

Upgrade the Worker? Upgrade the Job!

Why Raising Job Standards Ensures California's
Fair and Prosperous Future

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Upgrade the Worker -- Upgrade the Job

Upgrade the **Worker**

- Problem: Skills, or “skills gap”
- Solution: Training and education
- Supply-side approach
- Focus is on the individual worker
- Agent of change: Individual

Upgrade the Worker -- Upgrade the Job

Upgrade the **Job**

- Problem: Job quality
- Solution: Change standards*, “rules of the game”
- Demand-side approach
- Focus is on the job
- Agent of change: Collective actors who can change job standards

*Standards: minimum wages, prevailing wages, benefits, schedules, paid sick days, family leave, collective representation, non-discrimination

Upgrading Jobs: Effective, Efficient, Equitable

- Skills and training are important, but they don't fully determine pay or conditions of work. Quite the contrary.
- Decisions made by firms and policy actors about wage rates and working conditions matter.
- Training and education takes time. Changing job standards can happen quickly.
- Changing job standards has a blanket effect—they apply to everybody. This helps disadvantaged and vulnerable workers most, especially workers of color.

Standards Gap

A preoccupation with a “skills gap” has diverted attention away from a growing crisis in a **gap in standards**.

- Job standards critical to determining employment outcomes and economic inequality.
- Eroding standards explain as much about growing labor market inequality as do differences in skills.

Standards Gap: Evidence

- Studies abound testing “statistical comparisons” of people who have comparable levels of education, training, and job experience...
 - ... but highly varying levels of pay, benefits, and other conditions of work.
- The gender pay gap and racial wage gap dramatically illustrate this reality.
- If the problem was only a “skills gap,” these findings wouldn’t exist.

Standards Gap: Evidence

2011 Harvard study (Bruce Western and Jake Rosenfeld)

- Key finding: Falling unionization rates explains **as much** of the rise in wage inequality among men as differences in education.
- 1973 to 2007, hourly wage inequality grew by 40%. At the same time, private sector unionization rates for men fell from 34 percent to 8 percent.
- Empirical technique: Analyze changes in education alongside unionization to simultaneously compare skills and standards (“institutional”) effects on rising inequality.
- “In this case, deunionization explains a fifth of the inequality increase for women and a third for men. **The decline of organized labor among men contributes as much to rising wage inequality as does the growing stratification of pay by education.**”

Standards Gap: Evidence

Parks 2014

- Key finding: For workers with a high school diploma, unionization provides greater protection from low-wage employment than would getting a college degree.
- Empirical technique: Analyzed skill and institutional factors together, including union coverage and local labor market regulations (e.g. minimum wages) in largest 27 metro areas in 2013
- Probability of low-wage employment is **reduced by 39% if a worker is covered by a union contract, compared to 33% if a worker has a college degree**
- \$1.00 increase in the metropolitan minimum wage decreases likelihood of low-wage employment for statistically comparable workers by 7%

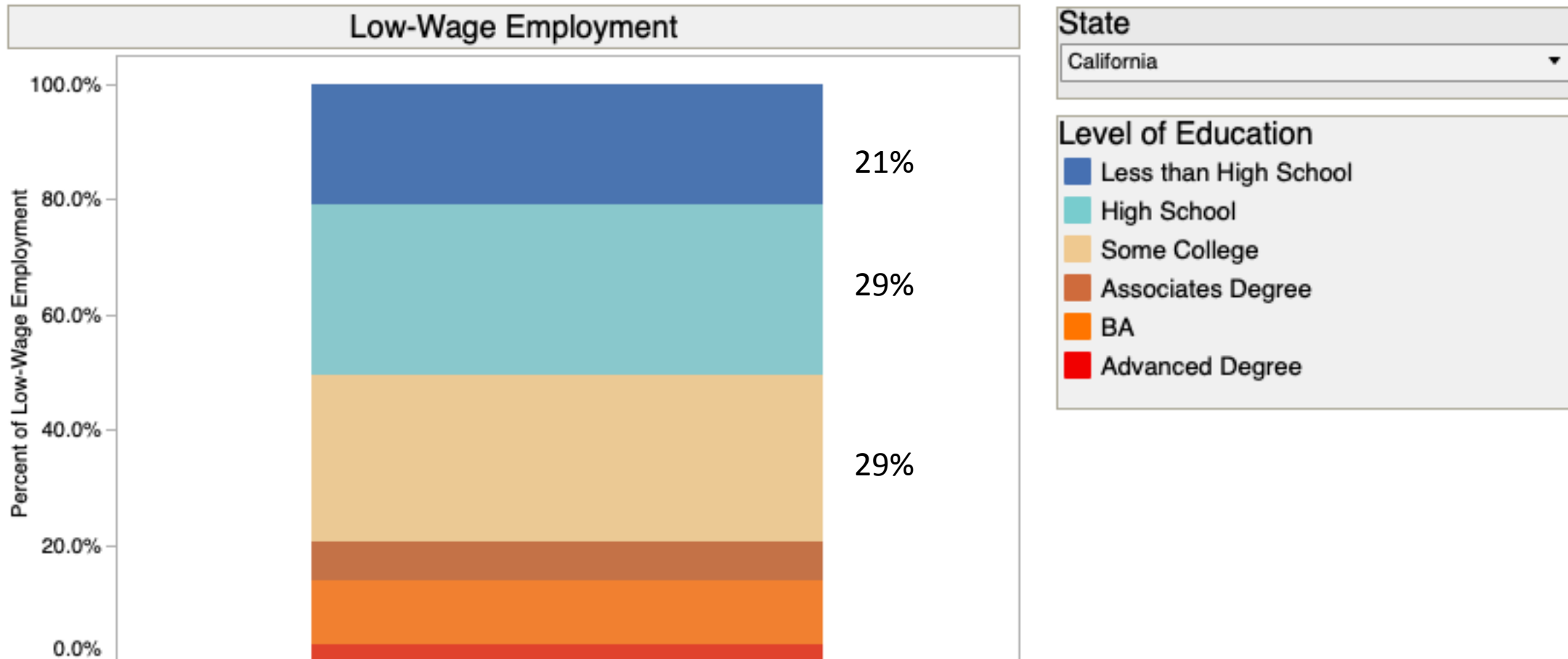
Standards Gap: Evidence

- Parks “Low-wage Atlas, 2017”

www.lowwageatlas.org

- Great variation of skills within low-wage work
- Skills alone aren't keeping workers out of low-wage work

CA Low-wage Workforce, 2017



Jobs are created ... by people

- Job creation is an intrinsically human endeavor
- People are responsible for the decisions that go into creating jobs, crafting job descriptions, setting pay rates, determining working conditions, and shaping expectations
- Key decision-makers:
 - Firms
 - Collective actors
 - Policy makers

The Future is Made, not Given

- We make decisions that determine the future of work
- Like those who came before us who also faced moments of economic and social transformation



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Frances Perkins
U.S. Secretary of Labor
1933 - 1945