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Make Bad Jobs Better

Forging a "Better Jobs Strategy"

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A BAD JOB IS not simply the absence of a good job. A bad job destabilizes the individual, her family and the community. A bad job not only fails to pay enough for decent food and shelter for a worker's family, it can risk her health, disrupt any chance for a predictable family life, undermine her dignity, and deny her voice within the workplace.

And when a local economy hosts a large number of bad jobs, the community is forced to subsidize those bad jobs by paying for additional public benefits, tax credits and healthcare costs—all while suffering a sluggish economy in which local workers have too little income to generate robust economic growth. In short, bad jobs are a core driver of inequality, and it is left to the rest of us to pick up the costs.

This series of opinion briefs is addressed primarily to The Pinkerton Foundation's workforce and employment colleagues, both practitioners and their funders. The premise of this first paper is that tightening labor markets across the country are resulting in new opportunities to engage directly with employers—not simply to access more jobs, but to work together to *make bad jobs better* for low-income workers.

How practitioners can engage with employers and low-income workers to create better jobs is the crux of this paper: Greater competition for labor can shift an employer's calculus of economic self-interest, offering workforce practitioners new leverage to "bargain harder" to improve job quality—engaging employers with great respect but not deference, and empowering low-income youth and adult workers so that they may act for themselves, rather than be acted upon.

However, to take full advantage of this tightening labor market—which will not last forever—practitioners and their funders must develop new expertise, new relationships and new resources, and perhaps even new types of organizations. And they cannot succeed by themselves; they must craft their workforce strategies within the larger context of public policy, and work in concert with allies within community economic development, labor organizing, social enterprise and "high road" employers.

What is remarkable is the wide variety of ways in which bad jobs can be made better—helping to stabilize the lives of low-income workers and their communities. Equally remarkable are the number of employers who are now pursuing profitable employee-oriented business models—even within industry sectors more typically known for low-wages and high labor turnover.

FINANCIAL STABILITY IS more valuable than income mobility. Over the past several years, U.S. economic reports have delivered a repetitious good news / bad news headline: "More Jobs—but Wages Remain Stagnant…" Yet it is worth reading beneath that headline. Stagnant wages nationwide do not mean that the wages of low-income workers have remained stable. On the contrary, over the past five years the occupations that employ the largest numbers of low-income youth and adult workers have experienced higher than average real wage *declines*—from -5.0 percent for retail workers, to -6.6 percent for personal care workers, to -7.7 for food prep workers.[1]

Even those statistics connote a false sense of only mild distress—an image of paychecks that are regular, but just incrementally shrinking. Instead, the true street-level narrative of low-income work for many in America is one of near-constant *instability*: part-time work; seasonal work; variable hours; unpredictable schedules; wage theft. A detailed study by the U.S. Financial Diaries[2] of 235 low- and moderate-income households revealed that *77 percent* stated "financial stability" was of greater importance than "moving up the income ladder." And a 2015 Pew Charitable Trusts study of 7,000 U.S. households noted: "When asked whether they would prefer to have financial security or move up the income ladder, the vast majority of Americans (*92 percent*) chose security…"[3]

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Unfortunately, inadequate and inconsistent paychecks are only part of the bad-job reality: Low-wage occupations are typically among the least safe, with direct-care workers experiencing the highest injury rates of all occupations, and construction workers being among the top five suffering on-the-job mortality. Even job-related stress undermines health: A meta-analysis of 228 studies found that job insecurity increases the odds of reporting poor health by about 50 percent, and high job demands raise the odds of having a physician-diagnosed illness by 35 percent.[4]

Finally, job quality is not only a matter of money, or even physical health, it is also a matter of self-worth—how we are seen in the eyes of our family, our friends and our community. A good job provides a wide range of other benefits fundamental to the individual: dignity, self-respect, emotional security, an opportunity to learn and develop new skills—and in the best of cases, an opportunity to serve others. Not inconsequentially, a good job can also encourage political independence, providing the stable worker the freedom to exercise his or her electoral, social and labor rights without fear of retribution.

While not every individual must have a good job in order to act as an equal, it is impossible to imagine a society of equal opportunity without the majority of its members having access to a good job. Equality requires an ability to act upon the world, and not be constantly acted upon. A good job generates agency, and agency generates equality.

MOVING FROM INSTABILITY to stability. How can we make bad jobs better? First, it is essential to define "better," and in doing so, expand our definition of success. If success within the job-quality arena is defined solely as securing a middle-class job,[5] then we will limit ourselves to helping only a narrow segment of low-income workers improve their lives. Instead, success for low-income workers should be broadened to include helping families move from *instability* to *stability*. This broader definition is more immediate, realistic and achievable than one that focuses solely on income *mobility*.

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Moving from instability to stability means moving beyond earning $6,000 or $8,000/year; patching together several seasonal jobs; not knowing when you'll be called to show up for your next part-time shift; living doubled up with another family; surviving on charity and friends. It means instead securing a more stable worklife, in a job that earns $20,000 or $25,000/year; along with health and other benefits; with access to Earned Income Tax Credits; in a safe working environment where you are trained well and supervised well; and most importantly where both your work, and you, are genuinely respected.

$20,000 or $25,000/year is far too little, and thus every effort should be supported to increase wages, from minimum-wage public policy campaigns to employer-based gain-sharing strategies. Yet the mark of a poor-quality job is not low hourly-wage rates alone, and solely measuring job quality by wage level can entirely miss elements of fundamental importance to low-income workers—from income stability and predictable schedules, to decent benefits and safe working conditions.

We therefore must not let the middle-class ideal of career mobility become the enemy of a working family's desire for basic stability. In fact, the belief that everyone should become middle-class must be challenged. It is, frankly, a professional bias that many of us hold unquestioningly, which therefore shapes our presumptions and limits our strategies.

The hard reality is that most low-income people will never become middle-class, often for reasons far beyond their control. Yet that does not mean they cannot live lives of dignity; that they cannot still be proud of the work they do as housecleaners, as construction workers, as truck drivers or as waitresses.

We therefore should not limit our strategies in ways that help only a relative few achieve a professional's definition of success, when a working family's definition of success may be something far more immediate, and with thoughtful support, truly within grasp. Instead, we require a *"better jobs strategy"*—broader than our current "good jobs strategy"—so that we might help secure essential stability for far larger numbers of low-income families.

CRAFTING THE "better jobs strategy." This better jobs strategy—of finding ways to improve a job in every way possible in order to increase stability—is certainly challenging. Yet it is not necessarily any more challenging than helping low-income workers compete with more advantaged populations for a relatively few good jobs. It is simply a very different strategy, one with which practitioners and their allies have little experience, and therefore limited expertise.

What is encouraging are the numerous ways that a poor-quality job can be improved—in addition to increased compensation—and that many of those "better job" interventions cost less in dollars and more in ingenuity and time.

Making a bad job better can start with relatively simple investments:

- A redesign of scheduling procedures to provide greater consistency and predictability of hours.
- Access to financial literacy and financial planning assistance.
- Review and enforcement of strong safety standards.
- A company-sponsored emergency loan fund to cover a few hundred dollars in an employee's unforeseen expenses.
- Employer-facilitated access to public benefits and tax credits—particularly the Earned Income Tax Credit (EITC), which can provide a working family more than $6,000 in federal cash benefits annually, and even more in those

localities that offer state and local EITC programs.
- Tuition benefits sponsored by the employer or labor education funds.
- A robust system of soliciting recommendations from frontline staff for improvements in efficiency and customer satisfaction.

More sophisticated investments can include:
- Training of supervisors to teach how to support and problem-solve with workers, rather than being overly directive and punitive.
- A peer-mentor program, leveraging the knowledge and expertise of high-performing frontline staff, to guide new staff and advise others when job challenges arise.
- A labor-management committee to address a range of communication and productivity issues.
- Redesign of the jobs themselves, to improve workflow efficiencies, or simply to ease unnecessary stressors on frontline staff.
- An employer-embedded, entry-level training program, to maximize the ability of businesses to select and develop their own employees.
- Cross-training of frontline workers, to maximize their ability to accelerate production and service delivery.
- Self-managing work teams, to improve efficiency and increase employee engagement on-the-job.
- Various forms of labor representation and worker ownership, to maximize worker voice and control

Of course, not every enterprise can or should undertake all of these initiatives. Implementing even a few of these more sophisticated restructurings will likely require a significant financial investment. Therefore, it is essential for the workforce practitioner to understand two interrelated insights about any "better jobs strategy": 1) No labor strategy will succeed unless the business itself succeeds. Crafting a competitive business model comes first, *followed* by high-road labor practices that then help drive the financial success of that business model. 2) In order to reap the full benefits of those additional labor investments, other systems within the enterprise—from product/service selection, to production flow, to inventory control—must be highly sophisticated and efficient.

The logic behind investment in job quality is not simply "treat your employees better, and they will be happier and more productive"—though that is often true. As Dr. Zeynep Ton of MIT has underscored in her job-quality research,[6] the logic is that employees must be treated "not as expenses to be minimized, but assets to be leveraged." In this way, investments in labor can become a virtuous cycle, benefitting the frontline worker, the employer, and the entire community

The solution to bad jobs is not education—at least not education alone. An education-only strategy assumes that a surplus of good jobs exists, and thus the responsibility rests primarily with the jobseeker to fill his or her own skills gap. But the math simply does not add up. Clearly, the number of individuals seeking full-time employment far exceeds the number of "good job" openings.

The harsh truth is that, while the economy is now producing many more job openings, there are simply not enough good jobs available, which means that a "supply side," education-only strategy will always leave the vast majority of low-income job seekers trapped in poor-quality jobs—or having no jobs at all.

What are the implications for workforce practitioners? First, workforce developers must not sell themselves short in their transactions with employers: High-quality practitioners who can deliver carefully selected, well-trained applicants are of increasing value to employers, particularly within a tightening labor market. Second, workforce development organizations must expand their range of technical capacities in order to know *how* to help employers make bad jobs better. And third, workforce developers must join other organizations whose missions are aligned with strengthening low-income communities—from community development financiers to social entrepreneurs, and from labor organizers to "high road" employers.

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That is, workforce practitioners and their funders must situate their strategies within a more comprehensive "demand side" framework. In *Restore the Promise of Work*,[7] co-authored with Maureen Conway of the Aspen Institute, we argue that a demand-side job-quality strategy requires five core design elements.

1. Build a job-quality narrative: Craft a unified public narrative that *insists on the necessity for decent, stable jobs*—simultaneously benefitting the worker, the employer and all residents within a region's economy. The province of defining job quality should not be ceded solely to employers, but should in addition be articulated by all those in the community who seek an equitable society and a robust economy.

2. Support a unified policy agenda: Advocate an interconnected set of public policies, including minimum wage levels, essential benefits, safe working conditions, and worker self-advocacy guarantees—along with aggressive enforcement of all labor laws protecting low-wage workers.

3. Negotiate *quid pro quo* investments: When offering public or philanthropic resources and investments in specific businesses, require in return job-quality benefits for frontline workers. Those public/philanthropic resources can include not only access to well-trained applicants, but also investment dollars from community development finance agencies, and expanded markets through public-agency purchasing agreements. In return, practitioners can leverage not only higher wages and benefits, but also other essential job-quality elements such as predictable scheduling, better supervision, safer workplaces and greater worker voice and participation.

4. Build business expertise: Offer to employers a sophisticated level of technical expertise to craft a combination of business and labor strategies that benefit both the employer and the frontline workers. As noted earlier, these strategies can range widely, from a simple emergency loan fund and employer-facilitated access to public benefits, to more extensive job redesign and self-managing work teams. Admittedly, this "business expertise from a labor perspective" is not easy to find, but to date has been drawn from such disparate sources as semi-retired social entrepreneurs, progressive management consultants, and former union staff with decades of experience in sector-specific training and labor-management partnerships.

5. Highlight exemplars: Identify and lift up both high-road employers and low-income workforce initiatives that offer concrete examples of how good jobs can be beneficial to all. A few nationally-known examples are listed at the end of this paper, but with a bit of asking around, many more exemplars can be found, even within the local community.

This demand-side strategy will require engaging employers in ways that may be neither conventional nor always comfortable—encouraging with incentives yes, but at the same time establishing, and enforcing, higher minimum norms of job quality. This even means organizing high-road businesses to become *leaders* of this strategy, as workforce organizations such as ROC United has done in the restaurant industry and PHI (Paraprofessional Healthcare Institute) has done in the long-term care industry.

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Yet at the same time, this strategy requires a counterbalancing emphasis on building the voice and power of workers, so that workers themselves act as their own leaders. Therefore, in addition to the necessity of supporting the legal right of workers to organize and secure labor representation, new forms of institutionalizing worker voice are required. However, these new forms of worker organization must become self-sustaining, and thus not entirely dependent on philanthropy, and that is where cooperatives and other labor-based enterprises—businesses owned and controlled by workers—may one day come to play a central role in forging worker agency and self-determination.

BAD JOBS ARE not an inevitability; they are a choice. The encouraging news is that a wide range of social entrepreneurs and high-road employers are now proving that good jobs need not be a burden to an employer, but instead can drive a company's competitive advantage—even in industries that typically have low wages and low margins:

- Dr. Alan Robinson, in his book *The Idea-Driven Organization*,[8] explains how companies in a variety of sectors can generate 80 percent of their business innovations, not from managers, but from their frontline staff—benefitting both the business and those frontline workers.
- The new Manhattan-based cleaning company, Managed by Q, has flipped the "contingent contract worker" model on its head—hiring cleaning staff as full employees and paying them above-market wages, knowing that it is the frontline staff who maximize customer loyalty toward purchasing additional services.[9]
- The Hitachi Foundation has documented how "Pioneer" organizations within the manufacturing sector —from Marlin Steele Wire Products in Maryland to HUI Manufacturing in Wisconsin—cross-train their workers for a range of occupational skills, generating additional revenue to pay above-average wages and benefits.
- Saru Jayaraman of ROC United, in her book *Forked*,[11] describes the many high-road employers within the restaurant sector who have created job ladders for frontline staff from the "back of the house" to the "front of the house," helped to remove racial and gender barriers, and eliminated tipped wages.
- The worker owners of Alvarado Street Bakery[12]—a 30-year-old, highly successful commercial bakery in California serving an international market—invest in high-tech labor saving equipment whenever possible, allowing the cooperative to offer its 120 employees far above-market salaries, plus worker-owner dividends. The result of such investments in technology may be relatively fewer jobs, but those created are of far higher quality, are physically safer, and are economically more secure than those generated by low-tech alternatives.
- In the long-term care industry, PHI (Paraprofessional Healthcare Institute) has helped dozens of home care agencies and nursing homes to train their supervisors to become frontline "coaches;" create peer-mentor programs; and deepen on-the-job training—significantly decreasing turnover among frontline staff.[13]
- And in 2014, the 25,000 employees and their managers at the Market Basket supermarket chain in New England were willing to walk off their jobs rather than allow shareholders to dismantle their quality-job culture, which for years had proven remarkably successful in both lowering costs and generating profits.[14]

A NEW STRATEGY requires new capacities. To drive this "better jobs strategy" will require practitioners and other advocates to develop new types of organizational capacities, expertise and relationships. It will require business leaders to acknowledge publicly that poor-quality jobs harm everyone in the community—and that we as taxpayers end up having to subsidize the damage. And it will require philanthropy and public agencies to provide very different types of funding and financing.

To continue pursuing a conventional "good-jobs only" strategy will be to miss the rare opportunity that the tightening labor market is just now presenting. In this strengthening economy, workforce developers already offer something of great value to employers—an efficient supply of well-prepared applicants—that should not be traded away lightly. And workforce developers can leverage that value further if they both deepen their own business expertise and coordinate with other low-income stakeholders within a more comprehensive, demand-side strategy.

Now is the time to bargain harder—not simply to access more jobs, but to make bad jobs better.

About the author:

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This opinion brief is the first 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.

1 National Employment Law Project, *Occupational Wage Declines Since the Great Recession*, Washington, D.C., 2015. Print.

2 See: http://www.usfinancialdiaries.org/issue. Accessed 14 Mar. 2016.

3 See: http://www.pewtrusts.org/en/about/news-room/press-releases/2015/02/26/pew-survey-shows-americans-financial-worries-cloud-optimism. Accessed 11 Apr. 2016.

4 See: https://www.gsb.stanford.edu/insights/why-your-workplace-might-be-killing-you. Accessed 14 Mar. 2016.

5 A middle income family is generally defined as earning at least two-thirds of the U.S. median household income, or at least $41,869 in 2014. See: http://www.pewresearch.org/fact-tank/2015/12/09/are-you-in-the-american-middle-class/. Accessed 11 Apr. 2016.

6 Ton, Zeynep, *The Good Jobs Strategy*, Boston, New Harvest – Houghton Mifflin Harcourt, 2014. Print.

7 Conway, Maureen and Steven L. Dawson, *Restore the Promise of Work*, Aspen Institute, Washington, D.C. and PHI, Bronx, 2016.

8 Robinson, Alan G and Dean M. Schroeder, *The Idea-Driven Organization*, San Francisco, Berrett-Koehler Publishers, Inc., 2014. Print.

9 Davidson, Adam, "Managed by Q's 'Good Jobs' Gamble," *The New York Times Magazine*, NYTimes.com. 25 Feb. 2016. Web.

10 See: http://www.hitachifoundation.org/our-work/good-companies-at-work/pioneer-employers/the-pioneers-of-manufacturing. Accessed 11 Mar. 2016.

11 Jayaraman, Saru, *Forked: A New Standard for American Dining*, New York, Oxford University Press, 2016. Print.

12 See: http://www.alvaradostreetbakery.com/about_us.php. Accessed 11 Mar. 2016.

13 See: http://phinational.org/consulting/resources/best-practices. Accessed 11 Mar. 2016.

14 Korschun, Daniel and Grant Welker, *We Are Market Basket*, New York, American Management Association, 2015. Print.