

Workplace woes: The employment crisis isn't just a lack of jobs -- it's a lack of good jobs

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Some hospitals participate in plans to create 'career ladders; for employees — the kind of program endorsed by MIT economist Paul Osterman in his new book, *Good Jobs America*.

The U.S. unemployment rate remains high. But the number of Americans without work is only part of our larger jobs crisis, says MIT economist Paul Osterman. The other part, he believes, is a deficit of worthwhile jobs: Tens of millions of Americans toil in low-quality, low-paying positions.

“Even if they work full-time, it does not put them above the poverty line,” says Osterman, who details this problem in a new book he has co-authored, [Good Jobs America](#), published this fall by the Russell Sage Foundation.

As the book notes, 24 percent of working American adults draw wages that would leave a household of four beneath the poverty line. That figure has increased since the 1990s.

“In this economy, a lot of people in middle-class jobs are at risk of falling down into this lousy-job sector,” says Osterman. Indeed, his book recounts stories such as the manager with an MBA who worked at a well-known manufacturing firm, got laid off in 2003, and is currently a janitor earning \$9 an hour.

The consequences of low-quality work run far beyond a simple lack of purchasing power. “The social cost is huge, and it goes through generations,” Osterman adds. “Children of parents with job problems suffer in school and have negative health consequences. Families and communities are disrupted. And it’s just harder to be an active citizen.”

‘Not a tradeoff’ between quality and quantity

Osterman wrote *Good Jobs America* with the late policy analyst Beth Shulman, who was a senior fellow at the think tank Demos, and chair of the board of the National Employment Law Project. In the book, Osterman and Shulman dispel what they term “myths” about the job market and suggest new policy initiatives to make existing jobs better.

Perhaps the central myth, as the authors see it, is that lifting wages for some workers will limit the total number of workers who can be employed.

“There is not a tradeoff between quality and quantity of jobs,” says Osterman, who is the Nanyang Technological University Professor of Human Resources and Management at the MIT Sloan School of Management, and a professor in MIT’s Department of Urban Studies and Planning. “You can improve quality without damaging the number of

jobs that are out there.”

As evidence he cites well-known studies by the economists David Card and Alan Krueger (now chair of the White House’s Council of Economic Advisors) showing that raising the minimum wage does not lower the employment rate. Other studies have suggested that higher pay for workers leads to less employee turnover and more productivity. And as the book also notes, France and Germany, for instance, have long had a higher proportion of adults working than the United States, while maintaining relatively fewer low-wage jobs.

Osterman and Shulman are also cautiously skeptical of the notion that broad educational improvements will necessarily improve job quality, which was a key part of President Barack Obama’s most recent State of the Union address, in January.

“Education is important, it’s necessary, but it’s far from sufficient as a solution to this,” Osterman says. “Even if you magically improve everyone’s education level, there are still going to be people cutting lettuce in kitchens and doing laundry and mowing lawns and working in low-wage factories. You need to do something more directly about those jobs, other than just improving skills.”

What is to be done?

In the book, Osterman and Shulman endorse a variety of policy proposals to both create more opportunities for advancement among low-wage workers, and to improve working conditions generally. Some of these do involve targeted education improvement. For instance, hospitals in Boston and Philadelphia participate in programs to create career ladders for their staff: By giving their workers tuition credits and flexible schedules, employees can gain accreditation to provide higher levels of nursing care or technical skills that draw higher wages.

Similarly, a program called Project QUEST in San Antonio and a related effort in Austin, Texas, named Capital Idea both provide workers with counseling and some financial assistance, helping them identify and obtain new job skills while they remain employed; workers who have participated in the program increase their salaries by about \$5,000 a year, on average.

Another idea the authors back is attaching conditions to the tax breaks that local and state governments often award companies to get those firms to open offices and plants. Each such tax break could stipulate that firms pay wages letting workers live above the poverty line, for instance.

“These are interventions that really make a difference,” Osterman says. “The problem is, on a national scale, you need an active federal government.”

That view has gained a receptive audience among some scholars who have read *Good Jobs America*. Arne Kalleberg, a sociologist at the University of North Carolina, calls the book a “well-argued discussion about an important labor market problem, the proliferation of low-wage jobs.” Kalleberg also says he agrees that “the actions of [multiple] parties — firms, the government, labor — are needed to address the problem of low-wage jobs.”

Yet as Osterman acknowledges, there is virtually no chance that the current Congress will pass any broad new legislation creating or improving [jobs](#). He believes such measures could be popular — several states passed referenda raising their minimum wages in 2006, he points out — but need to be sold effectively to voters.

“There is this ideological objection about government interfering in the market,” Osterman acknowledges. Still, he adds, “Americans historically, since at least the turn of the 20th century, have never been

willing to view labor as just another commodity, like pork bellies. There's always been the view that there should be basic standards and values expressed in how people are treated at work."

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