2022

<sup>42</sup> *Research: The Average Age of a Successful Startup Founder Is 45*, HBR, July 11, 2018

<sup>43</sup> The Top 20 Reasons Startups Fail, CBInsights, November 6, 2019

Junior Achievement takes this approach because, in many states, entrepreneurship is an elective option and, in numerous cases, is offered only as an extra-curricular activity for no school credit. Given that most of us will work for a small business at some time, and all of us interact with small businesses, we at Junior Achievement believe it's important to offer programs that cover entrepreneurship and small business across multiple grade levels.

## What the Research Says

Our approach gives students the tools to increase their chances of starting or owning a business as adults. [Research results](#)<sup>44</sup> include:

- **51 percent** of JA Alumni say they have started or owned a business. According to Statista, **8.9 percent** of Americans own businesses.<sup>45</sup>
- **53 percent** of Black JA Alumni and **67 percent** of Hispanic/Latino Alumni say they have started or owned a business.
- **56 percent** of JA Alumni who had a JA volunteer say they currently work or have in the past worked in the same field as their JA volunteer.
- **36 percent** of JA Alumni say Junior Achievement positively influenced their perception of business owners or community leaders.
- **27 percent** of JA Alumni say Junior Achievement positively influenced their decision to start or run a business.
- **27 percent** of JA Alumni say they employ 100 or more people.<sup>46</sup> The U.S. Census Bureau reports only **1.7 percent** of U.S. small businesses say the same.<sup>47</sup>



To learn more about Junior Achievement, visit [www.JA.org](http://www.JA.org).

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<sup>44</sup> Ipsos/Junior Achievement Alumni Survey, August 2022

<sup>45</sup> Statista Research Department, August 5, 2022

<sup>46</sup> Ipsos/Junior Achievement Alumni Report, August 2020

<sup>47</sup> U.S. Census Bureau, 2020