

The working poor: Locked out of careers and the organizational mainstream?

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Executive Overview

Employers have an important stake in the welfare-to-work reform efforts sweeping the country, since most involve mandated work and labor market preparation. Executives and managers should also be deeply interested in limiting the future growth of the working poor. In order to better tap workforce programs and its clients as an organizational resource, managers must have increased understanding of the work attitudes and behaviors of welfare recipients involved in such labor market transitional programs as the State of Michigan's pioneering Social Contract initiative. Strategies to enhance the career and employment prospects of the working poor should bear in mind that the obstacles confronting them, while major, are not abnormal. There are growing similarities between the career problems facing increasing numbers of American workers and those traditionally confronting the working poor. Addressing these issues will help not only the working poor but will improve the workplace in general.

Public welfare experiments that involve mandated work-for-your-benefits programs, time limited subsidies, and labor market preparation are mushrooming throughout the U.S. Although more and more individuals with welfare experience will enter the labor force, employers have had very limited involvement or interest in welfare reform, and have not viewed the working poor as an element of organizational life worth substantial investment. The employment experiences of the working poor will not lead to favorable personal or company outcomes unless existing policies and career systems are modified to include them.

The working poor are people who have been on welfare for less than two years (and may have previously alternated between welfare and work), and also people who are near or below the poverty level but do not receive welfare benefits. As these comments from four welfare mothers seeking work suggest, it is unrealistic to expect them to become workers with stable careers unless managers seek a greater stake in welfare-to-work mandates and in limiting poverty growth:

"... you can't make a living for children by working at McDonald's and trying to care for them and making sure they are being cared for."

"Minimum wage does not pay as much as welfare. (It) would not meet need or give benefits."

"Entry level positions make less than (public) support."

“(There is) no health insurance and Medicaid without assistance. It’s hard to get ahead or even break even without it. It’s so hard to get a job.”

Why Employers Should Act to Help the Working Poor

Table 1 summarizes the economic and organizational rationales for greater employer action.

Economic Benefits

Having a growing labor force worried about job security and adequate earnings is a restraint on the growth of the economy. Because workers’ real wages have not risen with the level of corporate profits, US economic growth is hindered by what economists call underconsumption.¹ As economist Joseph Schumpeter argued, even the wealthy end up in a profit crisis when workers lack jobs or good wages and cannot afford to buy products.¹ Employers try to maximize profits by paying lower wages and minimizing employment levels, but this undercuts the employees’ abilities to consume the goods and services the firm needs to sell to increase earnings. Employers hope another employer will pay its workers well and offer enhanced employment prospects, but few want to be the employer that actually does this. But only by cooperating can employers realize the benefits of limiting the growth of unemployed or low paid individuals in order to increase the pool of potential consumers.

Helping the working poor can also help a company’s public image. Economic benefits accrue to companies that stress socially responsible values. The book *Shopping for a Better World* lists companies from Ben and Jerry’s to PAX, with its socially responsible mutual funds, to Working Assets long distance, which donates to consumer designated charities, that have profited from the growth in consumer purchases based on social responsibility.³ Another economic benefit stems from the disproportionate representation of low-wage workers in positions with high customer contact. Many of a firm’s least paid employees are the front line people who deal with customers and can generate repeat business through good service.

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An increasing underclass impedes the ability of employers to grow in a global economy and to achieve strategic goals by hiring future generations of workers. Although the US has the highest GNP among the 15 most industrialized nations, its poverty rate is around 13 percent, nearly double those of Canada and Australia (7 percent), more than double those of France and the United Kingdom (5 percent), and more than three times those of Sweden, Germany and the Netherlands (4 percent or less).⁴ More than 14.5 percent of all Americans live in

Table 1
Why Employees Should Act to Help the Working Poor

Economic Benefits	
•	Growing pool of potential consumers with discretionary income
•	Value-based organizational practices are attractive to consumers.
•	Low-wage workers are increasingly the gatekeepers of future revenue (i.e., repeat business from good service)
•	A growing underclass impedes employers’ growth potential in a global economy
Organizational Benefits	
•	Enhance adaptation to the new career context for all employees
•	Increasing numbers of managers will be supervising the working poor
•	Pygmalion effect—viewing low-wage workers negatively can result in dysfunctional employee behaviors

poverty, and the gap between the richest and the poorest Americans has widened to levels unprecedented since the late 1940s. Many of the working poor have children under 18 years old, and the gap between rich and poor children, compared with those of other industrialized nations, has increased over the last 10 years for all racial and ethnic groups, and in both urban and rural areas.⁵ This gap clearly has an impact on education, for the US ranks only 12th in mathematics and 7th in science achievement of 13 year olds among the 15 most industrialized countries.⁶

Organizational Benefits

One in ten Americans is part of the temporary workforce, and as layoffs increase, more and more are likely to experience unemployment.⁷ This new American workforce has human resource needs that mirror those of the working poor. By adapting organizational systems to increase the success of low wage workers, employers may transform their firms to fit the new career context of shortened ladders and tenuous jobs. Redesigning organizations and developing strategies to make human resource systems more adaptive should enable firms to better tap the potential of their entire workforce. Many employees—not just the lowest-paid—will need career counseling, training and retraining, flexible hours, adequate wages, work/life integration supports, and employment stability.

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Viewing low-wage workers as disposable labor can trigger dysfunctional employee behaviors and attitudes. Many firms have unspoken policies that low-wage employees in entry level jobs should have only limited opportunities to significantly increase earning, improve skills, get promoted, or receive medical benefits or child care support. Some employers may argue that paying benefits or giving raises to workers in positions that have constant turnover is not cost-efficient, but neither is having HR policies that are not development-oriented.⁸ Constant turnover, even in low skill service jobs, has a negative effect on customers. Successful human resource systems are designed to reinforce employee attitudes and behaviors that support quality customer service.⁹

Because new employees learning a job are likely to be less productive than experienced workers, constant high turnover is detrimental to companies, as are the costs of continually advertising for, recruiting, selecting, and training new workers. Treating employees as disposable labor does not stimulate their productivity. A vicious cycle can evolve: employers don't want to invest in low-wage employees because they have minimal skills and high turnover; employees don't invest in their jobs because employers don't invest in them. Insensitive and impersonal employer policies are directly linked to undesirable employee behaviors.¹⁰

Pioneering Initiatives

There are companies that have had success with low-wage workers. Many of them reformed their employment practices because they faced growing shortages of capable entry-level service workers.

Child Care Vouchers at Burger King

Understanding the value of attracting and retaining minimum wage workers, a Burger King franchise with 14 restaurants gave working parents \$1.50 vouchers toward child care for every hour worked. Convinced that its biggest potential

employee base was young mothers seeking child care and flexible hours, Burger King felt that raising wages alone wouldn't solve hiring woes. Higher salaries wouldn't lure young mothers, and would mean cutting staff and creating a more stressful and less satisfying work environment. Subsidizing day care seemed a more valuable recruitment and retention tool.

Under simple program guidelines, employees have to work weekday shifts at any needed location. In return, the company directly pays a licensed day care provider, an attractive feature, since workers don't have to float day care dollars (i.e., pay for care and wait for reimbursement), as they do in traditional dependent care reimbursement programs. A contracted child care referral service interviews each user to determine his/her needs. Jayne Thorne, Burger King human resource coordinator, comments on her experience with this initiative:

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The war for workers, especially the scramble for employees on the near minimum wage level, has changed us all. Before, many of us referred to active recruiting as heavy classified advertising, but no more. That was before turnover went up to 300 percent and before applications slowed to a trickle. Instead of having a large pool of potential employees to draw from, most operators have more openings than they do applications. Today's successful operator has to combine an attractive work atmosphere and benefits with an aggressive recruitment program that couples advertising, public relations and human resource efforts to reach the employees we need—and, to keep them on the job. . . . I'd like to tell you about one success story. . . . In one of our restaurants, 10 of the 17 people working the lunch shift are day-care moms. The very first day-care person to start there was a mom struggling on welfare. Today she is in charge of the day shift, free from welfare, self-sufficient and recently bought a (new) car.¹¹

Burger King launched an aggressive public relations campaign, highlighting free day care in ads. The franchise put up 70 billboards with photos of actual employees using the program and quotes such as "I'm getting free day care!" Recruiters visited women's centers, high schools, child care centers, and job referral agencies, and worked with counselors serving young mothers. Trade journals like *Restaurants USA* and other publications around the world (even in Japan) hailed the program as one of the most ambitious in the restaurant industry. Out of 113 moms and dads applying for the child care benefit in its first year of operation, 103 applied to Burger King especially because of it. Although it spends up to \$10,000 a month in vouchers, Burger King feels that having a stable long-term work force more than offsets the alternative: high hiring and training costs from excessive turnover and constant scrambling to fill positions. Management feels that working parents are often more mature than their other employees, take their jobs very seriously, and serve as mentors.

Social Workers at Marriott

At Marriott, professionals with social work skills provide counseling to employees, most of whom work in some of the lower paying hospitality jobs, such as maids, housekeepers, bell-boys, and kitchen workers. The social workers also help with child care, housing, and transportation, arrange language training, and even address domestic violence problems. Surprisingly, supervisors had to be convinced that formal social workers were appropriate, since many of the supervisors were already providing these services to their subordinates on an informal basis. Some supervisors were so personally

involved with employees that they were concerned that a professional social work staff might destroy the strong bonds that had developed.¹²

Literacy Training at Domino's Pizza and New York Telephone

Literacy training is another focused intervention used to successfully attract and hire nontraditional applicants. Domino's Pizza combined literacy training with teaching people how to make pizzas in order to be able to attain requisite staffing levels.¹³ When 90 percent of 57,000 applicants flunked an entry level exam measuring basic skills in math, reasoning, and reading, New York Telephone sought out a new influx of immigrants who lacked high school English literacy, but otherwise were ready to enter the US labor market.¹⁴

Employing the Homeless at Days Inn

Confronted with a shrinking labor market and extremely high turnover, Days Inn of America took the uncommon step of seeking out and hiring homeless individuals. Collaborating with several Atlanta-area shelters, the company established a project to offer above minimum wage jobs to homeless people. Days Inn found that at least a third of the homeless did not have substance abuse or mental health problems, but were caught up in economic circumstances beyond their control.

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Days Inn used an innovative interview process. Candidates were prescreened by professionals familiar with the needs and concerns of special sector employees. Skill demands were kept minimal and pay was adequate to pay basic necessities. Workers were required to live within walking distance of their jobs or on a public transportation line. Rooms at a nearby hotel were offered for \$5.00 per day, and local government helped most workers find subsidized housing within six months. Days Inn managers found that the homeless employees weren't looking for handouts or special treatment. "They truly appreciate the chance to work and demonstrate that appreciation by serving as role models for their peers," says Richard Smith, Days Inn senior vice president for human resources. "Traditional hiring practices are dying . . . special sector hiring is crucial to the service and hospitality industry's ability to stay competitive. . . . The bottom line is finding profitable labor sources."¹⁵

Public Sector Welfare-to-work Programs

Studies show that aid to families with dependent children (AFDC) and other federal programs designed to move poor individuals (often single mothers) from welfare-to-work tend to only modestly improve income levels and do not necessarily lessen welfare dependency.¹⁶ Many of the working poor will remain at or near the poverty level, even if employed full time, since they usually lack such critical benefits as paid sick leave and child care support, and are highly susceptible to layoffs.¹⁷

Created in 1935 to help widows stay at home and raise their children, ADFC now assumes that mothers with young children will leave the home.¹⁸ The State of Michigan's mandated labor market activity program for most AFDC recipients is representative of new style workfare efforts. Over the past several years, the State of Michigan Department of Social Services (which is being renamed the Family Independence Agency, illustrating the major shift in philosophy) implemented far-reaching welfare reforms that are now required statewide and that have been hailed as a national model.

Michigan was the first state in the country to consider volunteer labor an

appropriate welfare-to-work endeavor that could foster readiness for a career. Policy makers believed that being active in any kind of labor activity could enhance competence and self-confidence. In the pilot program, new public assistance recipients in four sites were randomly assigned to either the Social Contract program or to an exempt control group. In return for public assistance, the clients were socially contracted to spend at least 20 hours a week in volunteer work, community service, self- or family-improvement activities (e.g., drug treatment, noncredit courses, taking a child to a doctor), job training, education, or employment.

An interdisciplinary university-based research team is conducting a longitudinal evaluation of the pilot to assess the impact of the intervention on the psychological and economic well-being of mothers and their children. (See Table 2 for an overview of the methodology, which included telephone interviews and reviews of earnings reported to the state.) Initial results mirror those recently reported in an evaluation of a Washington State workfare program, which found that workfare fostered an increase in employment and training activity, but had little impact on employment and earnings.¹⁹

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The Michigan study found that earnings in 1995 were related to hours of previous paid employment, and to education and employment assets. This suggests that major improvement in the economic self-sufficiency of the poor is unlikely to occur unless employers give them an opportunity to gain employment experience and to enhance their skills. Surprisingly, there was little

Table 2
About Study Methodology

The concept for the paper and our discussion of the characteristics and attitudes of families living in poverty was first developed from several hundred interviews conducted in a longitudinal study of welfare mothers who varied in their level of labor market activity. The research project was supported by over \$100,000 in funding from a variety of sources, including a matching federal grant from the US Department of Health and Human Services. A second source for this article is a review of innovative public and private initiatives to facilitate the employment of the working poor. While the pioneering efforts of companies are impressive the public sector has to date been far more involved in innovations to improve the career prospects of families living in poverty than have private employees. A third source comes from the literatures from poverty, child development psychology, and careers.

How the Original Empirical Data Were Collected

Sample

- Longitudinal interviews conducted a year apart (spring/summer 1994 and 1995) of an initial completed sample of 212 AFDC mothers and their children (160) between the age of 9 and 13 years
- Random assignment to mandated labor activity and control groups

Data Collection

- Mothers were contacted by mail and phone to acquire written and oral consent to participate in the survey
- Postage-paid envelopes and a toll free 800 number were supplied for clients to contact researchers
- Mothers and children were each paid for the interviews
- Phone interviews were conducted by trained interviewers at times convenient to the mothers and children
- State Department of Social Services offices provided access to archival data from 1993-1996 on clients, and staff time, and matching grant assistance

Survey Respondents

- Respondents were not significantly different from non-respondents on age, ethnicity, education, or number of children on case

or no relationship between being employed and the mothers' self-esteem and their involvement in unpaid activity. Interestingly, some members of the control group were as active as those in the social contract group, which contradicts the stereotype that many welfare clients will not work unless forced to do so.

Notwithstanding the mixed results of the pilot program, Michigan's AFDC caseloads are at their lowest levels in 16 years and are among the lowest in the nation. Former clients need to be followed over time to see if they stay off welfare, substantially improve their economic well-being, and move out of the contingent work force. Research also should be done to assess employers' perceptions of the value of unpaid activity as an indicator of employment readiness.

Who Are the Poor? (Many of Them Are Working!)

People With Problems or Potential Solutions to Labor Problems?

If they are to tap the working poor as an organizational resource, employers must understand who they are. Managers also need insight into the psychological, social, and employment barriers they face.²⁰ National statistics indicate that the poor are largely women and young children. In 1959, 70 percent of families living in poverty with children under 18 years were married couples. By contrast, in 1990 only 35 percent of all poor families had two parents, while 60 percent were headed by single mothers. Today, 82 percent of percent of persons in poor families are women and children.²¹ All of our sample were single welfare mothers.

There are three subgroups of poor: a systems dependent core, a middle layer on welfare from two to eight years, and an outer layer of working poor (currently on welfare for two years or less).²² Thus, there is wide diversity in the welfare population and some recipients are more likely to be employable than others. Using the metaphor of an onion, Corbett offers a conceptual scheme that differentiates among the types of individuals on welfare. The working poor constitute the onion's outer layer (about 30 percent of those in poverty). They are those people who have been on welfare less than two years, but who may have had prior welfare spells, as well as those who are near or below the poverty level but do not receive welfare benefits.

The middle layer (about 40 percent) are those who have limited employment options, very low earnings capacity, and have been on welfare from two to eight years. These individuals are likely to take part in government job training programs. The core layer of the poor (40 percent) are the systems-dependent with very low earnings capacity and such additional barriers as depression and chemical dependence. These individuals are long-term and chronic users of welfare.

Applying the onion analogy to our sample, we define the working poor as individuals involved in at least 20 hours of labor-related activities a week who had began new applications or reapplications for welfare benefits in January of 1994. Nearly half (45 percent) of these were involved in 20 hours or more of weekly labor market activity. Even in the less active group, there was only a handful of individuals who were completely idle. As Table 3 indicates, the active working poor and the less active group had similar demographic characteristics in ethnicity, household size, and age. The main difference between groups was that the inactive group had been out of the paid labor

market twice as much, and had lower education levels. Surprisingly, nearly half of the active mothers and over a quarter of the less active group had completed some college. Over the third of the active mothers had experience using computers on the previous or current job, compared with only one-fifth of less active mothers. Less labor active mothers were also slightly more likely to be married.

Consistent with national trends, Table 3 shows that at any given time there are more whites on AFDC welfare than nonwhites. However, national studies indicate people of color tend to spend more time on welfare than whites.²³ A national longitudinal study of income dynamics shows that 34 percent of welfare spells last only one year for blacks compared with 44 percent for whites, and 16 percent of spells for blacks end in the second year compared with 23 percent for whites. Yet after seven years, over 25 percent of the AFDC spells for blacks were still ongoing, while the corresponding figure for nonblacks was 6 percent. Blacks who may enter the system at the same time as nonblacks do not seem to have the same opportunities to advance out of welfare, a disparity that has been attributed to inadequate employment opportunities, discrimination, higher proportion of single parent families, and a mismatch between education and skill backgrounds and job requirements.²⁴

Welfare mothers are not different from nonwelfare populations in psychological well-being and work orientation. Historically in the US, the poor have been viewed as poor because they "either cannot work, choose not to work, or do not work enough."²⁵ A classic article from the 1970s, "Are the poor different?: A comparison of the work behaviors and attitudes of the poor and nonpoor," a study of Mexican and Anglo men and women, found that, contrary to the popular view, the minority poor were as work-oriented as the Anglo nonpoor.²⁶

Table 3
A Comparison of Demographic Profiles of the Active and Less Active Working Poor in the Social Contract Study

Sample Attributes	The Active Working Poor (20 hours or greater of weekly labor market activity)	The Less Active Poor (less than 20 hours of weekly labor market activity)
Number in Sample	N = 95	N = 117
Ethnicity	40 percent white 60 percent non-white	42 percent white 58 percent non-white
Doing any volunteer work	41 percent	28 percent
Going to school	35 percent	13 percent
Doing any work for pay	51 percent	14 percent
Completed high school	80 percent	60 percent
Completed some college	47 percent	27 percent
Average age of mother	35	34
Average number of children	less than 3	less than 3
Average time out of paid labor market	12 months	22 months
Have worked with computer at least monthly	36 percent	20 percent
Married	11 percent	18 percent
Earning less than \$5,000 annually (1992)	81 percent	90 percent

Consistent with this study's findings, our results showed that welfare mothers (both labor active and less active) were not different from nonwelfare populations in psychological well-being and work orientation. Nearly all of the sample liked who they were and nearly two-thirds had high self-efficacy—a clear belief that they could complete tasks they set out to complete.

Another popular notion is that lower-income mothers would rather be home with their children than work, and that they hold traditional beliefs that mothers should be the primary child caregivers. This stereotype advances the view that poor mothers of young children believe they should not work. While this may be the case for some families above the poverty line, the data reported below show that most welfare mothers are highly motivated to contribute to the economic stability of the family. Consider the following mother's remark:

"There is a stereotype that the general public has that we aren't trying hard enough to get off. This is a myth. We're working but we're not getting enough support to make it. [There is a] myth that we're trying to have babies to get assistance."

There are psychological advantages of paid maternal employment that cut across socioeconomic groups.²⁷ The knowledge that one is contributing to the family income and keeping members above the poverty line can be motivating and also can serve as a role model for the children. The high identities of welfare mothers in both work and family roles is consistent with some current research suggesting that employers and researchers should be more attuned to understanding such high involvement in both work and family.²⁸

For example, nearly all (94 percent) of the respondents agreed or strongly agreed with statements such as, "I feel I am good or productive in my work." Yet nearly all mothers reported high satisfaction with their families (95 percent) and highly identified with their family roles (93 percent). At the same time, most (61 percent) did not feel that they should be able to stay home with their children full time even if it meant staying on welfare. The vast majority (91 percent) felt it was important to be involved in activities outside the home. While most reported that working at home was considered an important job (83 percent), two-thirds (66 percent) of the entire sample felt that working was the most important and satisfying activity, a rate that was only slightly higher (71 percent) in the active segment.

Behavioral information supports these self-assessments. At the time of the first interview, about one third (half of the active and 14 percent of the inactive) of the women in the study were employed, another third were looking for work, and the remaining third were unemployed and not seeking work. By the second interview a year later, more than half (52 percent) of all the women were working for money at least part time.

Children in our entire sample of welfare recipients had high levels of self-worth and were similar to those children from a nonwelfare population. There were no statistically significant differences between these two groups of children on five of the six dimensions of child self-worth, which included scholastic competence, social competence, athletic competence, behavior/conduct, and global self-worth. On the sixth dimension of appearance, the children in the welfare population rated themselves significantly *higher* than the children in the nonwelfare population. The children in the welfare sample had adequate school

performance, with average grades in the high C/low B range for social studies, science, math, and language arts.

Children were asked to respond to the question, "When you are an adult: what job do you think you would like to do?" The responses included: pediatrician, nurse, teacher, doctor, basketball player, zoologist, veterinarian, lawyer, author, and heart surgeon. Thus, not only are welfare children's parents interested in employment, the children have healthy career aspirations that are nurturable. While studies on the intergenerational transmission of poverty find a .4 correlation between being on welfare if one's parents were poor; over half the people who grow up in the bottom quintile of income distribution will not be there as adults.²⁹ Upper elementary school children (3rd through 5th grade) in these poor families seemed to be resilient at this age, and somewhat buffered from their mothers' career stresses.

Training and labor market preparation is minimal for some welfare mothers and therefore economic opportunity may be somewhat limited. For the group of women who must be employed to ensure family self-sufficiency, the barriers can be overwhelming, and sometimes cancel out some of the usual positive psychological aspects of paid employment for women. Some women on welfare simply have limited job opportunities. In the words of one:

"Training is good but nobody wants to give you an entry level job. Lord knows I have so many certificates. . . . (We) need corporate partnerships. Part of it is stereotypes against public welfare clients and nonwhites. I've been through 150 interviews. You're lucky if 2 percent of people in my classes get hired."

Even when hired, many are stuck in low paying jobs offering little room for advancement. Three-fourths of our sample had jobs ranked below 20 on a standard socioeconomic scale ranking jobs ranging from 1 to 100. Such jobs as food service worker, file clerk, nurse's aide, and clothing presser contrast starkly in skill and earnings levels with a computer systems analyst, which ranked 74.1 on the scale.

Most of the sample reported a lack of employment opportunities. Only about half believed that they could get a job to support their household. Most (75 percent) agreed that today's jobs do not have adequate benefits or pay wages high enough to increase the quality of their lives. Nearly half (48 percent) felt unable to provide material necessities.

Child care, family demands, and transportation are other significant barriers to successful labor market involvement.

"I hate not working. I'd love to work if I had day care."

"I walked two miles to catch a bus this summer, and I didn't mind, but the public transportation isn't always available."

"My son has learning disabilities. If I went back to work, he would go back to where he was academically and emotionally."

Half the sample indicated at least one barrier to getting off welfare. Child care (60 percent), transportation (60 percent), family issues such as domestic violence

and substance abuse problems (50 percent), and health problems (38 percent) were the major barriers to involvement outside of home. Nearly all of the respondents noted at least one barrier (86 percent) that kept them living in poverty. The most frequent were a lack of job opportunities (one third), and a lack of medical and general benefits (one fifth). In sum, while the welfare mothers possessed positive feelings of self-worth, positive attitudes toward working, and some job skills and experience, they also faced major barriers against steady employment.

Finding quality child care can be an obstacle for many employed mothers, but is particularly challenging for families that lack financial resources. Quality child care is costly, leaving the disadvantaged and minority populations of women, the women who must be employed out of economic necessity, in the worst possible situation. The typical child care setting for children from families with little resources will be substandard. Low-quality child care has been shown to have damaging effects on children.³⁰ On the other hand, the effects of living in poverty are equally devastating. The issue of child care support from employers has been addressed in only a small portion of companies, and what is being done can help, but will most likely not be sufficient for low-income mothers.

The net pay that a woman brings home from a low-paying job after she pays for child care may not be enough to justify employment, offsetting the desire to work by the costs of working. As one welfare mother remarks: "I had a job. I went in the hole because all my money was going to day care." Insensitivity to the needs of single parents, inflexible work hours, and lack of support for taking leaves, can also contribute to the strain of employees who are managing both work and family. If low-income women want to stay off welfare, they must be employed; yet they usually hold low-paying jobs that make it difficult to afford high-quality child care. This increases their guilt, their role strain, and may ultimately have negative influences on their children and their work.

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Women in every socioeconomic group are likely to experience some degree of role strain from balancing employment and family demands. For women in lower socioeconomic groups the strain may be particularly great. Although the job demands for some women may not be numerous, they cannot afford to purchase the goods and services that would ease role strain (i.e., fast food, a housekeeper, a fitness center membership). Hence, they are literally working two shifts because they must still manage the household as well as do the job. Some women may be forced to leave jobs because the advantages do not outweigh the strain, and those who stay employed may experience frustration, poor performance, and poor morale. Role strain among women in poverty is lessened when employment status is consistent with employment preferences.³¹ Workers with high levels of role strain do not become assets to their employers.

Taking Action: Organizational Strategies to Close the Gap

Changing Frames

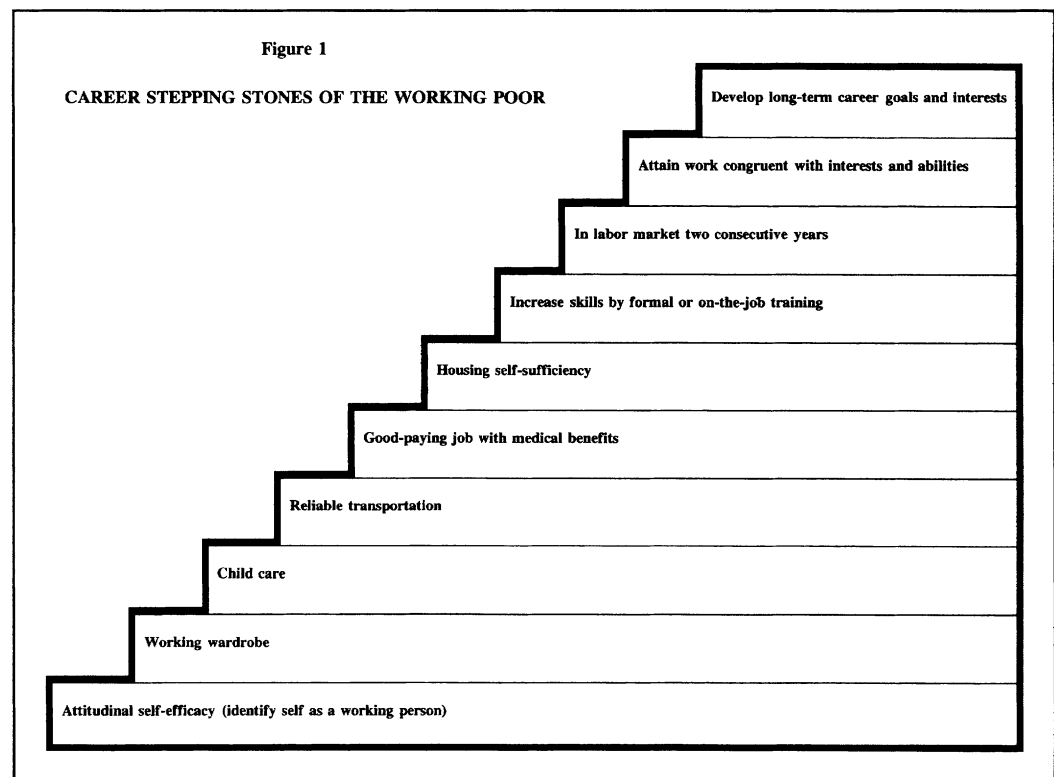
Employers need to start viewing the working poor as an employable resource instead of as disposable labor. Employers must develop a company vision that links the employment and development of the working poor with the achievement of business and strategic objectives. Rather than assuming that

high turnover in low-wage and low-skill jobs is the most cost-effective way of managing, organizations need to recognize the economic and organizational benefits of helping the working poor.

A first step in developing this vision is to socialize key managers to stop viewing the working poor as throwaways stuck in low-paying jobs with little upward mobility. There is a cost to employers in having workers in what Rosabeth Moss Kanter once referred to as stuck jobs, jobs without futures. Organizations need to think of minimum wage jobs as stepping stones to better positions. Figure 1 provides a summary of career stepping stones that help the working poor develop long-term career goals and interests.

Recognize that Work is Part of Life.

Employers also need to train their recruiters and managers to develop greater appreciation of generic workplace skills and lifetime learning experiences. Working at McDonald's, as custodian or hotel maid, or volunteering at a church day care center all can teach someone "the ability to work under pressure, follow company rules, willingness to work, ability to get along with others, attendance, and the chance to organize and plan work."³² One study found that 37 percent of the variance of all variables affecting employability was explained by these factors, which are absolutely essential for most if not all jobs. Most employment systems do not view the skills gained in minimum wage (often service) jobs as generalizable to better paying jobs, let alone to better careers. Thus, the entry level skills that are most likely to be available to the working poor are least valued by employers.



Change the Kinds of Questions You Ask

Instead of measuring student accomplishment only by grades and class ranking, employers across the nation are working with educators to help students and job applicants assemble selections of their work in portfolios. For example, Vermont and Kentucky have portfolios that focus on problem solving and writing. Large employers such as Kelly Services, the Ford Motor Company, and the Consumers Power Company have developed benchmark standards that define teamwork and personal management skills, along with traditional academic skills. Many of these skills can be assessed not through testing but through portfolios that offer samples of work, or through written testimonials, letters of recommendation, certification of career exploration and job shadowing experiences, and other forms of documentation.³³

A joint report by the US Department of Labor and the American Society for Training and Development suggests that employers who want to bring their own workers up through the ranks need to make substantial investments in education and build long-term linkages with educational institutions.

For this approach to succeed employers need to ask new questions—such as “Do you have a portfolio or some documentation of your work, school, and/or volunteer experiences that you could bring to an interview?”³⁴ Traditional selection methods such as referrals, work histories, and testing exclude the urban poor, who are largely minorities. These established ways of assessing employability skills may need to be changed to take into account the life experiences of the working poor. For example, participating in sports is often used as a predictor of teamwork competency. But single parents and the working poor, who may not been involved in extracurricular activities, may have parallel teamwork experiences.

Invest in Urban Labor Markets

A recent national study found that living in an urban area lengthened welfare spells for both whites and blacks.³⁵ Based on a survey of three thousand employers in New York, Boston, Detroit, and Atlanta, labor economist Harry Holzer recommends tough measures in a new Russell Sage Foundation book, *What Employers Want*. The alarming job shortages already faced by low skill urban workers are exacerbated, Holzer says, by selection requirements that value cognitive complexity, teamwork, customer satisfaction, and specific experience. Companies like Chrysler have succeeded in building a state-of-the-art plant in the Detroit area, while in Los Angeles, some supermarket chains have invested in poor areas and are experiencing very good profit levels.

Establish Business Partnerships With Government and Public Education

The public and private sectors are disconnected in their labor market activities. While government bureaucrats try to enhance the employability of heads of families living in poverty, employers have to provide remedial training to as much as a third of new workers. A joint report by the US Department of Labor and the American Society for Training and Development suggests that employers who want to bring their own workers up through the ranks need to make substantial investments in education and build long-term linkages with educational institutions.³⁶ Concerted collaboration is needed to produce better transportation systems between the suburbs and the cities, more effective adherence to antidiscrimination laws, targeted training of individuals with good employability indicators, and aggressive job creation.³⁷

Establish Geographic and Industry Consortia to Reduce Barriers to Labor Market Entry and Retention

Other isolated from one other, as well as from public policy, employers should establish industry sector and geographic consortia. For example, urban employers may wish to band together to support transportation, day care, or

housing services that can help the working poor. Employers in rural areas where services are scarce and workers must travel great distances may benefit from cooperating together and partnering with each other and local government to improve employment support services. Employers in industries where there have been massive displacement of workers with similar skills might also work together and with unions to develop major initiatives.

Increase Formal and Informal Investment in Work-family and Community Supports

Employer-sponsored child care has the greatest impact on recruitment and retention of employees, and therefore can be a critical barrier to labor market success.³⁸ Continued investment in such programs could enhance access to productive work for mothers of all socioeconomic levels. Increasing access to day care for low-wage workers, as Burger King did, may also have positive psychological effects on low-income children, since children with the poorest school and psychological outcomes were those with mothers who wanted to work but were unemployed. Even for teenage parents, the economic condition of their household is more likely to predict child outcomes than their age.³⁹ A two-decade longitudinal study following poor American children into adulthood identifies the generally positive influence of maternal employment and investment in parents' education as a predictor of later success, even though such parents spend less time with their children.⁴⁰

Support for employees who volunteer to strengthen families and their communities is another possible HR strategy. Workers and managers need to be socialized that volunteering is a valued employment activity and even part of one's job. Employers should offer flexible hours to support volunteering and rewards to employees who do well on their job while also actively strengthening their communities.

Implications for Action Research

Scholars can help, as well, by partnering with executives to improve understanding of the working poor. Some troubling gaps in current theory may be eliminated by focusing more on the working poor in organizational studies. Studies are needed on predictors of the ability to self-manage jobs and careers and of career resilience. Some working poor who have struggled to be sole providers for their families and have had multiple job experiences across firms may have self-management capabilities equal to those of individuals who have spent their careers in large companies with traditions of manager-driven career planning.

Career theory is being revised to fit the new career context, but this reconceptualization could even go farther to capture the world of the working poor. Hall and Rytchler, for example, define career as "a series of work-related experiences, events, and the person's reactions to these events, which occur over the span of the person's work life."⁴¹ While they are careful not to define success in terms of promotion, salaries, and tenure, neither do they discuss reactions to unemployment, failure, or job-hunting frustration—all critical life experiences of the working poor and for increasing numbers of all employees.

Leading career researchers argue that a career should be thought of as a lifelong sequence including all work-related experiences (whether paid or not) and not strictly limited to a single profession or occupation.⁴² But volunteering to babysit a neighbor's children or shoveling snow from an elder's sidewalks

may not lead to work or to the attainment of employability. Our definitions and assumptions need refinement in order to identify activities that are most likely to lead to paid employment, improve career prospects, and add value to employers. All work experiences may not necessarily lead to a better life.

Research and practice on work/family integration also may need to be revisited. Statistics suggest that almost half of all children under 18 born in last decade in the United States will spend part of their childhood with a single parent (usually female).⁴³ Three-fourths of all black children born in the early 1970s spent at least some time in a female-headed family, compared with one third of white children.⁴⁴ Therefore, scholars and employers need greater understanding of the issues of single provider families, as contrasted with single earner, dual earner, and career families.

Research on women's career development has also tended to focus more on the problems faced by homemakers and dual career women; single parents have been viewed as deviating from the norm.⁴⁵ In a recent book on women and careers, the few pages devoted to single mothers focused on their attitudes toward dual career relationships.⁴⁶ We need greater understanding of how single parents are socialized to think about careers and job involvement when providing a subsistence for their families may be their basic focus. Work is also needed on the effects on children of a sole economic provider/caregiver's prolonged unemployment or employment. We also need to better understand how the work and nonwork demands and resources of single providers affect their own psychological and job functioning. These individuals may even have higher career aspiration levels than those in two parent families with a primary breadwinner.

In short, the definitions and assumptions underlying career and work/family research and practice need to be reconceptualized to provide greater focus on unemployment, unpaid labor market activity, single parenting, linkages between child development and labor market activity, and perceptions of the perceived utility of the costs of labor market participation (child care, transportation, work attire, lunch expenses) compared with views of earnings requirements to support a regular standard of living above poverty. These issues are relatively common career concerns for a growing work force segment. The working poor are not that different from an increasing cadre of lower level salaried and union workers. Some would rather be home with their kids than scraping out an existence. Many may be one unanticipated divorce or job loss away from living in poverty.

The End of a Dream

Working one's way up from the bottom may no longer be possible for many Americans—middle class as well as poor. Starting out in the mail room with minimal schooling and climbing the ladder to a professional or senior management position isn't likely in a time of massive restructuring, downsizing, outsourcing, and heavy use of contingent labor. Even professionals and managers may experience long-term unemployment. Employees are no longer human resources; they are labor costs.

But over the long run, employers will lose if more and more workers have low wages and little or no job security. Employer strategies that invest in workers' education, knowledge and skills, and family well-being, and that provide greater employment protection and opportunity to develop on the job, are not

merely socially responsible actions to enhance the employability of the working poor. These strategies enable all employees to contribute more effectively to the bottom line, which ultimately benefits business.

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