

Now or Never

Heeding the Call of Labor Market Demand

BY STEVEN L. DAWSON

FOR 45 YEARS I've worked to create better jobs for low-income workers. I have supported African-American enterprises in rural Virginia and North Carolina, worker buy-outs of threatened factories in New England, and large-scale service cooperatives in the inner cities of the South Bronx and Philadelphia.

In those 45 years, I have never witnessed a labor market as tight as today's:

- ▶ Hilton Head hotels in South Carolina are bussing workers with five-hour commutes to meet tourist industry demands.¹
- ▶ In Wisconsin, one out of seven direct-care positions is vacant, forcing nursing homes to turn away elderly clients—and in several cases, to close completely.²
- ▶ Zimmer Biomet—a manufacturer in Indiana's Kosciusko County where the unemployment rate is 2.0 percent—recently “invited” 30 workers from Puerto Rico to join their company.³
- ▶ During President Trump's “Made in America” week, his Mar-a-Lago Club requested U.S. Department of Labor approval to hire 70 foreign workers, claiming they could not find enough U.S.-based cooks, waiters and housekeepers.⁴
- ▶ This spring, the Governor of Maine commuted the sentences of 17 prisoners, explicitly in response to the state's labor vacancies.⁵

This isn't just an opportunity for workforce developers, it is a call to action. The self-interests of low-income jobseekers and employers are now wholly aligned—a once-in-a-generation convergence. To take lasting advantage of that alignment, job *quality*, not just job placement, must become the primary goal of our workforce field.

For years, many in our workforce community have hesitated, not wanting to talk about “quality jobs” for fear of scaring away employers. Yet, those same employers are now desperate for labor. How can we *not* help them invest in—and leverage—their frontline workers? How can we *not* help them create quality jobs, to secure and defend their competitive business advantage?

This final Pinkerton Paper in the Job Quality Series argues that workforce leaders, and their funders, must fundamentally redefine the very “workforce services” we offer. We must

bridge the gulf that still separates employing low-income jobseekers from the building of competitive businesses—by taking equal responsibility for both. And in doing so, we must fundamentally redesign ourselves.



IT WOULD BE EASY to dismiss this historically tight labor market as temporary. After all, the U.S. economy is heading

toward an unprecedented ninth year of recovery, and the media are awash in “End of Jobs!” headlines about technology making workers obsolete. However, many thoughtful labor economists, such as MIT's Paul Osterman, dismiss this “obsession with robots” by underscoring—as has been true since the Industrial Revolution—that technology will change employment, not obliterate it. Our challenge is not the disappearance of jobs, but the need to increase the skills

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of today's workers, so that they can fill the high-skill requirements of tomorrow's occupations.⁶

On the labor supply side, profound demographic trends in the U.S. are now weakening the ability and willingness of individuals to enter the workforce. Since 2007, the participation rate for working-age individuals has dropped from 66 percent down to 62.7 percent.⁷ If participation rates had remained stable since 2007, today nearly eight million additional people would be employed or seeking work.⁸

The inevitable retirement of the Baby Boom generation accounts for more than half that drop in available workers. Yet there are other, more troubling causes as well, including our incarceration of more than 2.3 million individuals⁹—with consequent employment barriers for ex-offenders—and an opioid epidemic metastasizing throughout our communities.¹⁰

One more factor cannot be ignored: the deteriorating quality of frontline jobs. Why would anyone continue to work

for a company that pays less than \$10/hour, with unpredictable schedules—resulting in an unpredictable paycheck—few benefits, difficult or unsafe working conditions, inadequate training, and poor supervision? Not to mention perhaps a long, expensive commute and an hourly cost of childcare that rivals their paycheck? Offered such punishing daily penance within the formal economy, turning to public assistance or disappearing into the underground economy looks for many to be an entirely rational choice.

IF WE CANNOT FORGE common cause between workforce practitioners and employers in *this* unprecedented labor market, we never will. Today’s insatiable demand for labor offers more to our workforce field than ever before—and it requires in return a fundamental shift in the type of organizations we lead, the strategies we pursue, and the very nature of how we finance our operations:

Redesign Our Organizations. It is now up to us to re-envision a new generation of leading workforce intermediaries: Not as conventional training and placement organizations, and not as conventional business consulting agencies—but as a true fusion of the two that will

serve the mutual self-interests of both workers and employers.

What would such an organization look like? Unlike most of today’s workforce organizations, this new intermediary will require leadership hailing in equal parts from both the business and workforce communities. That means hiring at least as many leaders and professionals who have direct and extensive business experience as those who have traditional workforce development backgrounds. The messenger matters: The resulting intermediary must not be perceived as “belonging” exclusively to either the workforce world or the

business world, but rather as embodying the combined wisdom of both.

Conceptually, the next generation of lead workforce developers must integrate the power of both sectoral *and* place-based strategies. By focusing on a specific occupational sector, we can develop a depth of sophisticated business and policy expertise that provides genuine, practical value to both workers and employers. And more so than most current sectoral initiatives, the next generation must also deeply identify with a specific region—embracing it as “home” and committing to its prosperity. The deepest

knowledge, and the broadest relationships, will be crafted within this fusion of sector and place.

Functionally, the new intermediary must provide both workforce and business consulting services in equal measure, helping employers invest in *and* leverage their frontline staff. Most importantly, the intermediary must not only offer workforce expertise in redesigning better-quality jobs, but also operational expertise in how to leverage those investments—to forge “operational excellence” into a competitive business advantage.

This unique balance of workforce and business services will distinguish our new intermediaries from mainstream business consulting firms. And be forewarned: Those conventional consulting firms are, even now, rushing in to meet the labor needs of the business community—but without any commitment to, relationship with, or true expertise in assisting low-income workforce constituencies.

Redesign Our Strategy. Workforce leaders must now pursue a comprehensive strategy of employer practice, policy/advocacy and public narrative—and they must do so in close coordination with allied stakeholders. This new strategy must be designed to:

Help Employers to Improve Job Quality. In this current labor environment, it is tempting for workforce leaders to stay the course, primarily offering employers a more diverse pool from which to draw their workers. Indeed, placement rates from job prep and training programs should soar in this market. However, the next challenge is to help employers not only attract, but also retain a more diverse workforce—by fundamentally restructuring how they employ their workers.

One critical cautionary note: When selecting which employers to assist, we must not set too exclusive a bar. Though minimum standards should be required of any employer—a clean labor law and safety record; wage rates that are at least average for the industry—insisting on a *static definition* of job quality will prove counterproductive. Too restrictive a definition will foreclose assisting the thousands of workers who are employed within a range of low-wage sectors, and many companies that would love to improve their job quality but face considerable challenges—think start-up entrepreneurs or publicly funded service agencies—may well feel unfairly branded as “bad employers.”

Workforce leaders should instead craft a *dynamic definition* of job quality, one that starts wherever a willing employer might be, and over time helps that employer along a continuum of improvement. Since job quality extends far beyond wages and benefits, this dynamic definition should include the countless ways in which a job can be improved. Those additional job-quality elements fall within a hierarchy of needs, and the illustration on page 3 offers an extensive, though far from exhaustive, list of job-design components.

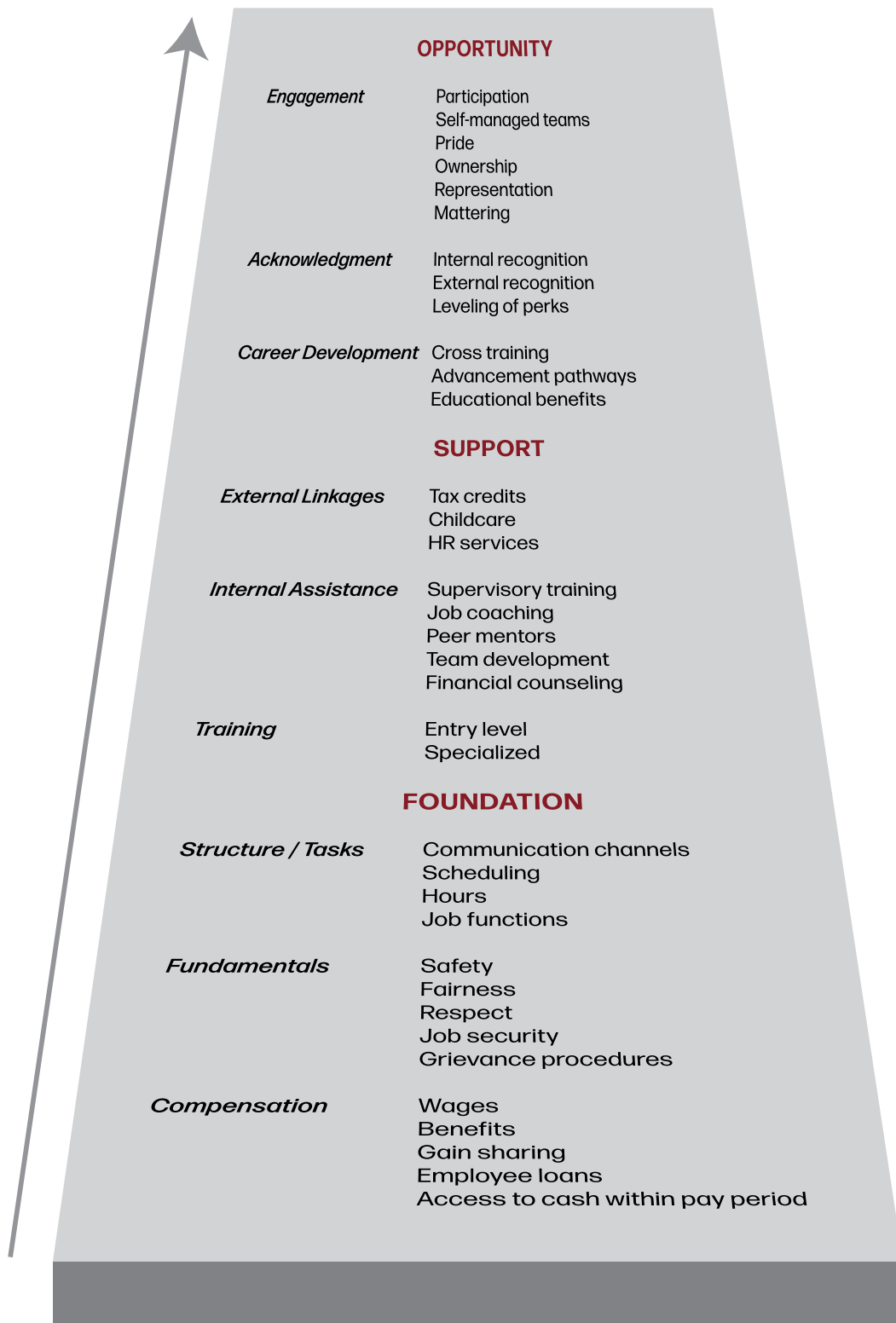
The power of a dynamic job-quality definition allows workforce practitioners and their allies to employ strategies

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“If we cannot forge common cause between workforce practitioners and employers in this unprecedented labor market, we never will.”

THE JOB DESIGN HIERARCHY

(read from bottom up)



This job-quality hierarchy is more a menu than a mandate. Not every element is relevant for every business: A quality job in a start-up bakery will be very different from one in a mature food processing plant, which in turn will differ from a childcare center or a seasonal hotel. And workers within each of these enterprises may well value these elements differently—a good job for me may not be a good job for you.

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that are practical, gradual, and tailored not only to particular sectors, but even to specific businesses within those sectors.

Fight for Policies that Encourage Job Stability and Retention.

The U.S. long ago abandoned any serious commitment to workforce policy. Federal funding has been reduced by more than 20 percent in real dollars since 2010,¹¹ and even though the Trump Administration has proposed an expansion of worker apprenticeship programs, the President has undercut his own proposals by calling for a further 40 percent reduction for all federal training programs.¹²

Given that the labor market squeeze is now so visible—just search the internet for “massive job fair,” and scroll through the multiple listings from across the country—it is perplexing that so many politicians continue to call for policies that head in precisely the wrong direction. Many seem to be still fighting the last war, as if business demand were still the problem, when what now limits us is labor supply.

For example, New Hampshire’s newly-elected governor proudly announced that in his first 100 days he would meet with 100 out-of-state companies in an attempt to lure them over the border¹³—into a state where the unemployment rate hovers at just 2.7 percent, and local employers can’t fill current contracts due to widespread labor vacancies. Nationally, the Trump Administration is insisting on aggressive immigrant deportation policies, forcing workers underground and out of the formal economy—further destabilizing essential U.S. sectors such as agriculture, manufacturing and construction.

Instead of policies designed to spur demand and disrupt labor, we should articulate a comprehensive strategy that does everything possible to *encourage* the availability, and stability, of our nation’s workforce. And since so many states rely wholly on Federal dollars for their workforce programs, our policy agenda should include not only resisting Federal cuts, but also insisting that state and local policymakers commit their own tax monies to workforce programs—generating additional funds free of Federal restrictions.

Change the Public Narrative about Employer “Success.”

Unfortunately, today’s image of a savvy employer remains a businessperson who pays his or her workers as little as possible. Despite decades of evidence to the contrary,¹⁴ that image is still embraced not only by the public, but by many employers as well.

When labor was abundant, perhaps that image was justified. If your competitor down the street is paying \$9.00 an hour for store clerks—scheduling those workers with “just-in-time” software, and failing to train them adequately—why should you do anything differently? That is, so long as neither of you is having trouble recruiting workers. The calculation changes, or at least should change, when the labor market tightens and people are no longer lining up for your jobs.

Workforce organizations must fundamentally reverse the prevailing public narrative about what makes a “smart” businessperson: Today’s successful entrepreneur is one who

creates a market advantage by building a quality workforce. Today’s smart employer not only invests in his or her workforce, but then leverages that investment to maximize productivity, efficiency, and market share.

It is the second half of that equation—knowing how to leverage investment in the frontline workforce—that is all too often forgotten. As Zeynep Ton of MIT has emphasized, compensating and supporting frontline workers well is essential, but insufficient. To leverage those investments, the wise employer must also redesign other core operations,

from information systems to inventory control, and from cross-training to frontline decision-making. Only then will the costs of higher investments in job quality be justified by generating the efficiencies and opportunities necessary to secure higher productivity and profitability.¹⁵

Simply paying people more, but then failing to create “operational excellence,” is exactly what gives job-quality strategies the reputation for being softhearted, if not plain soft-headed. Our workforce field must instead articulate and drive a hard-nosed, sophisticated public narrative that emphasizes both sides of the

job-quality equation. Essential to that narrative will be profiling small- and medium-sized employers who are already implementing successful job-quality strategies. There are a number of examples—such as the 200-worker Universal Woods manufacturing company headquartered in Louisville, Kentucky¹⁶—and we must position these pioneers to share their own stories directly with other employers.

Strengthen Coordination with Other Key Stakeholders. Finally, our workforce community cannot hope to respond to this call alone. We must assume leadership in organizing other stakeholders to join together in improving job quality. At the top of the list should be **community development finance institutions (CDFIs)**, which have long played a role in providing capital to local businesses to create and save jobs.

In fact, several pioneer CDFIs have already gone beyond counting simply the number of jobs they save or create. *Pacific Community Ventures* of California,¹⁷ *Coastal Enterprises, Inc.* in Maine,¹⁸ the *New Hampshire Community Loan Fund*,¹⁹ and the *ICA Fund Good Jobs* of California²⁰ are all taking the lead in pursuing job-quality strategies. Those strategies range from offering borrowers a discounted interest rate when quality-job targets are achieved, to CEO roundtables where entrepreneurs explicitly help each other become labor market “employers of choice.”

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Community foundations should be next on the list, particularly those that are redesigning their strategies to be “100 percent mission driven”—dedicating not only their grant budgets but also their investment portfolios and program staffs toward their place-based strategies. One powerful example is *Incourage*, the community foundation of southern Woods County, Wisconsin, which is combining program leadership, grant dollars and investment funds to generate high-quality jobs through its “Workforce Central” initiative.²¹

Workforce leaders must enlist other stakeholders as well: For example, the 50-state network of federally-funded

Manufacturing Extension Partnerships provides quality-improvement consulting services to small and medium manufacturers. Taking the lead among them, the *Illinois Manufacturing Excellence Center (IMEC)* has launched the “Genesis Movement,” which focuses explicitly on job quality through a set of “people, process, and product” assessments and redesign interventions.²²

And certainly, we must reach out to our full range

of allied workforce stakeholders. For example, **worker centers**—such as the *National Guestworker Alliance*,²³ formed in New Orleans in the aftermath of Katrina—organize worker-rights campaigns targeted within low-income communities. These centers not only raise the floor of job quality, but also plug holes in that floor by monitoring labor law violations, including wage theft and employee misclassification. And in those regions where **organized labor** has retained a strong presence, workforce leaders should join forces with union training and education funds such as the *SEIU 775 Benefits Group*, which today provides training services to more than 45,000 home care aides annually in Washington State.²⁴

Redesign Our Financing. We can no longer rely primarily on philanthropic and government sources to remain the primary funders of our lead workforce organizations. At minimum, we must acknowledge that the old model of “philanthropy incubates; governments adopt” is no longer reliable—at least not in this political environment. Funders must now pursue a very different approach: to help build a next generation of workforce intermediaries that can take root and prosper within a competitive, fee-for-service marketplace.

Let us face the reality that our work is not valued by the business community. True, the business community often *appreciates* what we offer, but appreciating and valuing are two very different things. In some ways, that failure to value our services is unfair. We offer important expertise

in how workers can be sourced and prepared. But to the extent the business community appreciates those services, they haven’t had to value them, because government and nonprofits have offered them for free. And free rarely gets the credit that, in this case at least, it fully deserves.

The business community undervalues our services because at best we are only solving half of the equation. While we help businesses find and train employees, we have not learned how to help them redesign their businesses—leveraging their investments in their frontline workers so that they can achieve operational excellence.

Public agencies and philanthropies will always have an important role in funding services that remove employment barriers for low-income jobseekers. Yet philanthropy in particular must now undertake an additional role: Rather than incubating organizations designed to be handed off to government—or perpetually subsidized by philanthropy—foundations must help create a next generation of intermediaries designed to become primarily market oriented, and market supported.

Only when the “market leaders” of the workforce world become truly market-based will we ever bridge the divide between the workforce community and the business community. Only when our lead intermediaries are *staffed* by both business and workforce leaders—not simply advised by business people on our boards—will we engender trusted employer relationships. And only when we offer job-redesign services that help companies fully leverage their investments in frontline staff, toward operational excellence, will we be able to demand market rates for our own exceptional job-quality expertise.

IT IS FAIR TO ASK if the entire workforce field is prepared to assume such a challenging role. Clearly, for the majority, the answer will be no. Most workforce organizations are simply not structured, not staffed and not funded to move beyond the already demanding role of training and placing their constituents. Engaging employers in a discussion of job quality—and then offering practical value in helping employers redesign their internal operations—requires an entirely different set of skills, experience and relationships.

Fortunately, changing the entire field is not required, nor even desirable. There is still much important work to be done by job recruiters, trainers, placement experts, and job coaches across the country. Instead, the call here is for a new breed of *lead* intermediaries, one that would dramatically redefine the type of operational services the workforce community can deliver to employers—personified by a new blend of staff leadership and expertise.

Some of this new breed will likely emerge from sophisticated intermediaries that already have strong employer relationships, and others must be created. Undertaking such profound change, within an environment of reduced public funding, will require hard choices by both organizational leaders and funders alike.

We may now be seeing the creation of just such a new “market leading, market-embedded” intermediary, in

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the form of *Semper Fidelis Young Adult Leadership Academy*. Launched in September of this year, *Semper Fidelis* will train military veterans and young adults within a leadership development program tested and refined for 15 years within the corporate sector. Among its founders are Paul Ortega, an organizational learning and professional development executive who has worked in a variety of corporate settings, and Lou Miceli, former Executive Director of the nonprofit JobsFirstNYC. Together with their founding team, these leaders reflect an important blend of business and work-

“We cannot continue to stand apart from the employer community—appreciated but not valued.”

force development expertise. Their goal is to contract their leadership and training programs on a fee-for-service basis to a wide range of business, government and philanthropic clients.

Semper Fidelis, and its affiliate, *Motivation Check*, will be headquartered and dedicated within the New York City region, and will combine their placed-based strategy with a sectoral strategy targeting the retail and business services industries. Their core focus will marry exemplary customer-service training with leadership development that

emphasizes “servant leadership.” And on point to this paper, the new intermediary will consult closely with its employer clients to redesign frontline occupations into quality jobs. In fact, *Semper Fidelis* intends for much of their job-quality redesign impact to come from the veterans and young adults themselves, as they begin to assert their servant-as-leader roles.

GIVEN CUT AFTER CUT in funding for training and employment services, public policymakers have made it clear they consider workforce development little more than a sideshow. Have we in the workforce field somehow internalized that message? Are we really just one more social service, curled in a defensive crouch, grasping at the last few dollars still offered us?

Jobs are now *the* central issue of our time. Look no further than the deteriorating quality of jobs over the past decade to explain the depth of insecurity and fear within our communities. It is surely this widespread job deterioration—from inner city to rural county—that has led to today’s vengeful sense of having been betrayed by the very political, social and business leaders who claim to serve us.

This fear and insecurity will remain, and deepen, unless having a job once again means securing stability, dignity and self-worth for ourselves and our families. And no other strategy is more central to achieving that goal than our own efforts within the workforce field to create quality jobs. We are no sideshow. We should be at the very center of our nation’s efforts to achieve economic security and community prosperity.

To seize that mantle of leadership, however, we cannot continue to stand apart from the employer community—appreciated but not valued. We must redesign how we structure and staff the next generation of lead intermediaries, fusing workforce and business expertise into services that create both quality jobs *and* operational excellence.

Our country’s unprecedented demand for labor offers an extraordinary opportunity. It is a call not only to reshape the field of workforce development, but to reposition our organizations into the vanguard of national economic reform. It is a call to action. Nothing less will fully serve our employer customers, or fully benefit those who first drew us to this field—our low-income constituents.

About the author:

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This opinion brief is the sixth in a series on job-quality issues for *The Pinkerton Papers*. For reactions, disagreements, questions and competing strategies, go to the “Pinkerton Papers” tab at www.thepinkertonfoundation.org, or directly to the author at: StevenLDawson@outlook.com.

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