

## Opportunity at Work: Improving Job Quality

by Elizabeth Lower-Basch

### Executive Summary

The American Dream promises that if you are willing to work hard, you will be able to achieve a better life for yourself and your family. But too many people are stuck in bad jobs—jobs that pay poverty-level wages and offer no benefits, jobs with little opportunity for advancement, jobs in which workers don't know from week to week if they'll get enough hours to pay their bills, jobs that workers can lose for staying home with a sick child. Even workers with good jobs worry about what would happen if they lost that job, and they wonder whether their children will ever be able to achieve the same quality of life.

It doesn't have to be this way.

### About the Author

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Despite globalization and competitive pressures, some employers have continued to provide high-quality jobs. In fact, some of the best places to work are high-performing, well-managed companies in highly competitive industries. In many cases, these “high road” employers achieve economic success *because of* their strong employment practices and investments in their workers, not in spite of them. Other companies have chosen a different path—paying workers as little as possible, investing minimally in training, and accepting high turnover as inevitable.

Government should not be neutral between these choices. Low-quality jobs impose substantial costs on workers, families, government programs, and society. We no longer allow companies to reduce costs by polluting the air and water. Likewise, we should not allow them to do so by providing substandard jobs and leaving it

### ABOUT THIS PUBLICATION

**This paper describes the state of job quality in the U.S. today and makes the case that improving job quality is a critical part of the agenda for reducing poverty, supporting families, rewarding effort, and expanding opportunity for all. It is part of Opportunity at Work, CLASP's job quality initiative.**

to workers, families, and communities to pay the price.

In this paper, the Center for Law and Social Policy (CLASP) describes the state of job quality in the U.S. today and makes the case that improving job quality is a critical part of the agenda for reducing poverty, supporting families, rewarding effort, and expanding opportunity for all. This new focus complements CLASP's existing work on skill upgrading and supporting work through public benefits. Investment in education and skills is essential for individual advancement and for the success of our economy. But the benefits of increased productivity have not been shared fairly

among all parts of society—a smaller share of the U.S. gross domestic product is paid out as wages than at any time on record. Today’s turbulent economy requires the existing safety net programs to be strengthened and expanded. But after-the-fact protections cannot fix all the problems caused by bad jobs.

Bad jobs are often equated with *low-wage* jobs, and wages certainly are an essential part of job quality. But higher wages are not enough to achieve even the limited public policy goal of increasing income if the conditions of work make it hard for people to stay employed consistently. Job quality affects almost every aspect of life, from health and family well-being to economic security. Along with wages and earnings, CLASP’s working definition of job quality considers benefits, job security, advancement opportunities, work schedule, health and safety, and fairness and worker voice. While this list does not directly translate into a scheme for rating jobs, it does provide a framework for thinking about the elements that make some jobs better than others—and about what incentives public policy should create.

While job quality is an issue that affects all workers, it is a particular problem for low-

wage workers. At the low end of the labor market, undesirable job conditions combine in ways that make all of the problems worse. Low-wage workers are both the least likely to get paid sick days and the least able to get by without a day’s pay. They are less likely to have health insurance. Often, low-income workers are mis-classified as “independent contractors,” which in one fell swoop denies them job security, benefits, wage and hour guarantees, within-firm advancement opportunities, and health and safety protections. Far too often, workers are caught in situations in which any setback is a crisis and no matter how hard they work, they can’t get ahead.

A quick survey of the labor market reveals that good jobs—especially good jobs that are accessible to workers without advanced educational credentials—are more prevalent in certain industries and occupations than others. Thus, it is often useful to target economic development incentives, job training, and placement activities to these sectors. However, given the realities of our modern economy and the pressures of global trade, it is implausible that manufacturing will soon be the dominant part of the American job market that it once was. So, it is important to recognize that there is no

inherent reason that building a car has to be a better job than taking care of a child. Seventy years ago, most manufacturing jobs were low pay, unstable, and dangerous. Regulation and unionization transformed them into the building blocks for the tremendous growth of the middle class.

A minimum set of standards creates a more level playing field, so that companies that try to do the right thing are not always undercut by those that take the most brutal, cost-cutting approach. In some cases, new laws or regulations are needed to set these standards, but in many cases existing laws simply need to be more consistently enforced. Existing high-road employers stand as proof that such improved labor standards are consistent with healthy companies and economic growth. Government should be prepared to offer support—in the form of information sharing, training, and technical assistance—to help companies make the needed transition to high-road practices.

While it may take time to develop a political consensus around these standards, there are other policies to promote job quality that can be adopted now, at all levels of government. Whenever public money supports business—whether

through direct subsidies or “tax expenditures”—it is appropriate to consider the impacts on job quality and to selectively support employers who provide high-quality jobs. Tools that can be used for this range from living wage laws to community benefit agreements to the targeting of workforce development services. Government can also offer job quality-focused training and technical assistance and promote sectoral networks.

Talking about job quality helps focus attention on the choices that employers make that shape the nature of work—and on how our public policies and programs affect these choices. This framework also helps unify the many individuals and organizations who are already working on various aspects of job quality—passing living-wage ordinances, enforcing existing labor standards, developing sectoral strategies, promoting family-friendly workplaces. Job quality is a way to talk about and link the concerns of all types of workers at all levels of employment and to build broader political support for action.

### Introduction

This May, President Bush signed a bill that, over two years, will increase the federal minimum wage to \$7.25 an

hour. This increase comes after years of hard work, at both the state and federal levels, by many advocates and organizers—and it is worthy of celebration. But there is still much that needs to be done to improve the quality of jobs that are available to American workers.

Paid employment is the main source of income for the overwhelming majority of Americans. But jobs provide far more than just a paycheck. Most adults spend a significant portion of their waking hours at work, and jobs are a significant part of many people’s social identity. For the last decade, promoting work has been our country’s primary anti-poverty strategy. Work is at the core of the American Dream—the belief that if you are willing to work hard, you should be able to achieve a better life for yourself and your family. Thus, the quality of jobs affects almost every aspect of our lives: the productivity of our economy, our income and economic security, our relationships with our families and communities, and our health and emotional well-being.

At CLASP, we believe that efforts to improve job quality are a critical part of the agenda for reducing poverty, supporting families, rewarding effort, and expanding opportunity for

all. A focus on job quality is an important and necessary addition to CLASP’s existing work on skill upgrading and supporting work through public benefits. Taken together, these three areas of work represent a comprehensive approach to improving the economic prospects of low-income people. In order to focus attention on the importance of job quality, CLASP has

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launched an initiative called Opportunity at Work: Creating Better Jobs for a Stronger Economy. This is the first in a series of papers that CLASP will issue over the next year as part of this initiative.

Bad jobs are often equated with *low-wage* jobs, and certainly wages are an essential part of job quality. But they are not the only element of job quality about which we should be concerned. Surveys consistently show that non-monetary aspects of jobs have as much of an effect as pay does on whether individuals consider them to be “good jobs.”<sup>1</sup> Work scheduling is a big concern to the worker who loses her job

when she can't work overtime without notice because there's no one to pick up her children after school. And workplace safety is a priority to the worker who permanently injures his back moving heavy equipment. We believe that job quality is more powerful and inclusive

**The United States does not have to accept a future of bad jobs and diminished opportunities.**

than low wages alone as a framework for talking about the problems in the U.S. labor market. Even those who believe that wages are determined purely by market forces often recognize that employer choices, government policies, and social norms affect other aspects of working conditions. In the new economy, job quality is of increasing concern for workers at all levels of employment, including those who earn far more than poverty-level wages. Efforts to improve job quality are a way of addressing the needs and fears of a broad range of workers while making a significant improvement in the quality of life for those who are at the very bottom of the labor market. And even if the public policy goal is simply to increase income, higher wages alone will not achieve that goal if the conditions of work make it hard for people to stay consistently employed.

Many changes in our society have combined to degrade job quality. The most prominent are globalization and increased competition in product markets and technological change that has made many medium-skill, routinized jobs obsolete. Other important factors include corporate consolidations and a focus on short-term stock value over long-term growth, the growth of a 24/7 economy in which there is little or no downtime, the decline of unions and the breakdown of an implicit social contract between firms and employees,<sup>2</sup> and government disinvestment in education and training.<sup>3</sup>

The relative importance of these factors is a matter of dispute and is beyond the scope of this paper. What matters is that the United States does not have to accept a future of bad jobs and diminished opportunities. Even within a particular industry, there is a great deal of variation in how companies treat workers in similar positions. Some have chosen to take the low road—treating workers as commodities, paying them as little as possible, making minimal investments in training, and accepting high turnover. Others have chosen the high road—treating workers as assets to be invested in and retained and focusing on increasing productivity, rather than just cut-

ting costs. Research has shown that workers are in low-wage jobs *both* because they bring fewer skills to the labor market and because they are employed by firms that pay less than average for workers with the same skills and experience.<sup>4</sup>

By spreading the news about employers who have succeeded via the high road, we can encourage others to join them. They stand as proof that treating employees well is consistent with quality products, strong companies, and economic growth. By providing information and offering training and technical assistance, the public sector can help employers improve the quality of their jobs—and increase the productivity of their enterprises at the same time.

There is also a place for more direct forms of government intervention. The high road is better for workers, for families, for society, and for the country's long-term economic competitiveness. Government should not be neutral between good and bad jobs. We need to have a public conversation about the minimum acceptable standards for decent jobs and to stop allowing employers to impose the costs of bad jobs on workers, on their families, and on government programs.

In some cases, this will require enforcement of existing laws; in others, new laws or regulations are needed. Some of the factors that have placed downward pressure on job quality are the result of choices that government has made—allowing the minimum wage to decline, tilting the playing field against unions, reducing investment in education and training. Policymakers can use a broad range of tools, including tax policy and more strategic investments in economic and workforce development, to support better choices around job quality.

### Job Quality: Wages and Beyond

CLASP’s working definition of job quality includes the following elements:

- **Wages and earnings.** Money is the basic reason that most people go to work. A job that does not pay enough to allow a worker to purchase the necessities of life cannot be a good job. Some low-wage workers escape poverty only by working far more than full-time hours, often combining multiple jobs. Involuntarily part-time or intermittent work is also a major cause of insufficient earnings.
- **Benefits.** In the U.S., employment has historically

been the main mechanism for pooling risk to provide health insurance and provide for security in old age. This mechanism has started to break down, while the market for purchasing these benefits as individuals remains deeply flawed, leaving workers who do not receive them through their jobs highly vulnerable. Fewer companies offer benefits than in the past, and those that do often limit them to “core” employees, leaving part-time workers, temporary workers, contractors, and recent hires out in the cold.

- **Job security.** One important aspect of job quality is the likelihood of continued employment at the expected number of hours. Some jobs are inherently designed to be contingent, short-term, or seasonal, with no expectation of ongoing employment. Others are officially “permanent” but are in downsizing industries and carry a constant risk of being laid off.
- **Advancement opportunities.** A low-wage job might not be a matter for concern if it is a stepping stone on a path to more skills and higher wages. A job’s advance-



ment opportunities are affected by the share of good jobs in the occupation or industry, by educational pathways, and by opportunities for on-the-job learning.

- **Work schedule.** The hours one works have a great impact on one’s well-being. This is especially true for the many workers who are juggling work and other responsibilities, including caring for children or elders. Good work-schedule practices include predictable hours, scheduling that is responsive to workers’ needs, and paid family and sick leave.
- **Health and safety.** Workplace conditions can take a toll on workers’ health, in the form of both acute injuries and chronic health conditions. There is also increasing awareness that stress and lack of control can affect workers’ emo-

tional well-being and their risk of heart disease and other serious illnesses.

- **Fairness and worker voice.**<sup>5</sup> All workers deserve to be treated with dignity and respect, free of discrimination and harassment. “Worker voice” refers to the ability of workers, either as individuals or collectively, to influence their daily activities at work as well as their overall working conditions.

But looking at each element of job quality separately misses an important part of the picture. Low-quality jobs tend to be bad in many, if not all, of these ways. Jobs that pay well also tend to be safer, more pleasant, and more interesting; to provide more benefits and advancement opportunities; and to allow more autonomy and flexibility in hours. A 1988 study that created an index of job desirability (IJD) by looking at the job characteristics that influenced workers’ assessments of the quality of their own jobs confirmed that the gap between the best and worst jobs more than doubled when measured using the IJD instead of pay alone.<sup>6</sup> Management and human resources policies and practices affect all of these aspects of job quality. At the low end of the labor market, undesirable job conditions combine in ways that

make all of the problems worse. Low-income workers are both the least likely to get paid sick days and the least able to get by without a day’s pay. They are less likely to have health insurance, so they often put off going to the doctor until what was a minor injury has become an ongoing disability. And poor health in turn makes it harder to maintain steady employment or to advance. Often, low-income workers are classified inappropriately as “independent contractors,” which in one fell swoop denies them job security, benefits, wage and hour guarantees, within-firm advancement opportunities, and health and safety protections. While upper-income workers with inflexible jobs can buy some measure of flexibility by hiring nannies or getting takeout every night, low-income workers can’t afford to do so. Far too often, workers in bad jobs are caught in situations in which any setback is a crisis and no matter how hard they work, they can’t get ahead.

Finally, CLASP believes that no discussion of job quality can be complete without a recognition of the role that discrimination plays in the labor market. Although equal pay and equal opportunity legislation have helped women and minorities enter and advance in the labor market, discrimination persists.<sup>7</sup> Workers of different races and

genders may have very different experiences of the same employers and jobs. Discrimination can limit workers’ access to otherwise good jobs, as well as affect the wages, advancement opportunities, and working conditions once employed.

## The Job Quality Picture

### Wages and earnings

At least one-fourth of U.S. jobs pay less than poverty level-wages, the amount that would allow a full-time year-round worker to lift a family of four out of poverty (\$20,444 in 2006, or \$9.38 an hour).<sup>8</sup> During the late 1990s, low- and middle-income workers experienced real earnings growth as the U.S. approached a full-employment economy. Since then, real wages have stagnated, even as productivity has continued to improve. Prior to the recently enacted increase, the real value of the federal minimum wage was at a 50-year low.<sup>9</sup>

A recent study found that 59 percent of low-income families include at least one adult who works essentially full-time year round. Another 11 percent of low-income families have significant work effort equivalent to year-round part-time work.<sup>10</sup> Despite their work efforts, these families are low income—

because of their low wages. Low incomes are the direct cause of many other problems, ranging from inadequate medical care to unstable housing arrangements and poor-quality child care and schools. Many of these factors in turn make it harder for workers to maintain stable employment and escape poor-quality jobs.

Looking at the broader economy, there are many versions of the wages and earnings story. Each is somewhat different, depending on such factors as whether the focus is on the most recent few years or several decades, whether the analysis is limited to male workers or includes women, and whether it looks at hourly wages or family income. Some technical issues—such as how to value employer-provided health insurance—remain a subject of hot dispute among economists. But there is general consensus about the broad outlines of the story:<sup>11</sup>

- On average, wages haven't kept up with productivity gains. From 1973 to 2005, worker productivity grew by 81 percent, while median compensation barely grew.<sup>12</sup>
- Over the past decades, there has been an enormous increase in the inequality of earnings. During the 1980s, the gaps grew both between

the bottom and the middle and between the middle and the top. But during the 1990s and 2000s, inequality has been driven primarily by explosive earnings growth among the most highly-paid workers—sometimes called “the winner-take-all economy”—leaving everyone else far behind.

- The wages of the median male workers have been generally flat since the mid-1970s, after adjusting for inflation.
- Women started this period with their wages held to artificially low levels by discrimination, and they have experienced real earnings growth. However, women still earn less than men with comparable levels of education and experience.
- The gap between the wages earned by black and white workers decreased during the 1990s. Over the same period, however, employment rates for young black men declined precipitously;<sup>13</sup> and the number of less-skilled Hispanic workers increased significantly, due to immigration. Thus, by 2000, a bare majority (55 percent) of male workers in the bottom quintile of earnings were white, 13.5 percent were black, and nearly one-fourth were Hispanic.

Among male workers in the top three quintiles, 80 percent were white, 7 percent were black, and 8 percent were Hispanic.<sup>14</sup>

- Family incomes have grown faster than wages, due largely to a substantial increase in the number of hours of work by married women. Families are working harder to keep up.

#### Benefits

Low-wage jobs tend to be bad jobs in many other ways as well. Most obviously, workers who are both low-wage and low-income are far less likely than workers in higher-paid jobs to receive a range of employer-provided benefits.

- Only 42 percent of low-wage and low-income workers have personal health insurance coverage paid in part or full by their employer, compared to 94 percent of high-wage and high-income workers. Because they often earn too much to qualify for public health insurance, one-third of such workers lack personal health insurance from any source.<sup>15</sup>
- Only 32 percent of low-wage and low-income workers have any sort of retirement plan to which the employer contributes, and only half of these have a traditional pen-

## Is Education and Training the Solution?

In his State of the Economy Speech last January, President Bush stated:

I know some of our citizens worry about the fact that our dynamic economy is leaving working people behind... We have an economy that increasingly rewards education, and skills because of that education. One recent study of male earnings showed that someone with a college degree earns about 72 percent more than someone with a high school diploma. The earnings gap is now twice as wide as it was in 1980—and it continues to grow. And the question is whether we respond to the income inequality we see with policies that help lift people up, or tear others down. The key to rising in this economy is skills—and the government's job is to make sure we have an education system that delivers them.<sup>16</sup>

No one can dispute that investment in education and skills is essential for individual advancement, as well as for the economy, which needs a skilled and adaptable workforce. Education is the single biggest correlate with high job quality. While post-secondary skills training does not guarantee an individual access to good jobs, the lack of such training increasingly condemns workers to bad jobs. It is essential that the U.S. adopt policies that improve the opportunity for all individuals to access and succeed in education. Such policies are discussed in recent reports such as *Working Together: Aligning State Systems And Policies For Individual And Regional Prosperity* (Workforce Strategy Center, 2006), *Wising Up: How Government Can Partner With Business to Increase Skills and*

*Advance Low-Wage Workers* (CLASP, 2006), and *Tough Choices, Tough Times: The Report of the New Commission on the Skills of the American Workforce* (National Center on Education and the Economy, 2007).

But focusing on workers' skills is only part of the solution. The U.S. workforce is now more educated and more productive than at any point in history, and we still have a job quality problem. The U.S. economy is growing. But the benefits of a growing economy have not been shared fairly among all parts of society. Wages are at their lowest share of GDP on record (45.3 percent), while corporate profits are at their highest share of GDP since the 1960s (10.3 percent).<sup>17</sup>

For any level of education, there are better and worse jobs. If we care about not leaving some workers behind, we need to think about ways in which job quality can be improved even for those jobs that do not require postsecondary education. Some workers may have family or other obligations that prevent them from making long-term commitments to education and training. Others may be at a point in their life where it does not make sense to make a substantial investment of time and money in continued training.

We also need to pay attention to those who have invested in education but have not achieved economic security, or who have lost security they once had, as demand shifted away from their specialized skills. One job quality study found that less than half of workers with a college degree or higher had a "good job."<sup>18</sup>

sion that provides a defined benefit. In contrast, 48 percent of high-wage and high-income workers have a defined benefit plan, and 87 percent receive some sort of employer contributions to a retirement plan.<sup>19</sup>

Employers cannot receive tax breaks for benefits that are explicitly limited to higher-

wage workers. But low-wage workers are disproportionately likely to belong to classes of workers—such as contractors, part-time, contingent, or newly hired workers—who can be excluded from benefits. Low-income workers may also be unable to afford the employee's share of health insurance or to contribute to retirement plans

when such benefits *are* offered. Similarly, a worker who does not have the savings to pay tuition up front cannot take advantage of a tuition reimbursement plan.

Benefits are far more common at the middle and the upper end of the earnings spectrum. However, as Jacob Hacker notes

in *The Great Risk Shift*, in many cases the quality of the benefits offered has declined.

Guaranteed benefit pensions are far less common than they once were, replaced almost entirely by “defined contribution pensions” such as 401(k) plans, in which the workers bear the risk of poor investment choices or of outliving their savings.<sup>20</sup> Just between 2001 and 2005, the fraction of employees covered by employer-provided health insurance decreased by almost 4 percentage points, down to 77 percent. Only 54 percent of workers age 19 to 24 and just 30 percent of poor workers were covered by employer-provided plans in 2005.<sup>21</sup> Even for those who still have insurance, there is more cost sharing and more restrictions on providers. Elizabeth Warren notes that three-fourths of families who described their bankruptcies as related to medical problems had health insurance coverage at the onset of their illnesses or accidents but still were financially wiped out.<sup>22</sup> Thus, benefits are an aspect of job quality in which even relatively well-off workers feel vulnerable.

### **Job security**

Low-wage workers have always experienced lower levels of job security than their middle-class counterparts. Low-wage work is disproportionately likely to be seasonal or temporary, with

workers left to their own resources between periods of work. In some cases, workers may not be officially laid off but simply assigned few, if any, hours of work.<sup>23</sup> Job loss is also common, due to the conflict between the lack of flexibility that low-wage jobs offer and the family and other responsibilities that workers bring with them. Low-wage workers are also less likely to be eligible for unemployment insurance benefits during periods between jobs (because eligibility is conditioned on work experience, but in many states the system does not credit workers for their most recent work history).<sup>24</sup>

The result is that low-wage workers tend to move in and out of employment. For example, of a sample of Wisconsin women who began receiving welfare (Temporary Assistance for Needy Families, or TANF) the first year it was implemented (1997-98), only 35 percent averaged more than three quarters of employment per year over the next six years.<sup>25</sup> When workers are out of work for extended periods, their long-term earnings prospects are diminished along with their immediate incomes.<sup>26</sup>

What’s new in recent years is that higher-income families are increasingly vulnerable to non-traditional work arrangements and job loss as well. The threat

of layoffs has spread into parts of the workforce that once were generally immune from it—white collar workers and those in their prime working years.<sup>27</sup> Most American workers are no longer protected either by formal seniority systems or by informal social contracts that limited layoffs to a last resort under the direst economic circumstances.

While the overall unemployment rate has been low in recent years, the consequences of unemployment may have become more severe. In late 2006, about one in six unemployed workers had been unemployed for 27 weeks or more.<sup>28</sup> Workers who lost a full-time job in the early 2000s and later found another one (many had not found new full-time jobs as much as two years later) suffered earnings losses of about 17 percent—about twice the earnings loss of displaced workers in the late 1990s.<sup>29</sup> The earnings loss caused by displacement was especially large for better-educated workers.

Jacob Hacker has studied trends in year-to-year changes in income, or income volatility. He finds that income volatility in the early 2000s was three times what it was in the early 1970s. A family headed by a working-age adult has about a one in six chance of experienc-

ing a 50 percent drop in income from one year to the next. As Hacker writes, more advantaged workers are now “riding the economic roller coaster once reserved for the working poor.”

This change has penetrated the national consciousness. When a nationally representative sample of workers were asked about the importance of various elements of job quality, they were twice as likely to give a “very important” rating to “job security” than to “high income.”<sup>30</sup> A 1988 survey found that 73 percent of workers “believed they could count on job security if they did a good job.” But 10 years later, only 56 percent of Americans still believed this was true—even though the economy was booming.<sup>31</sup> Public anxiety about the outsourcing of white collar jobs to other countries is high, even though the actual impact on the overall economy has been minor so far.

#### **Advancement opportunity**

On average, workers’ earnings grow over time before leveling off or even declining as workers approach retirement. This is usually explained as the result of workers gaining skills through job experience. However, this picture of steadily increasing wages is not universally true. A study of young

male workers who entered the labor market during the 1980s found that 7.2 percent experienced either no wage growth or real wage declines between the ages of 16 and 32, the period when most workers experience their strongest wage gains.<sup>32</sup>

The question of whether *low-wage* work in particular leads to better jobs has received a great deal of attention. During the 1990s, many states adopted “work-first” policies under their welfare programs, in which welfare recipients were required to accept any job that they could find, no matter what the wages (subject only to minimum wage and other government regulations). The theory behind these policies was that these jobs were the best way for recipients, many of whom had limited or irregular work histories, to develop (or demonstrate that they already had) the skills and characteristics needed to get better-paying jobs.

Studies of welfare recipients and other low-earning populations tell a mixed story about earnings mobility. While on average, low-wage workers do experience increases in earnings as they gain more work experience, this average conceals a lot of variation.<sup>33</sup> A few are what Katherine Newman dubs “high flyers” who experience impressive levels of wage growth. But many more experience modest

growth or show no overall upward trend in their earnings; for young, low-income hourly workers tracked during the boom years of the 1990s, the median growth in wages was just 0.2 percent a year.<sup>34</sup>

One reason that most low-wage workers do not experience significant wage growth is that, as discussed above, their employment history is likely to include interruptions. Another is that low-wage and less-educated workers are less likely to receive employer-provided training than higher level workers are. When they do receive training, it is less intensive and narrower in focus.<sup>35</sup>

However, as discussed in more detail elsewhere, there is strong reason to believe that the difference between the high flyers and the steady workers who don’t have such great wage growth is as much about the jobs as it is about the workers. The best way to escape low earnings is to find a job in a high-wage firm or industry. Large firms and low-turnover firms are also associated with earnings gains.<sup>36</sup>

For the workers who are starting from the lowest levels of earnings, even significant increases in earnings (on a percentage basis) are often not enough to allow them and their families to escape low-income

status. If a mother with a new baby starts working at \$6 an hour and receives 5 percent real (after inflation) wage increases each year, that baby will be in junior high school before the annual wage increases are enough for the mother to no longer be earning poverty-level wages. Thus it should not be surprising that only 19 percent of the sample of Wisconsin TANF recipients were earning \$15,000 a year six years later.<sup>37</sup> While the earned income tax credit (EITC) and other benefit programs supplement the earnings of low-income families, these programs phase out or eliminate benefits as families' incomes increase well before they achieve a living wage.<sup>38</sup>

### Work schedule

The way that work is scheduled has changed dramatically in recent years. Consumers expect stores and service providers to be open evenings and weekends, which requires more and more workers to work those hours. Companies that have invested in expensive capital equipment want it in use around the clock. Sophisticated computer scheduling systems allow firms to fine-tune staffing levels hour by hour, in order to provide peak coverage while minimizing the total number of hours for which workers are paid.

Much attention has been paid to the ways that highly skilled workers can use technology to enjoy flexibility in both the hours and locations of their work. But lower-wage workers are more likely to experience “flexible hours” in the form of having their hours adjusted at the *employer's* discretion. Low-wage and low-income workers are less likely to have access to a range of workplace flexibilities, from being able to vary their hours to being able to work from home. This is due both to employer policies and to the nature of the work these workers perform.<sup>39</sup> Many lower-wage workers struggle with unpredictable schedules (often provided no more than a few days in advance) and with sometimes not getting enough hours of work to pay their bills.<sup>40</sup> In another example of risk shifting, employers have shifted the costs of inconsistent demand for labor onto the workers, requiring some workers to work overtime while keeping others on call but paying them only for the hours in which their labor is needed.

Often, low-wage workers are required to work undesirable hours and unpredictable schedules. Less-educated workers, younger workers, and African Americans are disproportionately likely to work night or evening hours.<sup>41</sup> At some companies, more desirable shifts are

earned with seniority, and workers who are not available for evening or weekend shifts cannot get their foot in the door. At others, even long-established workers are required to be on call for less desirable shifts. Workers who refuse can be fired or may simply find themselves scheduled for fewer and fewer hours.

Only 39 percent of low-wage, low-income workers receive any paid time off that they can use for a personal illness, compared to 90 percent of high-wage and high-income workers.<sup>42</sup> Many of those who do have paid time off are permitted to use it only for their own illness, not to care for a sick family member.

Workers at all economic levels also feel increased pressure from work-family conflicts. The world of work simply has not kept up with the dramatic changes in American family life. Once a majority of workers were in married-couple, single-earner families and could rely on their spouses to take care of most family responsibilities. Now, most workers are either in two-adult, two-earner families or one-adult, one-earner families. Whether their caregiving responsibilities are for children or elderly relatives, millions of workers feel stretched to their limits and beyond.

One strategy that many families have used to meet their dual responsibilities as workers and caregivers is to limit one parent's paid employment to part-time. But workers who are unavailable for full-time work often pay dearly for that flexibility in lower wages, lesser benefits, and limited advancement opportunities. Other workers lose jobs when they miss work to care for an elderly parent or when child care arrangements fall through. Alternatively, their fear of the consequences of missing work may lead them to leave their children with less than ideal emergency babysitters or to postpone taking a sick child to the doctor.<sup>43</sup>

### Health and safety

Health and safety is one of the few aspects of job quality that has generally improved in recent decades. Workplace injuries are down by more than half since 1973, and workplace fatalities have also declined.<sup>44</sup> Workers and companies are far more aware of the hazards of chemical exposure, and both quality and use of protective equipment has improved. But while people often think that workplace safety is a battle that has been won and can be forgotten, unfortunately this is not true. Many employers blatantly disregard health and safety rules or mis-classify workers as

“independent contractors” responsible for supplying their own protective gear.

Undocumented workers are especially vulnerable to such abuses. In recent years, the federal Occupational Safety and Health Administration has increasingly relied on “voluntary agreements” with employers, rather than enforcing existing rules or issuing new ones.<sup>45</sup>

According to official health and safety statistics, the lowest-paying quartile of jobs has a lower injury rate than the second and third quartiles. This is likely because there is a history of compensating differentials and unionization—employers have to pay more to get people to take hazardous jobs like working in a coal mine. But the gap in injuries has closed over time, suggesting that the improvements in health and safety have been concentrated disproportionately in better-paying jobs.<sup>46</sup> Some low-paying jobs take a severe toll on the health and well-being of the workers. For example, nursing aides, attendants, and orderlies had the third-highest number of workplace injuries in 2004, behind only truck drivers and laborers. The majority of these were musculoskeletal injuries, either from acute overexertion (e.g., lifting a patient) or repetitive stress injuries.<sup>47</sup> In other cases, the effects are less visible but just as damaging. Researchers

have begun to study the relationships between the work and environment and a broad range of worker health outcomes, including stress, mental disorders, and unhealthy habits.<sup>48</sup>

Occupational injuries can be particularly threatening to the financial well-being of less-skilled workers. When healthy, such workers sometimes are able to escape poverty-level wages by taking physically demanding jobs and/or by working extended hours. However, if they are unable to continue in this work due to injury or overall poor health, they are unlikely to be able to find alternative work that pays enough to keep them out of poverty. Such workers often do not have enough of a work history to qualify for social security disability benefits, or they may qualify for only minimal payments.

### Fairness and worker voice

Being treated with fairness and respect by one's supervisors and co-workers, free from harassment or discrimination, is an important aspect of job quality. As illustrated by the submissions to Working America's “My Bad Boss” contest, this is often an area where jobs do not live up to workers' expectations.<sup>52</sup> Bias can also affect one's experience of other elements of job quality, with

### Measuring Job Quality

CLASP's list of the components of job quality does not directly translate into a scheme for rating jobs. Some aspects of job quality, such as work schedule and worker voice, are difficult to quantify without collecting extensive survey data. It is also hard to know what weight to give to each element of a job. Many agencies rely on hourly wages as a simple, easily measurable indicator of job quality, noting that many other aspects of job quality correlate with wages. However, this often means that they focus their attention on jobs that require extensive education. For example, many states have invested substantial funds in attracting facilities for biotechnology and telecommunications to distressed communities. However, while jobs in these industries are very high paying, they are often completely out of reach for the low-income workers who live in the surrounding neighborhoods.

An ideal measure of job quality would reflect good wages and other job characteristics, *after* controlling for the characteristics of the worker. However, publicly available data does not allow for the calculation of such a measure. Joel Rogers of the Center on Wisconsin Strategies has suggested that turnover rates may be a useful proxy measure for job quality, as they pick up a set of good management practices that are difficult to measure directly. There is a great deal of variation in turnover rates even between companies in the same industries,<sup>49</sup> and researchers have confirmed

that high worker turnover is a strong indicator of lower-quality job ladders.<sup>50</sup> When jobs that pay well have high rates of turnover, this is a sign of potential problems with other aspects of job quality. Joan Fitzgerald—director of the Law, Policy and Society program at Northeastern University—notes nursing as an example of a job that experiences high turnover rates and constant labor shortages in spite of attractive pay.<sup>51</sup>

Several organizations have developed schemes for rating employers in order to prioritize funding or services to those that offer the highest-quality jobs. Examples of these include:

The Fresno County Workforce Investment Board limits on-the-job training contracts to “platinum” employers. (See <http://www.wowonline.org/wow/seven/practice4/cs1/default.asp>.)

The Northwest Area Foundation has developed a job metric for use by community development organizations to rate the jobs that would be created by a loan or other investment. (See <http://jobmetric.nwaf.org/index.php>.)

Other organizations have developed industry-specific indicators of job quality, such as the one developed by the Paraprofessional Healthcare Institute for direct care workers. (See [http://www.paraprofessional.org/publications/Nine\\_Essential\\_Elements.pdf](http://www.paraprofessional.org/publications/Nine_Essential_Elements.pdf).)

favored workers receiving better pay, faster promotion opportunities, or preferred schedules.

Several federal laws aim to ensure that Americans work in fair workplaces and that they are protected from employment discrimination. These laws include Title VII of the Civil Rights Act of 1964, the

Americans with Disabilities Act (ADA), the Equal Pay Act, and the Age Discrimination in Employment Act (ADEA). Unfortunately, employment discrimination persists in many aspects of employment, including compensation, advancement opportunities, and treatment on the job. For example, one study tested the effects of racial discrimination by submitting job

applications to employers where some of the putative applicants had African American-sounding names and others had white-sounding names. Researchers found that applicants with African American-sounding names had to submit 50 percent more resumes to get a callback than applicants with white-sounding names.<sup>53</sup>

“Worker voice” refers to the ability of workers to influence their daily activities at work as well as their overall working conditions. It includes the ability to control the order in which you do the tasks assigned to you and the power to decide how to achieve a specified goal, rather than simply following a prescribed checklist of tasks. Worker voice could also include a team of machinists in a plant making recommendations on how to improve the production process or a certified nurse assistant being included on a patient care team. In a list of elements of a quality direct care job, the Paraprofessional Healthcare Institute includes, “Participation in decision making, acknowledging the expertise that direct care workers contribute, not only to workplace organization and care planning, but also to public policy discussions that impact their work.”<sup>54</sup>

Worker voice is one of the hardest parts of job quality to define. But it is fundamental to workers’ satisfaction with their jobs,<sup>55</sup> and it may be fundamental to their health as well. Lack of control over how and when you do your work appears to be a major risk factor for developing heart disease. According to one set of studies, lack of control has more impact than all other factors—including smoking, diet, family

history, and blood pressure—combined.<sup>56</sup>

One indicator of fairness and worker voice is union representation, which provides an opportunity for formal grievance processes and worker input into the terms and conditions of work, as well as for collective representation in wage and benefit negotiations. At present, less than 8 percent of private-sector workers in the United States are represented by unions. This does not reflect a lack of interest in representation—more than half of non-union workers say that they would support a union in a closed-ballot election, and another fourth are interested in workplace committees that would include both labor and management representation.<sup>57</sup>

Unionization is at a record low despite wide interest in representation in part because of blatant employer violations of labor law. A recent study found that union organizers and activists have a one in seven chance of being fired during the course of an organizing campaign.<sup>58</sup> Because the penalty for such illegal firings is merely the repayment of lost wages, anti-union employers have very little incentive to obey the law.

### What We Can Learn from Good Jobs

This overall portrait of the job quality picture is quite discouraging, especially for low-wage workers. The net result is that more and more Americans feel like the American Dream is slipping away from them. Families may have maintained their incomes, but only by devoting more time to paid work—and as a result they feel increasingly strained. Others have well-paying jobs but fear losing them and doubt that they could find their way back to economic security if they did. In a national survey last year, 90 percent of respondents agreed with the statement, “25 years ago, if you worked hard and played by the rules, you would be able to have a solid middle class life.” But only 49 percent agreed with the statement, “today, if you work hard and play by the rules, you can live a solid middle class life.”<sup>59</sup> Families at all income levels worry about their children and whether they will be as well off as they are. Some have suggested that this decline is inevitable and unstoppable. To the extent that they are concerned about the impacts of poor job quality on workers on their families, they argue that the best public response is to build up the safety net in order to cushion the impact of economic dislocation

on workers and their families.<sup>60</sup> CLASP strongly disagrees with this premise. Certainly, our system of social insurance is inadequate to the challenges of today's economy and needs to be strengthened and fixed. Many of the proposals that have been made are worthy of further consideration. But a system of after-the-fact protections cannot solve all the problems caused by poor job quality. Such benefits tend to be skimpy, stigmatized, and under constant political attack. While it may well be helpful to rethink which benefits should be tied directly to employment and which funded through broad-based taxes,<sup>61</sup> it is neither feasible nor desirable to shift the responsibility for good jobs away from employers and onto government.

Many forces have combined to undermine job quality. But in spite of these forces, some employers have continued to provide high-quality jobs. As Joan Fitzgerald writes, declines in job quality “are consequences of the larger economic trends, but are not the only possible consequences.”<sup>62</sup> In many cases, the evidence suggests that these employers achieve economic success *because* of their strong employment practices, not in spite of them. By understanding the characteristics of these employ-

ers, we can identify leverage points for spreading these behaviors. Such employers also stand as proof that improved labor standards—and better enforcement of existing laws—are consistent with healthy companies and economic growth.

#### **Industry structure matters.**

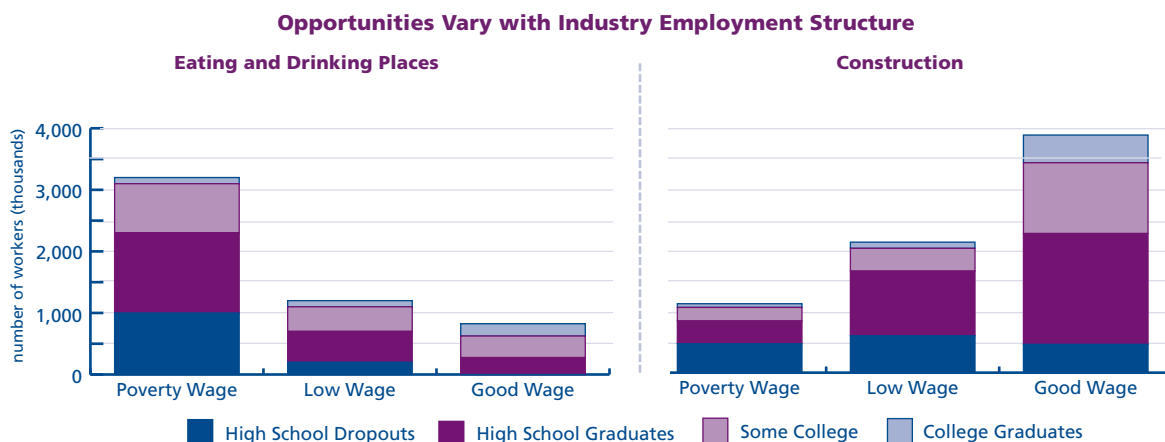
Many people talk about job quality in terms of good or bad industries. In particular, there is a widespread assumption that manufacturing jobs are good jobs, and service-sector jobs are bad jobs. Manufacturing is one of the few industries that offers significant numbers of well-paying jobs that are open to individuals without higher education.<sup>63</sup> However, manufacturing jobs are also especially vulnerable to the pressures of global trade, as even highly time-sensitive products can now be made anywhere in the world. Thus, to the extent that there has been any public discussion about job quality, it has usually taken the form of questions about trade policy and whether it is possible to save American manufacturing jobs.

While it is a vast oversimplification to say that service-sector jobs are all bad<sup>64</sup>—law, information technology, and medicine are services—it is certainly true that low-wage work is disproportionately concentrated in

a limited number of industries and occupations. In 2005, 42 percent of low-wage jobs were with employers in just six sectors: food service and drinking places, agriculture, private households, personal and laundry services, accommodation, and retail trade. In contrast, only 10 percent of jobs paying above median wages were in those six industries.<sup>65</sup>

By the very nature of the work, industries such as restaurants and retail sales offer very few higher-paying jobs compared to the number of low-paying jobs. While an individual worker may see success by progressing from waitress to shift manager—often without additional formal education—there simply are not enough manager jobs to make this a realistic path for most entry-level workers (see figure above). If entry-level workers from this industry are going to advance, most of them will have to make a transition to a different sector. Some efforts have been made to formalize such cross-industry “career lattices,” with consistent employment in entry-level fast-food positions being treated as evidence of good work habits for higher-paying bank jobs.

Like manufacturing, construction stands out as an industry in which the number of high-paying jobs is larger than the number of low-paying jobs and many



From Pablo Mitnik and Matt Zeidenberg, *From Bad to Good Jobs? An Analysis of the Prospects for Career Ladders in the Service Industries*, 2007.

of the good jobs do not require advanced education.<sup>66</sup> However, construction receives lower grades for other elements of job quality, as the jobs are highly seasonal, physically demanding, and often marked by widespread labor-law violations.

Health care is an example of an industry that offers significant numbers of higher-paying jobs, in addition to many low-wage jobs. However, advancement to the better-paying jobs typically requires specific educational credentials. Thus, career advancement efforts in the health care industry have often focused on providing additional educational opportunities for low-wage workers and on developing “intermediate rungs” on the career ladder, so that workers see immediate returns to their investments in skill-building.<sup>67</sup>

So it makes sense to think about the structure of industries when thinking about job quality. But it is also important to recognize that there is no inherent reason that manufacturing jobs have to be better than service sector jobs—that building a car has to be a better job than taking care of a child.<sup>68</sup> Seventy years ago, most manufacturing jobs were “bad jobs”—low paid, unstable, dangerous. A combination of regulation and unionization transformed them and turned them into the building blocks for the tremendous growth of the middle class. The example of Las Vegas shows that with sufficiently high union concentration, even some of the jobs such as cleaning rooms in hotels or working in the kitchens, which are notoriously poor quality elsewhere, can be decent, middle-class jobs.<sup>69</sup> Through sec-

tor-wide organizing, unions can help prevent better employers from being constantly undercut by low-road competitors.

#### **Employer practices matter.**

While it is helpful to understand the variation in job trajectories across industries, a focus on job quality needs to go further and address the variation among firms *within* industries. All too often, the policy discussion treats all manufacturing jobs as equivalent, ignoring differences in both the quality of the jobs and the economic competitiveness of the industry.<sup>70</sup> It is important to pay attention to the firms that provide good jobs in spite of being in sectors that generally provide worse ones. For example, while retail trade is one of the sectors that has a high concentration of bad jobs by almost

any measure, Costco is well known for paying higher wages than average (starting wages of at least \$10 an hour, with scheduled raises up to \$16.17 for warehouse employees) and offering better working conditions. Costco reports turnover of 17 percent a year and just 6 percent after the first year—less than half the industry average.<sup>71</sup>

Researchers using Longitudinal Employer-Household Dynamics (LEHD), an innovative data set that tracks both workers and employers over time, have been able to prove that wages are determined by a combination of worker and employer characteristics.<sup>72</sup> This research shows that some employers consistently pay more than others for the same workers. This evidence should put an end to the myth that low-wage workers are never productive enough to justify being paid more. Far too often, the blame for bad jobs has been placed on the workers who hold them.

At a minimum, the knowledge that employer practices matter means that workforce development programs can improve certain workers' earnings—without changing anything about the workers—just by helping them gain access to firms that pay more. Such programs can play an important role by helping members of dis-

advantaged groups find better jobs. This kind of intervention is needed because of inequities in the labor market—we know that certain racial and ethnic groups have far less access to good jobs than others.

However, such an approach only redistributes and does not change the overall number of good jobs in society.

Understanding what causes employers to offer better or worse jobs and developing strategies to encourage the creation of more good jobs is a more challenging undertaking, but it offers the possibility of more fundamental change.

#### **The role of competition**

We reject the claim that increased competition means that good jobs must be an endangered species. It is true that in the past, many companies that provided good jobs were in relatively non-competitive product markets. A classic example is the American auto industry before the Japanese entry into the world market. Profits resulting from the lack of competition were shared with the largely unionized workforce. However, between globalization and deregulation of domestic markets, there are few non-competitive sectors left. Thus, the only way that companies can continue to provide good jobs is by improving productivity. Note that high

productivity is necessary but not sufficient for good jobs. Once productivity has created profits, unionization and other institutional factors determine how those profits are divided among workers, management, and shareholders. Depending on the elasticity of demand for the product, increased productivity may also result in fewer jobs.

Because so many companies have blamed competition for layoffs or cutting benefits, many people believe that competition is always bad for job quality. Certainly, the newspapers are often full of stories about companies that have responded to competition by treating workers as just a cost factor and trying to reduce costs as much as possible. For example, Circuit City recently announced that it was laying off 3,400 workers, targeting those who were more experienced or who had received merit wages and thus were earning “above market” wages.<sup>73</sup> Other companies are subtler and simply assign high-earning workers fewer and fewer hours or less desirable shifts until they quit.

However, the overall effects of competition are more complicated. Research shows that the main effect of competition is to weed out low-productivity firms. Since more productive firms typically pay above-

average wages to their workers, have more skilled workers, and have lower turnover, competition might even *improve* average job quality.<sup>74</sup> This is confirmed by a recent cross-national study of manufacturing firms in the U.S., U.K., France, and Germany. It found that firms that experience higher levels of competition have better management practices and that those with better management practices are more likely to receive good scores on a measure of work-life balance.<sup>75</sup>

At a societal level, the specter of competition is often used to justify a low-regulation, low-tax, low-investment economic development strategy. Such an approach is shortsighted and, in the long run, will undermine economic sustainability. As Bill Schweke at CFED argues,

Pursuing a low cost, low regulation strategy relentlessly will create an economy based heavily on industries on the tail end of the product cycle, those characterized by routine labor functions that have low education and skill requirements. The economy will be driven by least-cost production, determined by tax and wage rates, as its primary goal. In essence, it will be a Third World economy ill-suited for growth in tomorrow's industry.<sup>76</sup>

### **The business case for good jobs**

Many attempts have been made in recent years to demonstrate the business case for good jobs, going beyond the anecdotal evidence of pointing to examples of companies that have “done well by doing good.” This turns out to be a challenging proposition, precisely because, as noted above, a whole set of strong management practices tend to cluster together, and it is very hard to attribute positive results to a single policy.<sup>77</sup>

Researchers and health care management companies have begun to quantify how attempts to save money on health care benefits can backfire by decreasing employees' management of chronic illnesses, and thus increasing the likelihood of disability and absenteeism. For example, one study found that increasing the required drug co-payment by \$20 dramatically reduced the share of prescriptions filled by workers who had been diagnosed with rheumatoid arthritis. Those who failed to fill the prescriptions for the drugs that delay the progression of the disease were one-third more likely to become disabled by the disease.<sup>78</sup>

A number of studies have found that schedule flexibility and work-life policies increase workers' commitment to firms,

reduce burnout, and improve retention.<sup>79</sup> One recent study found greatly reduced turnover rates among individuals who take advantage of companies' tuition assistance programs.<sup>80</sup> This finding contradicts the widespread belief that investments in broadly applicable training should increase turnover; however, it is consistent with HR managers' statements that such programs are designed to increase retention by promoting worker loyalty.

The majority of the research on the effects of flexibility and other elements of job quality has focused on highly paid employees, with “competing for top talent” and “retaining professionals” among the commonly cited benefits.<sup>81</sup> While low-wage workers are far less likely to experience workplace flexibility, some studies suggest that flexibility may have even greater impacts on their engagement, retention, and well-being.<sup>82</sup>

The business case for job quality for all workers is perhaps strongest in industries in which lower-wage workers regularly interact with customers and high levels of turnover directly interfere with the provision of high-quality services. For example, the National Research Council has concluded that there is a direct link between stability of child care providers

and “more appropriate, attentive, and engaged interactions with the children in their care.”<sup>83</sup> Similarly, turnover among direct-care givers in long-term care settings often results in understaffing and reduced continuity of care.<sup>84</sup> In retail and hospitality settings, more-experienced and better-trained workers can result in better customer service.

One frequently asked question is, if there are so many benefits to adopting high-road strategies, why haven't more companies adopted them? One answer is that, while high-road employment practices can be financially rewarding for employers, the transition from the low to the high road may be quite challenging. For example, Laurie Bassi, former vice president for research at the American Society for Training and Development, has argued that in order to reap the rewards from investing in training and having highly skilled workers, companies must also have improved managerial capacity. If only one part of this system is in place, there will be suboptimal return on the investment.<sup>85</sup> For example, if a company spends a lot of money on training but continues to use inflexible scheduling practices that lead to high turnover, much of the investment on training will be wasted.

In addition, while the costs of providing training or a specific benefit are often easily quantifiable, the returns are more diffuse. Even when companies take the costs of turnover into consideration, they generally only account for the direct costs of recruiting, hiring, and training replacements, excluding indirect costs such as diminished productivity.<sup>86</sup> Moreover, if consumers (or government agencies that set reimbursement rates) are unable to distinguish between high- and low-quality services or products or are unwilling to pay more for higher quality, companies will be unable to recoup the increased costs.

A related issue is that low-wage workers are disproportionately likely to work for very small companies. More than one in four low-wage workers are employed by a firm with fewer than 10 employees, as compared to less than half of all workers.<sup>87</sup> Such firms often operate with very tight profit margins and do not have the economies of scale to justify formal training or benefit programs. In many cases, these companies do not have anyone who handles human resources as more than a small portion of his or her responsibilities.

### **Putting the Job Quality Framework to Action**

The job quality framework can be incorporated into public policy in two distinct ways: as a statement of societal values and as a guide to specific policies. Efforts are needed simultaneously on both fronts. The statement of principle is the foundation for the policies and programs. Many of the programmatic interventions to improve job quality require long-term commitments to understand the specific personnel requirements and economic forces affecting a given industry and to develop cooperative relationships among employers, educational institutions, community organizations, and government agencies. These programs generally do not require new legislation. Typically they are started with little public attention, due to the leadership of individuals who recognize the importance of working across systems to improve job quality. But without increased public support, such programs will always be chronically underfunded and vulnerable when their key proponents move on.

Thus, a key goal is to develop broad public support for the idea that government should not be neutral between high-road, high-quality jobs and low-road, low-quality jobs. Low-quality jobs impose substantial

costs on workers, their families, government programs, and society as a whole. In the same way that we no longer allow companies to reduce their costs by polluting the air and the water for the rest of us, we should not allow companies to reduce their costs by providing substandard jobs—and leaving it to workers, their families, and communities to pay the price.

Talking about job quality helps focus attention on the choices that employers make that shape the nature of work, and on how our public policies and programs affect these choices. Conservatives tell a unified story about how any intervention into the free operation of labor markets reduces growth. We need to be more consistent in explaining how our existing system currently shapes the market in ways that promote low-quality jobs, in ways from macroeconomic policies that prioritize controlling inflation over increasing employment to low minimum wages and poor enforcement of a range of labor standards.<sup>88</sup>

A widely held understanding of the importance of job quality would also help unify the many individuals and organizations who are already working on various aspects of job quality—passing living wage ordinances, enforcing existing labor standards, developing sectoral strategies, promoting family-friendly

workplaces. Often efforts to improve some aspect of job quality are dismissed as only of concern to specific groups (e.g., minimum wage workers, union members, or working mothers). Job quality is a way to talk about and link the concerns of all types of workers at all levels of employment and to build broader political support.

At the same time, the values discussion needs to draw on specific policies and programs to show that improving job quality is possible as well as desirable. There is a set of policies related to job quality that can be adopted at the federal, state, and local levels. First, the public sector can play an important role in supporting training and technical assistance around job quality. As noted previously, many employers do not have the human resources capacity to improve the quality of their jobs. By bringing together groups of employers in an industrial sector or cluster, intermediary organizations can provide services that no single employer could afford.<sup>89</sup> Even simple information sharing about comparable efforts by other employers can have significant impact, because employers are more likely to believe in the business case for job quality when it is made by other employers. Because such programs are voluntary, they generate little opposition and

can be undertaken even in political environments hostile to mandate.

Yet voluntary information sharing, training, and technical assistance programs are unlikely to dramatically reshape the overall job quality picture. Most employers who participate in sectoral programs are those for whom the status quo for some reason is not working—either they are highly vulnerable to foreign competition and desperately need to increase productivity in order to stay afloat, or they are experiencing a significant labor shortage and need to find workers with the skills they need.<sup>90</sup> Relatively few companies whose current business model is working for them are going to invest in significant changes without some external motivation. (The other significant group of participating employers is those with unions that have negotiated for training and career-ladder programs.)

Thus, there is a need for approaches that will reach employers who are not already invested in the high-road path. Whenever public money supports business—whether through direct subsidies or “tax expenditures”—it is appropriate to consider the impacts on job quality and to selectively support employers who provide high-quality jobs. There is a

broad range of tools that can be used to this end, at all levels of government. Living-wage laws set standards for the wages and benefits provided by government contractors.<sup>91</sup> Community benefit agreements are a tool that can be used to ensure that subsidies provided under economic development programs lead to the generation of good jobs, not to windfall profits to companies.<sup>92</sup> Some workforce development boards have begun to selectively target their services to high-wage industries and good employers.<sup>93</sup> More creative approaches are also possible: legislation has been introduced in New York City that would pull restaurants' operating permits for repeated labor-law violations.<sup>94</sup>

In some cases, direct regulation is needed. By restoring a set of basic rights and standards for workers, government can take the low-road option off the table. This does not mean that all companies will immediately become model employers. Some will be better than others, and many will need technical assistance and other supports as they try to figure out how to become high-performance workplaces. But establishing a new floor makes the incentives right. Former

Secretary of Labor Ray Marshall has argued that the ability to hire very low-wage workers has removed employers' incentives to invest in technology or improve management practices, because the cost of the inefficiencies are born by the workers rather than by the companies.<sup>95</sup> A minimum set of standards gives the companies that are trying to do the right thing a little bit of breathing room by creating a more level playing field, so that they are not always undercut by companies that take the most brutal, cost-cutting approach.

We already have the framework for some of this regulation: laws like the Fair Labor Standards Act, the Occupational Health and Safety Act, the Family and Medical Leave Act, and the National Labor Relations Act. But the minimum wage has been deeply eroded by inflation, and other laws have withered for lack of enforcement. We need to strengthen these laws and re-invigorate them with renewed enforcement. We also need to build on state initiatives to require paid sick days and to provide paid family and medical leave. Federal legislation to this end has been introduced, providing an opening for discussion of these issues.

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## Opportunity at Work Series

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### **ABOUT CLASP**

The Center for Law and Social Policy (CLASP) is a national nonprofit that works to improve the lives of low-income people. CLASP's mission is to improve the economic security, educational and workforce prospects, and family stability of low-income parents, children, and youth and to secure equal justice for all.

Opportunity at Work, CLASP's job quality initiative, is born of CLASP's conviction that economic

and productivity growth fairly shared is essential to our nation's continued progress. Opportunity at Work promotes job quality policies and practices that link economic, employment, education, and social policies in mutually reinforcing strategies. This focus on job quality is an important and necessary addition to CLASP's existing work on skill upgrading and work supports. Taken together, these three areas of work represent a comprehensive approach to improving the economic prospects of low-income people.

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