Improving Job Quality for Lower-Wage Workers

An interview with Steven Dawson, Visiting Fellow at the Pinkerton Foundation.

Steven Dawson discusses opportunities for improving job quality and economic opportunities for lower-wage workers grounded in his current work as a Visiting Fellow at The Pinkerton Foundation and consultant with workforce development practitioners and funders.

1. You make the case that changes in today's labor markets are creating an opportunity to "make bad jobs better" for lower-wage workers. What drivers and opportunities do you see?

The labor market has indeed tightened. This changes how an employer calculates economic self-interest. Competing for workers means the employer has to re-think how he or she "prices" frontline labor costs. And pricing in this case means not only setting competitive rates of pay, but also offering other job quality elements that will attract—and retain—frontline workers.

Yet, as we know, tight labor demand comes and goes. What is structural is the underlying shift of U.S. demographics—which particularly impacts low-wage sectors such as the long-term care industry: The baby boom generation is exiting the workforce, simultaneously driving demand for more home care and nursing home services. Across the country we are already seeing long-term care labor vacancy rates increase, which is a very different level of pain for an employer compared to chronic turnover churn. Those employers are having to rethink who they recruit, how they compensate and how they retain their frontline workers.

2. In many ways, you suggest that a "job quality agenda" is needed to unite the many different sectors engaged in labor markets. Describe such an agenda.

Maureen Conway, vice president of the Aspen Institute, and I have proposed a five-part job-quality agenda that includes: crafting a national job-quality narrative, supporting a unified public policy agenda, "bargaining harder" when offering public or philanthropic resources to employers, providing employers tailored job-quality expertise and highlighting exemplary "high-road" employers.

Of these, the most important—and hardest—is to craft a national job-quality narrative that insists on decent, stable jobs. Right now, the predominant narrative is that a business person is stupid if he or she doesn't keep labor costs as low as possible, which results in entire sectors in which job-quality is poor. We need a counternarrative that says the smart employer is the one who leverages frontline staff to generate the highest productivity. That the smart employer is the one who doesn't compete on low labor costs, but who competes instead on high labor value.

3. "Employer engagement" often is seen as key to successful workforce practice. What

does this mean in practice in terms of gaining traction for a job quality agenda?

In practical, day-to-day terms, “employer engagement” means providing employers technical expertise that draws a straight line from improved job quality to greater profitability and market share. Just telling an employer that he or she should treat employees better isn’t very helpful. It may be true that a happier employee is more productive employee, but that really isn’t sufficient.

What is necessary is that the job-quality strategy must support the business strategy, and vice versa—that the business strategy and the job-quality strategy must be forged together. For example, if my business has to compete on product quality and fast response time, then cross-training my line staff not only creates a higher-quality job, it is essential for my business model. And so, to be truly helpful, job-quality advocates need to provide resources—funding and technical expertise—to help employers directly connect their workforce strategy to their business strategy.

4. How do you see policy and practice evolving over the next five years or so in relation to improving job quality?

I see a gradual shift within policy circles toward an understanding that low-income jobseekers value stability first and mobility only later. A study by the U.S. Financial Diaries of 235 low- and moderate-income households revealed that 77 percent of families 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 …”

This street-level reality challenges the old policy presumption that “every worker must have a middle-class job,” and that, in turn, challenges current policies that focus solely on career ladder mobility. Career mobility is a middle class, professional bias among policymakers that has to be examined more honestly. For millions of Americans, the hard reality is that a middle-class job will always remain beyond reach. But that doesn’t mean those workers shouldn’t have stable, decent jobs that provide a much higher floor of income, benefits and respect.

And while the strengthening of minimum wage laws across the country is essential in this policy effort, other aspects of job quality—from better-trained supervisors, to participation in decision making, to minimal safety standards—are equally important, and I believe that over the next five years, a broader definition of what makes for a quality job will become central to policy/practice job-quality initiatives.

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Additional Resources

From Steven Dawson:

• **The Pinkerton Papers**
• **Raise the Floor and Build Ladders: Workforce Strategies Supporting Mobility and Stability**
• **Restore the Promise of Work**

From the Kansas City Fed:

• **Building Ladders and Raising the Floor: Improving Employment and Economic Opportunities for Frontline Workers** (video)
• **Improving Employment Outcomes for Lower-Wage Workers**