BUILDING FROM THE BOTTOM UP

What business can do to strengthen the bottom line by investing in front-line workers

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Executive summary

A significant number of American workers—44%—are employed in low-wage jobs at the front line of industries. Despite undertaking some of the most tedious, dirtiest, and most dangerous jobs, low-wage workers are—and have long been—the most likely to be overlooked by employers and by society. Business leaders express growing anxiety about their ability to fill the low-level positions that are at the foundation of their operating models, yet relatively few actually respond to that threat. Managements do little to understand or address the reasons why low-wage jobs are hard to fill and low-wage workers hard to retain. Most employers show little engagement in workers' lives, provide minimal support for skill building, give infrequent or unclear feedback, and offer almost no guidance on career pathways. In doing so, employers have ignored the high price their organizations pay: unfilled positions that reduce output and increase overtime, direct and indirect costs caused by constant churn, and the "soft" costs of eroding morale. (See "The low-wage, high-turnover trap.")

As a result, millions of Americans in low-wage jobs—many, disproportionately, women and people of color—work hard but remain caught in a poverty trap, even as thousands of U.S. businesses, big and small, struggle to fill positions. To address this challenge, the Bill & Melinda Gates Foundation approached Harvard Business School's Project on Managing the Future of Work in 2019 just months before Covid-19 forced global lockdowns. The mandate: to understand what employers can do to improve the prospects of their lowest-paid workers—those who earn less than 200% of the poverty line—and set them on a path to greater prosperity, while simultaneously advancing their own competitiveness.

The labor market for low-wage workers

For the purpose of this research, a low-wage worker is defined as an individual who lives in a household of three with an annual household income of or below $39,970, or an individual earning roughly $20 per hour or less. Analysis of the Emsi Burning Glass database of 181,891 worker resumes covering 292 occupations, as well as the Emsi Burning Glass database of 20 million job postings, provided a bleak picture of the labor market for low-wage workers between 2012–2017.

- Many workers in low-wage jobs are unable to escape poverty, despite having years of work experience. Between 2012–2017, for instance, 60% of individuals who started in a low-wage job failed to move to a job with a median salary above the low-wage threshold in five years.
- Thus, only four in 10 low-wage workers escaped low-wage jobs within five years. For those who were able to break out of the trap, the wage difference was substantial.
- Low-wage entry-level jobs are often a revolving door. Even the "best" performing industries experienced a churn of over 50%. In most industries, three-quarters or more of workers in low-wage occupations moved to another industry within five years.
- Some industries were chronic low-wage traps for workers. Workers who started in accommodation and food services, administrative and support and waste management and remediation services, and retail trade experienced the lowest salary increases over the five years. Many workers who moved out of poverty by switching jobs between 2012–2017 did so by switching industries.
- Women were overrepresented in jobs below the poverty threshold and less likely to move up in most industries.
- Employers seldom highlighted opportunities for advancement in job postings. Very little or no mention was made of company values, benefits, or the accessibility of pathways to career advancement. Only 5% of job postings mentioned career mobility.

The low-wage, high-turnover trap

The challenges of upward mobility

To understand the barriers and contributors to upward mobility, we defined upward mobility as an improvement in skills that enhances an employee's productivity and results in an increase in the employee's pay or a promotion or both. We focused on the 3Ps—productivity, pay raise, and promotion—to understand the economics of employment from the perspective of the employers and employees, simultaneously.

Based on this definition, we surveyed 1,025 low-wage U.S. workers, aged 21 or above and with at least three years of continuous work experience. We surveyed both those who had experienced upward mobility and those who had not. We also surveyed 1,150 business leaders at U.S. companies across the managerial spectrum—from the C-suite to mid-level managers to front-line supervisors—on how they perceived the upward mobility of low-wage employees in their organizations. The surveys were carried out from September to November 2020 and to our knowledge are the most extensive ever conducted on the state of America's low-wage labor market. The surveys—carefully worded to ensure that responses were representative of employer and employee experiences before Covid-19 hit—also asked respondents how the pandemic changed both working conditions and their outlook on future upward mobility for low-wage employees. The key findings:

The struggle to survive: Despite working long hours and pooling incomes, low-wage workers lived in households below the poverty line. Of the surveyed workers, half (52%) were full-time employees working 35 hours or more; as many as 22% reported that, in addition to working 35 hours full time, they were also working part time for one or more employers. A significant majority (68%) reported that their household income was less than $40,000 per year.

Low stability, high turnover: Many low-wage workers would prefer to remain with their employers rather than move to a new company. When asked what would induce them to stay at their company, 62% of surveyed workers indicated the prospect of upward mobility. Job security, stable and predictable pay, and stable and predictable hours were cited as some of the most important attributes. Benefits that many employers perceive as important—tuition assistance, transportation assistance, and caregiving assistance—ranked the lowest in importance for all categories of workers.

Nonetheless, employers persisted in relying on management models predicated on the assumption that high levels of turnover are inevitable. For more than half of surveyed employers, the annual turnover rate of low-wage employees exceeded 24%. Today, most companies devote surprisingly little effort to retaining and nurturing their incumbent talent at the lower levels of their organizations. Only 29% of the employers surveyed estimated that more than 10% of their low-wage workforce experienced upward mobility over the previous year. Workers' attitudes suggest that high levels of turnover among such workers is far from an inevitability. Eye-watering levels of turnover appear to be the by-product of rote management practice.

Glaring underinvestment: Employers consistently underinvest in raising the productivity of their existing low-wage employees, failing to tap into the surprisingly deep reserves of goodwill that most workers have for their workplaces. Actions that would help low-wage workers to move up to the next level are seldom an area of focus for most employers. There is little investment in creating career pathways and communicating what is available and how workers can take advantage of such opportunities. The result: Low-wage workers have little or no visibility into opportunities to achieve upward mobility within their organization. When asked to describe the extent to which they might experience upward mobility at their company, a plurality (33%) of workers said they saw *no* opportunity to move up.

The surveys revealed that low-wage workers demonstrate a strong sense of agency over their own futures. They are willing—often eager—to invest time and effort in upgrading their skills. But they receive little, if any, guidance as to what training or skills development is needed to be considered for advancement. More than 50% of such workers, for instance, reported that their employer had not discussed what skills they should acquire in order to advance and how they might acquire them. And just 55% of low-wage workers said they have had, at any point, a supervisor or mentor who helped them succeed. Many received feedback rarely; it was often nonspecific and not actionable. That led to many low-wage workers having limited understanding of their employers' estimation of their capabilities and caused many to have unrealistic expectations as to their prospects. Those frustrated hopes fuel turnover.

Lack of awareness about the barriers and contributors: The survey findings on 60 business practices and 34 factors that can be barriers or contributors to upward mobility were revealing. Workers who experienced upward mobility tended to do many things right. They had an understanding about what they needed to do to improve their prospects. They not only had agency, but they had the ability to manage their careers within an organization. More discouragingly, however, workers who did not achieve upward mobility were often unaware as to what was holding them back.

The employers' perspectives on the barriers that inhibited advancement indicated that managers are frequently out of touch with the realities of the workplace. They often had weak or no formal mechanisms to hear directly from workers on their aspirations and the barriers they face in pursuing them. Moreover, employers were usually unaware of the personal circumstances of workers. Such issues—ranging from caregiving arrangements to access to reliable transportation—have a direct impact on the organization's ability to attract and retain talent and manage issues like absenteeism.

Employers simply don't know enough of what matters most to their lowest-paid employees. For example, when asked for reasons why they had changed jobs in the past, the reasons most cited by workers were convenience of getting to their work location (64% of respondents), followed by level of pay (43%), and supportive team members (41%). Yet in employers' perceptions of the priorities of low-wage workers, convenience of getting to work was not even ranked in the top five factors.

Differences by gender, race, and size of business: The top three issues that plagued all low-wage workers remained consistent: a lack of mentorship or supervisory support; a lack of communication on the prospects within the company; and a lack of guidance on career pathways. For each of the findings, the report provides additional detail by gender, race and/or size of business. (For the full survey instruments and data for each question, please visit https://www.hbs.edu/managing-the-future-of-work/research/Pages/building-from-the-bottom-up.aspx)

A new approach

Lack of job stability and the inability to access career pathways makes life worse for millions of low-wage U.S. workers, who cycle frequently between companies and industries. Such high turnover imposes large costs on American businesses, too. To promote upward mobility among employees at the bottom of the ladder, companies can advance their own interests by prioritizing the following actions.

Recognize low-wage employees as critical assets

Instead of perceiving low-wage workers as a cost, employers need to view such workers as assets. The skills, experience, and implicit knowledge of low-wage workers are intangible assets of real value to companies. They should extend their principles of talent management to include essential workers in order to preserve it.

Make retention a cornerstone of strategy

Employers can always hire new workers on the spot market by offering marginally higher wages. But by accepting inordinate churn, employers create a cascade of indirect costs. Experienced workers are likely to be more valuable than new hires with the same skills, if they can be found. They have already overcome barriers to working at the company; they're familiar with the company's ways of doing business and already have demonstrated competence in performing their jobs; and they're typically eager to remain at their current place of work. Voluntarily leaving a position is generally not their

preference—almost two-thirds of low-wage workers indicated a preference to remain with their current employer if opportunities for advancement were available.

Invest in mentorship, career pathways, and learning and development

Some of the largest gaps between the perceptions of workers who move up and those who do not fall into three key areas: mentorship, career pathways, and learning and development. Our research indicates that even incremental efforts in those three areas can help workers escape poverty-trap roles. Employers benefit by reducing the indirect costs associated with high turnover and raising the productivity of their workforce. In many instances, this requires little more than ensuring low-wage workers know of the existence of opportunities and that the programs' design reflects a clear understanding of their needs and personal circumstances.

Create a diverse workforce, bottom up

In the U.S., women and people of color represent a disproportionate share of low-wage workers. Companies, meanwhile, are still struggling to find ways to deliver on the promise of diversity. Historical efforts to increase diversity, often through mechanisms associated with corporate social responsibility programs, have yielded little at scale. The process for building a diverse organization can be significantly advanced by building from the ground up. Low-wage workers constitute a pool of talent with skills and experience that are immediately available. In a labor market in which employers of every size are seeking to improve performance on diversity, equity, and inclusion, "growing one's own" is far more likely to achieve desired results than playing the spot market.

Measure implementation rigorously

The last 20 years have seen a revolution in business analytics. Business intelligence systems provide executives and managers with near-real-time granular data on performance metrics of every variety. Comparatively few companies, however, utilize those capabilities to track the upward mobility of their low-wage workforce. The processes that will drive the creation of a more stable and productive workforce should be tracked with the same rigor as other mission-critical activities.

Understand the external implications of upward mobility

The more employers cooperate to develop a growing talent pool, the more they can create a smooth, well-functioning supply chain for local talent. Such collaboration can take place within an industry or in a given geography. Companies like Disney, Amazon, and Walmart—which hire at scale in low-wage positions—have begun innovating on building career pathways for their employees, both within and outside the company. They are forging partnerships with community colleges, identifying skills gaps in local communities, and preparing their workers for better paying positions at other employers. Smaller companies are also recognizing that, rather than competing for talent across employers, there are economies of scale in collaborating on deepening the talent pool. Solutions that help workers overcome barriers to employment through skills training, providing remedies to challenges like access to transportation, or working with skills providers and educators at all levels to develop programs can improve the readiness of workers for available jobs.

An essential shift

During the pandemic lockdowns, society needed frontline workers more than ever. They were suddenly dubbed "essential workers." In the post-Covid-19 recovery, U.S. workers responded by quitting their jobs at the highest rate in two decades. In November 2021 alone, 4.5 million workers voluntarily left their employers.

The lures offered by fast-food restaurants, big-box retailers, hotel chains, airlines, and warehouse and logistics companies—joining bonuses, transportation support, adjustments in managing shifts, more flexibility in accepting candidates—represent "one-time" enhancements to the "old deal." While expedient, they will not address the economic harm done to workers *and* employers by the high-turnover, low-wage approach embedded in many companies' business models. As businesses reopen, many will find that they will be unable to attract the quality or quantity of talent they want, despite employing such tactics.

Instead, in the future, business will need to build durable talent-management pipelines—including for their least-paid workers—that will enhance their prospects relative to competitors stuck in the old, wasteful paradigm. To avoid the high costs of turnover and avoid keeping critical positions open, employers will need to offer training and career pathways. By nurturing talent internally, they will deliver on their commitment to create a diverse organization—building better from the bottom up.

A critical moment

The nation's least-paid workers do the most to keep the nation's economic engine running. They work through the night providing janitorial services in office buildings. Before dawn, they are the first to arrive at coffee shops, diners, and restaurants to open and serve patrons. They unload goods and stock shelves and keep 24-hour convenience stores open round the clock. They clean hospitals, homes, and cities. They drive the buses and trains that take commuters to work. They take away garbage. They move baggage at airports and prepare hotel rooms for guests. They make goods and ship them. They drive tractor-trailers cross country to haul freight and drive delivery vans locally to drop off packages. They wait tables and mop floors. They look after the elderly. In a blizzard, hurricane, or forest fire, they are the first on the scene and the last to leave.

They work a lot and earn little. They nurture aspirations but seldom realize them. And every day, they serve employers and their customers in myriad ways that then allow others to live enriched, convenient, prosperous lives.

Never was this clearer than during the Covid-19 lockdowns in 2020 and 2021. Consumers and employers got a sharp reminder of how critical the lowest-paid workers were across different industries and different sectors of the economy.

In fact, as businesses scaled back to bare-bone operations, the work undertaken by these workers rose in prominence. Society quickly proclaimed them "essential workers." While organizations created the infrastructure to allow their higher-skilled, higher-wage employees to work from home, these front-line essential workers still had to show up at their places of work—grocery stores, hospitals, warehouses, shop floors—risking their own and their families' health so that the rest of the nation could isolate safely. Those at the bottom of organizations turned out to be the most indispensable to company bottom lines.

This research seeks to turn the spotlight on America's low-wage workers. It highlights the circumstances and constraints under which they work, but it also presents their hopes and ambitions. It probes the barriers that prevent low-wage workers from realizing their aspirations. We consistently find that employers misunderstand their low-wage workers' circumstances and preferences. More importantly, we see employers are in the classic situation of failing "to walk the talk." Many firms have formal policies in place, but in reality, they provide little in the way of the mentorship, feedback, or upskilling opportunities that low-wage workers need in order to advance.

The main objectives of this report are threefold: To get companies to come to grips with the critical role that low-wage workers play in their organizations; to recognize the adverse financial fallout of not continuously investing in their skills development and enhanced productivity; and to stanch the erosion in competitiveness that results from allowing low-wage workers to depart at a staggering rate.

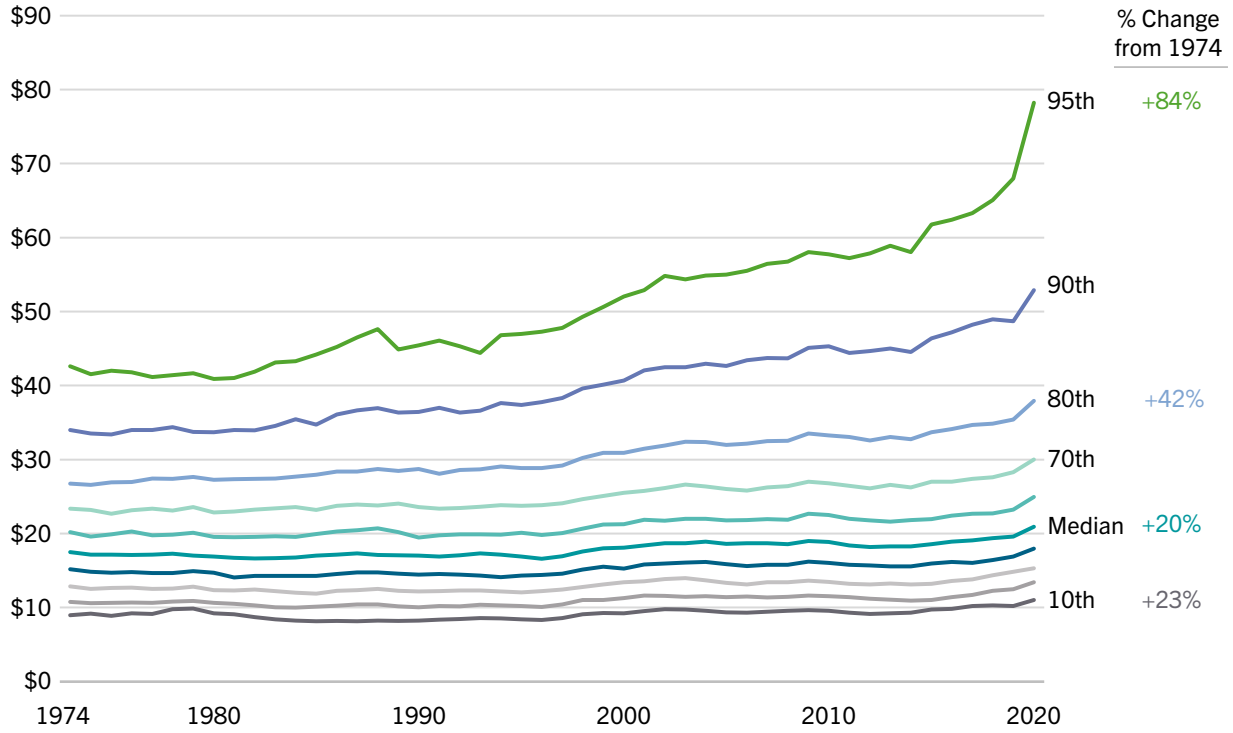
Competitiveness and low-wage workers

A nation is competitive when its businesses can compete successfully in the global economy while supporting high and rising living standards for its workers.[1] By that definition of competitiveness, the United States faces challenges on both dimensions. For some time now, employers in the U.S. have struggled to find the workers they need, and workers—especially those earning low wages—face stagnant incomes and limited prospects for advancement. Well before Covid-19, employers complained that they could not find workers with middle skills (requiring more than a high school diploma but less than a four-year college degree) or high skills at the right time, in the right numbers, and with the right qualifications. Business leaders worried that their failure to fill such positions threatened their agility and ability to compete. A survey of business leaders as early as 2011 showed that the lack of adequate talent in the U.S. was one of the top three reasons for U.S. companies to shift business operations offshore and relocate business activities globally.[2]

In parallel, despite rising productivity, U.S. workers have not seen matching gains in prosperity for decades. Buffeted by forces as diverse as globalization and automation, many U.S. workers have endured the headwinds in terms of finding work and staying employed.[3] Those who are in lower-income positions or who are less educated have suffered the most. They have endured job insecurity and faced barriers to rejoin the workforce after periods of unemployment.[4] For decades, wages have grown only marginally for middle-class Americans. But for many millions of workers earning below the 50th percentile—those earning $20 per hour or less—and especially for low-wage workers, real wages have remained mostly stagnant for decades. (See Figure 1.)

Figure 1: Stagnating wages among those earning below the 50th percentile

Real wages by percentile (2020 dollars), 1974–2020



Source: Adapted from Economic Policy Institute, State of Working America Data Library, "Wages by percentile and wage ratios," 2021.

Covid-19 and low-wage workers

The pandemic only served to exacerbate the problems of low-wage workers, who were the worst hit due to Covid-19 in the early months of 2020. (See Figure 2 on page 8.) Even after the economy reopened, they remained the slowest to re-enter employment well into 2021 and at the start of 2022. In fact, the consequent mismatch between the supply of workers and the demand for workers is constraining all industries and adding to the inflationary pressures in the economy.

Most of the efforts by employers to attract workers in 2021's shaky recovery were short term and expedient. As businesses reopened, managements were surprised that they couldn't attract quality talent in the quantity they needed. Even though unemployment remained high, companies wondered why it took longer than ever to fill positions.[5] In the summer and fall of 2021, many companies had to scale back or completely halt operations because they remained chronically understaffed.

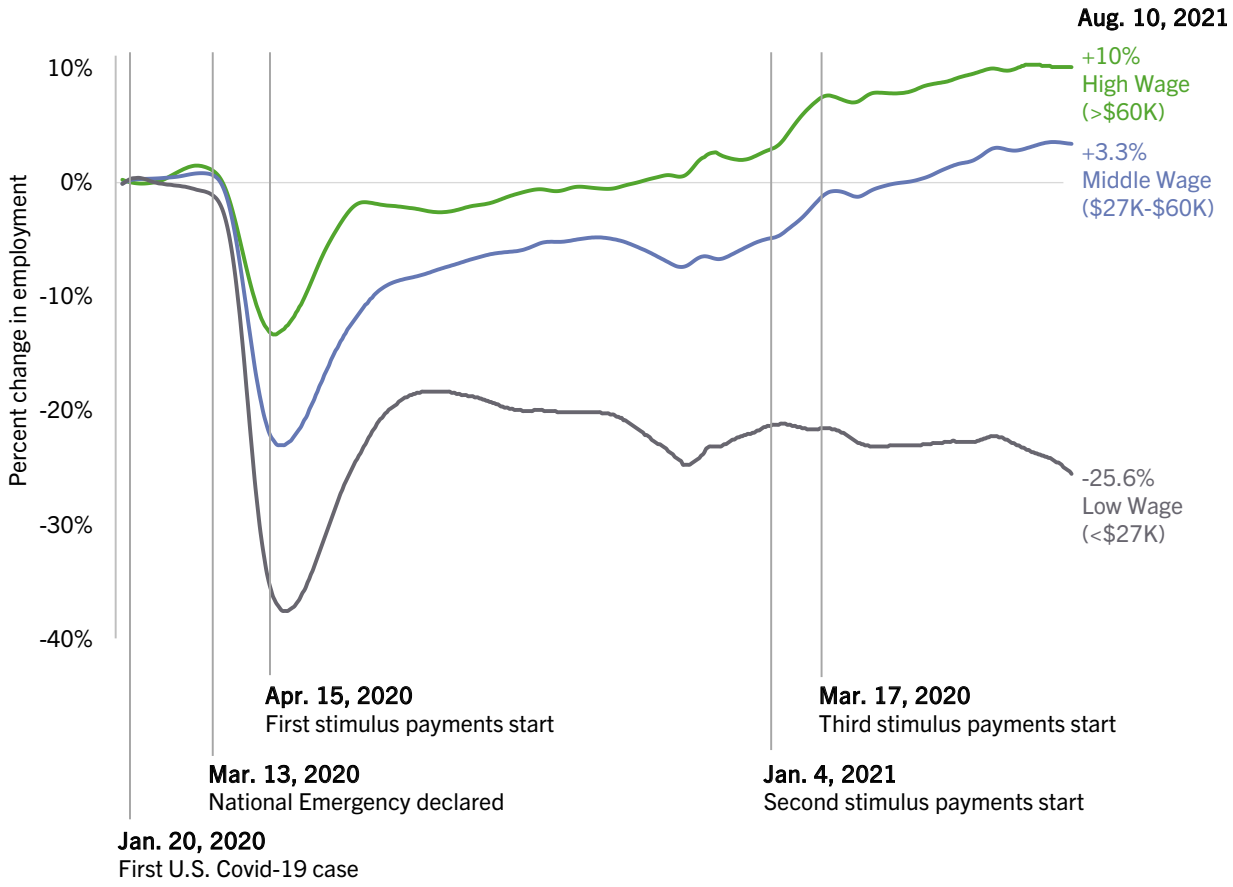
Even raising wages didn't help. Fast-food restaurants, big-box retailers, hotel chains, airlines, and warehouse and logistics companies continued to look for more ways to lure workers to apply for their open positions. They offered joining and referral bonuses, transportation support, adjustments in managing shifts, and even more flexibility in accepting candidates.[6]

Do those employer efforts herald a new era of improved terms of employment for those relegated to the low end of the wage spectrum?

In reality, all those signals are misleading. At best, they reflect a one-time upward adjustment to wages and benefits. The labor market for low-wage workers was beset with issues well before the onset of Covid-19. The forces that keep a significant number of workers stuck in the lower echelons of the earnings distribution won't be overcome by a single sign-on bonus or hourly wage increase. The low-wage trap that workers find themselves in today originated from constrained career paths that didn't offer much opportunity to develop the skills required to improve their prospects of upward mobility. Employers failed to provide mentorship, performance feedback, and upskilling, which impeded the ability of workers to be more productive and improve their circumstances.

Figure 2: Employment among low-wage employees has yet to recover after the Covid-19 shock

Employment rates of U.S. employees by wage category, Jan. 2020–Aug. 2021



Source: Adapted from Opportunity Insights, Economic Tracker, "Track the Recovery," 2021.

Enduring progress in helping more workers embark on the path to prosperity will only occur when employers reconsider the role that low-wage workers play in their organization's strategies. Currently, companies largely choose to get by with a low-investment, high-churn strategy. Instead, they need to question the soundness of not investing in the skills of workers, which results in workers leaving their organization at high rates, whether voluntarily or involuntarily.

Breaking out of the poverty trap

To understand this conundrum, the Bill & Melinda Gates Foundation approached Harvard Business School's Project on Managing the Future of Work in 2019 just months before Covid-19 forced global lockdowns. The mandate was very specific: to understand the plight and promise of workers in the U.S. who earn less than 200% of the poverty line. This report is the result of nearly two years of research to understand the experience of those workers in low-wage positions, as well as to ascertain the perspectives of employers that hire low-wage workers. It identifies a compelling business case for employers to invest in retaining, upskilling, and promoting low-wage employees and identifies common shortfalls in employer practices. It also highlights the approaches pursued by workers who have experienced the upward mobility that allowed them to gain more economic security by building career pathways.

We took a mixed-methods approach to understanding the topic.

First, we conducted a review of past literature to understand the landscape of upward mobility and identify the practices that demonstrate the support of the advancement of workers. We also surveyed the literature for data on the adoption of such practices. (See Appendix I: Literature search summary.) The findings were sobering: Low-wage workers, especially those below the federal poverty threshold, have seldom been the subject of detailed research. Most studies were limited in the scale and scope of their findings. Insights into employer practices were very often related to enhancing a company's corporate social responsibility (CSR) efforts. Despite engaging in a broad search, we found that the current state of literature and research was weak and inadequate. Only a handful of efforts focused on understanding the business case for investing in the upward mobility of low-wage workers.

In this phase, we also developed the key definitions and identified major assumptions that would define the research. These are shared in detail in the next section. (See "The poverty threshold.")

Next, to get a profile of the state of low-wage employment, we partnered with the Burning Glass Institute to mine their resume and job postings databases. (See Appendix II: Resume and job postings analysis.) That helped us understand the labor market for low-wage occupations—from the supply of labor, applying to low-wage occupations as captured in their resumes, to the demand for talent as reflected in job postings by employers. This helped build a more nuanced picture of "mobility"—one in which stagnation in low wages quickly gathered significance. It also highlighted that mobility is not always upward, nor within the same organization, nor even within the same industry. Mobility and improved circumstances for workers was often a function of moving out of one organization or into a different industry altogether. Progress toward greater prosperity was not always in a straight line; for many workers, forging career pathways required a complex journey.

In January 2020, we convened a diverse group of stakeholders: thought leaders from business, policy, the social sector, community development, and academia. Two common themes dominated the discussion around the circumstances of low-wage workers: transportation—or the ability to get to and from work—and caregiving needs and responsibilities. Both factors were seen to constrain a worker's ability to *find* work. The conversation helped refine questions to probe in the surveys. For example, how much do transportation and caregiving affect the ability of low-wage workers to achieve higher levels of responsibility and better wages?

Over the course of 2020 and 2021, we interviewed business leaders, managers, supervisors, and low-wage employees at nearly two dozen companies. Those companies represented a diverse range of firm sizes, industries, and geographic regions.

Based on nearly a year of background research, we proceeded to test our refined hypotheses through two surveys. The first one was of 1,025 low-wage workers, including both those who had experienced upward mobility and those who had not. The second was of 1,150 business leaders at different levels—from C-suite leaders to middle managers to supervisors—on how they perceived the upward mobility of low-wage employees in their organizations. (See Appendix III: Survey methodology.)

The surveys were conducted during the Covid-19 pandemic, between September and November 2020. They were carefully worded and tested to ensure that the responses were representative of the employer and employee experiences *before* the Covid-19 pandemic. In a nod to the times, the surveys also asked respondents how the pandemic had changed working conditions and their outlook on future upward mobility for low-wage employees.

The poverty threshold

After studying multiple complex factors that define poverty, we chose to classify a low-wage worker as an individual who lived in a household of three with an annual household income of or below $39,970—or translating that, an individual earning an hourly wage of approximately $20 per hour or less. That definition could be readily applied across the multiple data sets on which we intended to rely. We used it in analyzing data from the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), as well as the population analyzed in Emsi Burning Glass's resume and job-postings databases. It also provided the basis for establishing criteria for the sample in our worker survey. Finally, it served as a vehicle for defining the working population in our interviews with companies. Those data, in turn, informed our design of the employer survey.

We wish to share our thoughts on this process in the hope that future researchers and analysts will improve on our methodology and deepen research in the area.

- The poverty line is variously defined using either an individual's wage or the household's income. In conducting this research, we define a low-income family as one with an income below 200% of the federal poverty threshold.[7] Since the average household size in the U.S. in 2018 was 2.63 according to the Census Bureau, we chose to analyze data for a family of three. The Census Bureau's weighted average poverty threshold for a household of three in 2018—the most current data available when we started the research in late 2019—set the poverty threshold at an annual income of $19,985.[8] We sought to survey the low-wage working population and not merely those at or below the poverty line. Therefore, we included all workers at 200% of the poverty threshold. We thus arrived at a household income of $39,970 for a household of three—that is, any employee in a household of three who makes less than $39,970. We assumed in this model that the employee in question did not have a spouse working outside the home and, therefore, was materially supplementing their household income. We then converted that earnings level into an hourly wage threshold of $20 per hour or below.

- Numbers used for analysis are merely a proxy. They can never capture the full impact of what it means to be poor. The Official Poverty Measure, as determined by the Census Bureau, compares pre-tax cash income against a threshold set at three times the cost of a minimum food diet in 1963, adjusted for family size and updated annually for inflation.[9] Because inflation does not account for modern expenses since 1963, geographic differences in cost of living, variable inflation across different goods, changes in the standard of living, and different family structures, this measure is not a precise estimate. It represents a number well below what we would consider a livable wage.[10] Indeed, many programs designed to provide supplementary income determine eligibility at 125%, 150%, and even 200% of the poverty threshold in recognition of the low official threshold. Researchers and policymakers have long criticized the Official Poverty Measure, although there have been some updates since 1963, such as the Census Bureau's adoption of the Supplemental Poverty Measure in 2010. Despite its flaws, the Census Bureau's poverty threshold is a standard measure across disciplines and serves the purposes of this research.

- Since our analysis was done at the individual level, this threshold is overly inclusive of employees who may not be considered low-wage employees, such as people living in households smaller than three and those who live in low-cost areas. It also excludes employees who have large families or live in high-cost areas. The threshold also creates a hard boundary between low-wage employees and other employees; in reality, there is no hard boundary between the experiences of those just below the threshold and those just above it. Our intent in this research, therefore, is not to focus on what causes a worker to surpass a static threshold, but rather to understand how low-wage workers can access career pathways that lead to positions with an attractive lifetime career value.[11] Skills that are relevant to the labor market constitute the most durable guarantee that a worker can escape and avoid re-entering poverty.

- We also want to acknowledge that, by choosing the standard of a family of three, we are not accounting for differences in purchasing power regionally. For example, an employee earning $30,000 would be counted in our target population, irrespective of whether they live in a low-cost area where $39,970 is considered a decent wage.

- Our conversations with business leaders revealed how differently academics and economists think about poverty, compared to employers that hire low-wage workers. Employers know the wage scales in their industry and locale, so they readily engage in discussions around figures like an annual income of $39,970 a year for a household of three or a $20 hourly rate. In interviews, most employers mentioned employees making $25,000–$35,000 a year, or pointed to an hourly-wage threshold, such as $15 per hour. Some employers based in lower-cost regions questioned the poverty threshold range going up to $20 per hour but accepted that such wages in high-cost metropolitan regions would only support a poverty-level lifestyle.

In devising our research plan, we did not want precision to undermine the basic principles behind the research. America has millions of workers who earn little while often performing the most onerous work. Our core purpose for this research: What can employers do to improve the prospects of their lowest-paid workers and set them on the path of prosperity in a way that helps the worker and the business grow stronger over time?

The 3Ps of upward mobility

We defined upward mobility as an improvement in skills that enhances an employee's productivity and results in an increase in the employee's pay or a promotion or both. We focused on the 3Ps—**productivity**, **pay raise**, and **promotion**—to understand the economics of employment from the perspective of the employers and employees, simultaneously. For businesses to stay competitive, pay must be linked to productivity. For employees to flourish, pay and promotion reflect the employee's improvement in productivity—their ability to either do the same task better and more efficiently over time or to take on more sophisticated tasks over time. Pay hikes that are not linked to productivity are unsustainable over time; promotions that do not come with a pay raise and the prospect of further advancement are meaningless.

In both the surveys and our analysis of the data provided by Emsi Burning Glass, the research sought to link the concept of 3Ps to career pathways—opportunities for workers to upgrade their skills such that it led to a pay increase, a promotion, or both. This was repeatedly emphasized in the research instruments. For example, workers taking the survey were reminded of the definition and asked to answer questions on their upward mobility based on whether they had a pay raise, a promotion, or both in the past three years of employment.

In the Emsi Burning Glass resume and jobs-posting analysis, a career pathway represented a sequence of positions that would help a worker improve their skills and allow them to move to a higher-paying position. One example of upward mobility is a retail sales associate who earns $13.50 per hour, becomes a customer service representative earning $17.00 per hour, and then becomes a warehouse supervisor earning $25.75 per hour. Another example is a hotel desk clerk who earns $12.50 per hour and then becomes a hospitality front-office shift lead earning $18.75 per hour and eventually an operations supervisor at a hotel making $30.50 per hour. In tracking such upward progressions, we were not restricted to upward mobility within an organization alone. In both the survey and Emsi Burning Glass analysis, we tracked advancement across employers. We did not limit our analysis to instances of progression within a single employer.

In understanding upward progression, the research differentiated between the impact of "hard skills"—technical credentials—and "soft skills"—those interpersonal behaviors and attributes necessary for success at work, such as the ability to communicate well with other people, strong teamwork, problem-solving, and professionalism—in influencing upward mobility.

A snapshot of today's low-wage worker

A significant number of American workers are employed in low-wage jobs. Pre-Covid, in 2019, there were 53 million employees, representing 44% of the workforce, in low-wage jobs.[12] Of these, more than 12 million are full-time workers between the ages 25 and 64, all earning at or below the 200% federal poverty threshold.[13] Low-wage employees tend to be women, are more likely to be people of color, and often have substantial caregiving responsibilities.

In the overall U.S. workforce, 47% of employees are female and 53% are male,[14] but the population of employees under 200% poverty disproportionately skews female; according to CPS data, 53% of the employees earning wages below the poverty threshold are female. Women have represented the majority of the low-wage workforce for over two decades. More than a quarter (28%) of employees earning below $10.10 per hour are parents and supporting a family.[15] (See Figure 3.)

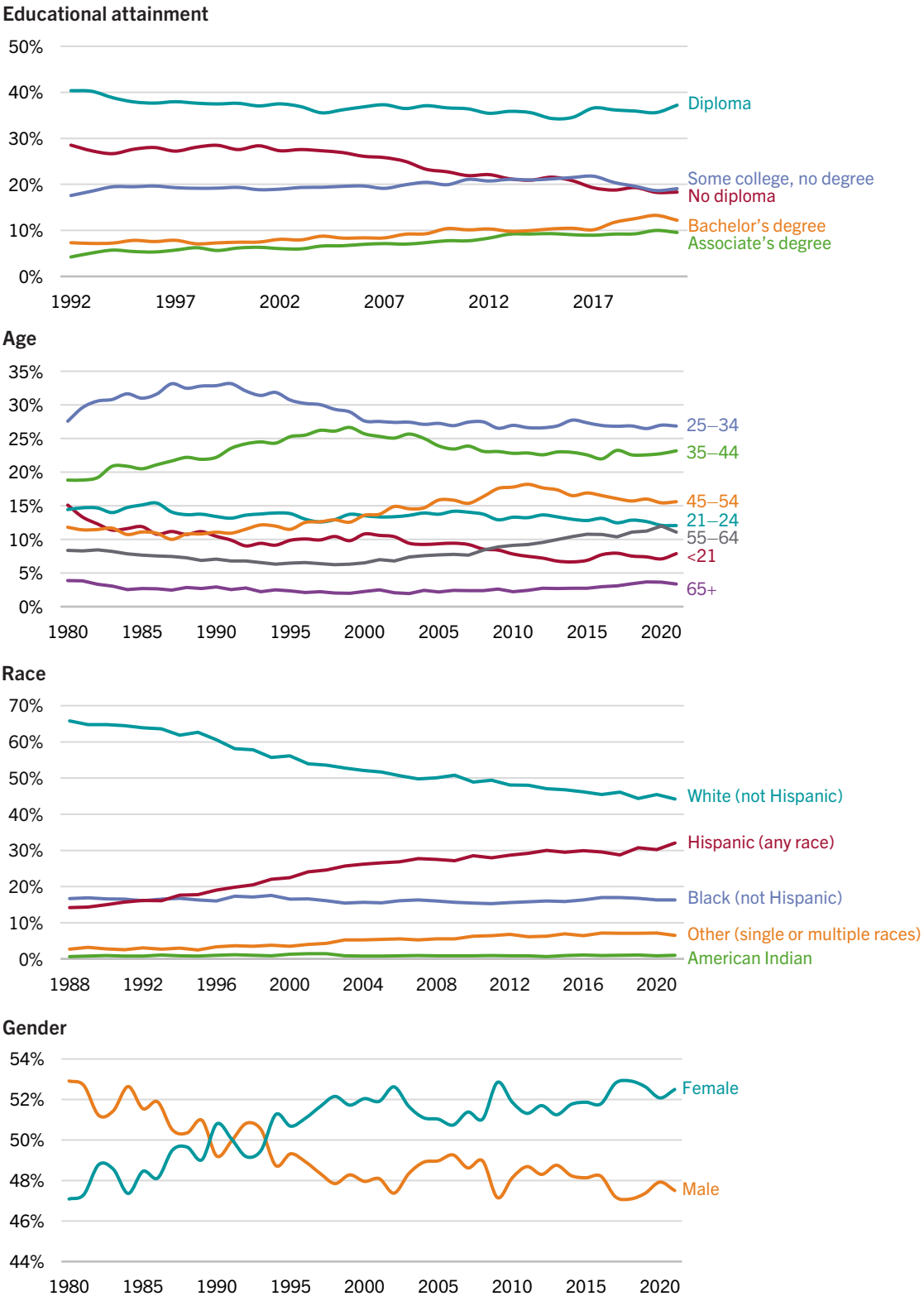
Over the past three decades, the racial composition of low-wage workers has shifted, from majority white to majority non-white. Latinx (Hispanic/Latino/Latina) workers occupy an increasing percentage of low-paying jobs. In 2019, of all the low-wage workers at or below 200% of the poverty threshold, 58.4% were people of color, 33% of whom were Latinx and 17.8% of whom were Black (Black/African American).[16] Further, Black employees were 32% more likely to earn low wages than white employees; Latinx employees were 41% more likely.[17]

A common perception is that low-wage jobs are equivalent to entry-level jobs, and these tend to be held by younger workers—and that the low-wages are an equitable trade-off for learning workforce skills. The reality is vastly different. For more than two decades now, the share of the low-wage workforce under 21 years old has been in steady decline in low-wage positions, while the number of older workers (those between 55 to 64 years of age) has nearly doubled in the past two decades. For example, in 2018, among employees earning at or below minimum wage, 53% were 25 years of age or older.[18]

Many of those in low-wage jobs are caught in a trap, unable to escape out of poverty, despite years of on-the-job experience. Employees who make $10–$15 per hour have a 52% chance of remaining in that same wage bracket when they switch jobs.[19] For middle-wage employees, or those earning $19–$24 per hour, there is a 46% chance that job transitions will lead to lower earnings.[20]

Predictably, low education attainment correlates to lower wages. However, post-secondary credentials do not ensure that someone can escape low-wage work. Data shows that those with an associate's degree or a four-year college education also end up in low-wage positions. In the past decade, the percentage of those with a bachelor's degree in low-wage positions has been higher than those with an associate's degree—debunking the myth that any and all four-year college degrees are uniformly superior to other credentials. There has been a sharp decline in the share of the low-wage workforce without a high school diploma.

Figure 3: Demographics of low-wage employees over time



Note: These breakdowns were calculated using CPS ASEC data retrieved from IPUMS. For the purposes of these calculations, low-wage workers are defined as those with family incomes below 200 percent of the Federal poverty level for that given year (conditional on family size), according to IPUMS Federal poverty threshold and family income calculations.

Source: CPS ASEC via IPUMS; author's calculations.

The labor market experience for low-wage workers

To understand exactly how many workers are stuck in low-wage jobs and how people escape them, we worked with the Burning Glass Institute to leverage an emerging source of information: the Emsi Burning Glass database of worker resumes.

We conducted an examination of the movement of workers in the labor market between 2012–2017. We particularly sought to understand: Who moves ahead, who does not, and what some common factors might be in their career pathways. This provided an unprecedented view into the real-life career progression of low-wage workers.

We started by first identifying the 292 occupations with a median national wage of $39,970 or below in May 2018, according to Occupational Employment Statistics (OES) data from the Bureau of Labor Statistics. Those occupations were then mapped into the Emsi Burning Glass database of resumes, winnowing the universe to only resumes of individuals who were in those occupations in 2012. The analysis focused only on those resumes in the Emsi Burning Glass database where the individual's education attainment was less than a bachelor's degree, as well as those in low-wage occupations whose resume had no level of education attainment listed. To analyze the demand side of these occupations, we reviewed Emsi Burning Glass's job-postings database over the same period and included only postings for jobs within this set of occupations. (See Appendix II: Resume and job postings analysis).

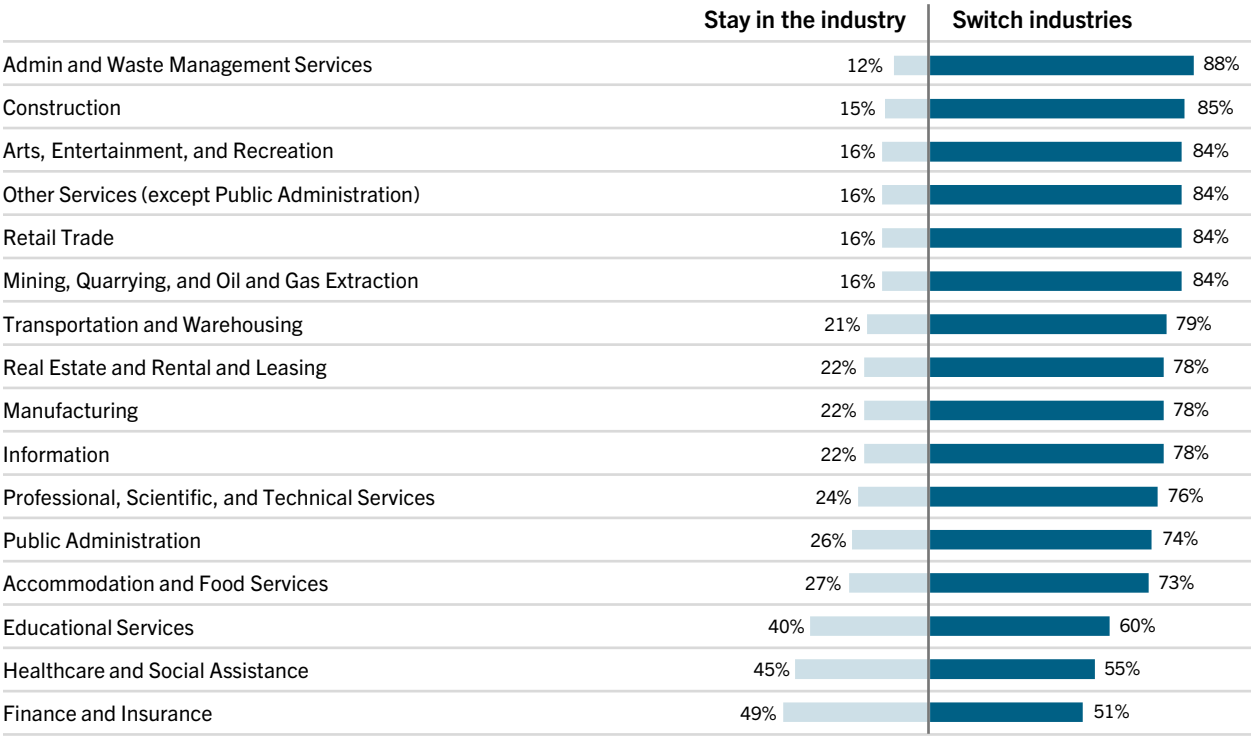
This approach tracked the more-common transitions over the five-year period among those whose resumes were included in the analysis. While any single individual's trajectory may have been unique to them, the aggregate analysis offers a perspective on patterns of low-wage workers' experiences and serves as a basis for deducing the nature of mobility of low-wage workers during the five-year period. By using the resume database to compare an individual's occupation in 2012 with their occupation in 2017, and imputing average wages for occupations using BLS data, the analysis provided clues to the mobility of these workers. The comparison sheds light on how wages increased or decreased over the five-year period based on the average salaries of the roles that workers indicated on their resumes. It also helped identify the frequency with which low-wage workers did—or did not—move out of poverty: If an individual started in an occupation earning below $39,970 in 2012 and moved to an occupation with an average salary above $39,970 in 2017, this individual was deemed to have "moved out of poverty." Finally, it helped understand whether mobility out of poverty was more frequent when individuals remained at the same employer or within the same industry, or when workers changed employers or industries.

In total, the analysis tracked 181,891 individuals' career transitions between 2012–2017 based on resume data. The analysis also looked at nearly 20 million job postings to understand what employers were looking for in these types of roles. We believe the findings extracted from the resume and job-postings analysis to be a first of its kind, and in that regard, significant in terms of the preliminary insights it provides.

- **Only four in 10 low-wage workers escaped low-wage jobs within five years.** Between 2012–2017, 60% of the individuals who started in a low-wage job (with a median salary of $39,970 or less) failed to move to a job with a median salary above the low-wage threshold in five years.
- **The wage difference between those who moved up and those who didn't was substantial.** The average starting salary in 2012 for people who did not have a bachelor's degree and who worked in jobs under the low-wage threshold was $30,468. The average ending salary in 2017 for the entire sample of workers was $41,804, but there was a $27,000 disparity between those who had escaped and those who had not. For those who moved out of poverty, the average ending salary was $58,032, a 90.5% increase. The average ending salary of their peers who did not move out of poverty was $30,882, a nominal 1.4% increase, or a compound annual growth of 0.27%, just one-fifth the rate of inflation in that same period.
- **Overall, the majority of workers switched industries, but in some industries, few moved up without moving out.** Many workers who moved out of poverty by switching jobs between 2012–2017 did so by switching industries. For example, of the construction industry workers who were below the poverty threshold in 2012, 85% had moved out of poverty by switching industries. In industries like finance and insurance and healthcare, upward career pathways within the industry were more prevalent. Larger percentages of workers were able to get to positions that paid above the poverty threshold by staying within the industry between 2012–2017. (See Figure 4.)

Figure 4: Among those who move out of poverty, most do so by switching industries

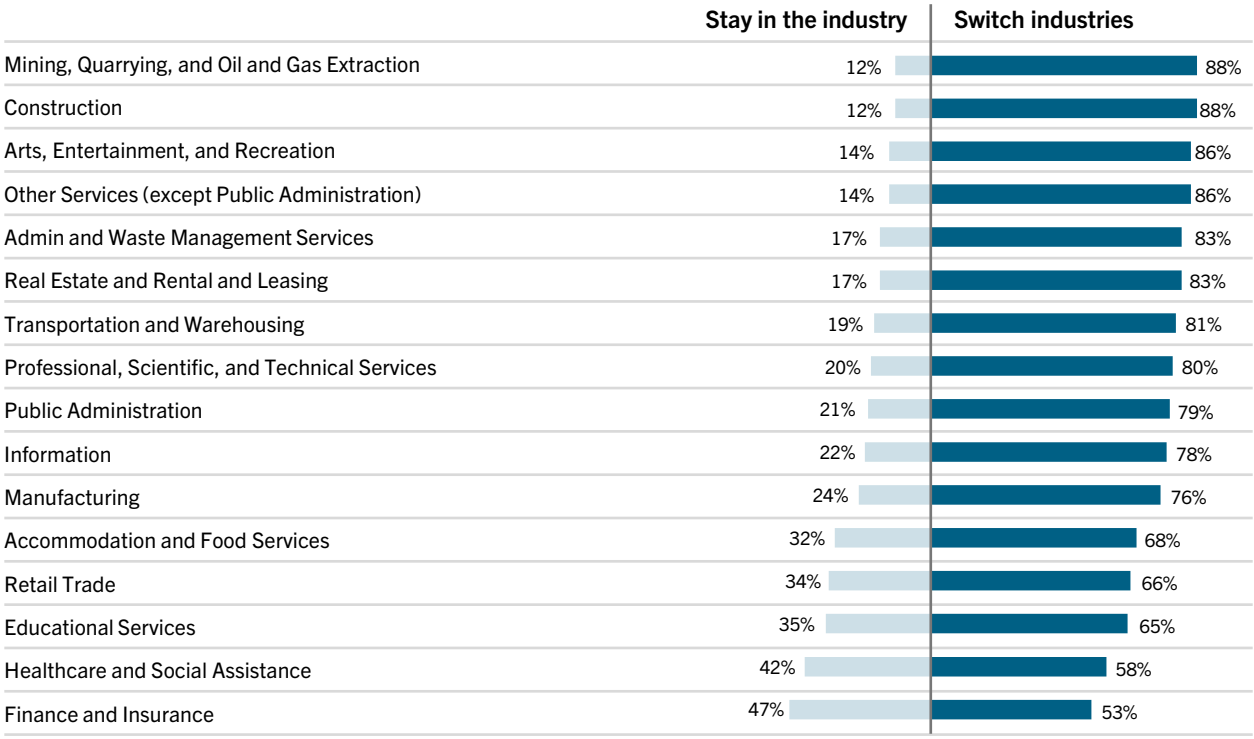
Percentage of low-wage employees who moved out of poverty who stay in the industry or switch industries after five years



Source: Emsi Burning Glass

Figure 5: High churn is common among low-wage employees for all starting industries

Percentage of low-wage employees who stay in the industry or switch industries after five years



Source: Emsi Burning Glass

However, it's important to note that workers who failed to advance didn't stay put. In all industries, a majority of low-wage workers moved not just from their current position, but also from the industry. In most industries, three-quarters or more of workers in low-wage occupations in that industry moved out of the industry in five years. For example, 88% of workers in low-wage occupations in construction in 2012 were no longer in construction by 2017. (See Figure 5 on page 15.)

In 8 of 16 industries, 80% or more of low-wage workers had moved to a different sector within five years. While that suggests that workers do not suffer from a "lock in" effect, it also implies that many end up writing off the benefits of experience. For employers, the implication would seem obvious. Rather than representing a portal through which workers enter an industry to build a career and deepen their skills through experience, low-wage entry-level jobs are often a revolving door. With churn of over 50% in even the "best" performing industries, our analysis demonstrates that a majority of firms fuel that turnover by failing to create viable career paths for low-wage workers. Rather than being a foreordained consequence of the economics of these industries, astronomical turnover is a function of the policies companies have devised for managing these workers and the inconsistency with which they are implemented.

- **Some industries are better launch platforms for upward mobility.** With the exception of educational services (with an average starting salary of $37,210) and accommodation and food service (with an average starting salary of $25,728), starting salaries were quite consistent across industries, with most industries clustering close to an average starting salary of $30,000. However, workers in some industries experienced much higher salary increases over the five years than those who started in other industries, such as those who started in educational services (52% increase), finance and insurance (47%), and real estate and rental and leasing (47%). Whether these workers stayed in the same industry or switched industries, their salary increases between 2012–2017, outstripped workers who started in other industries. Workers who started in accommodation and food services (31%), administrative and support and waste management and remediation services (33%), and retail trade (33%) experienced the lowest salary increases over the five years. (See Figure 6.)

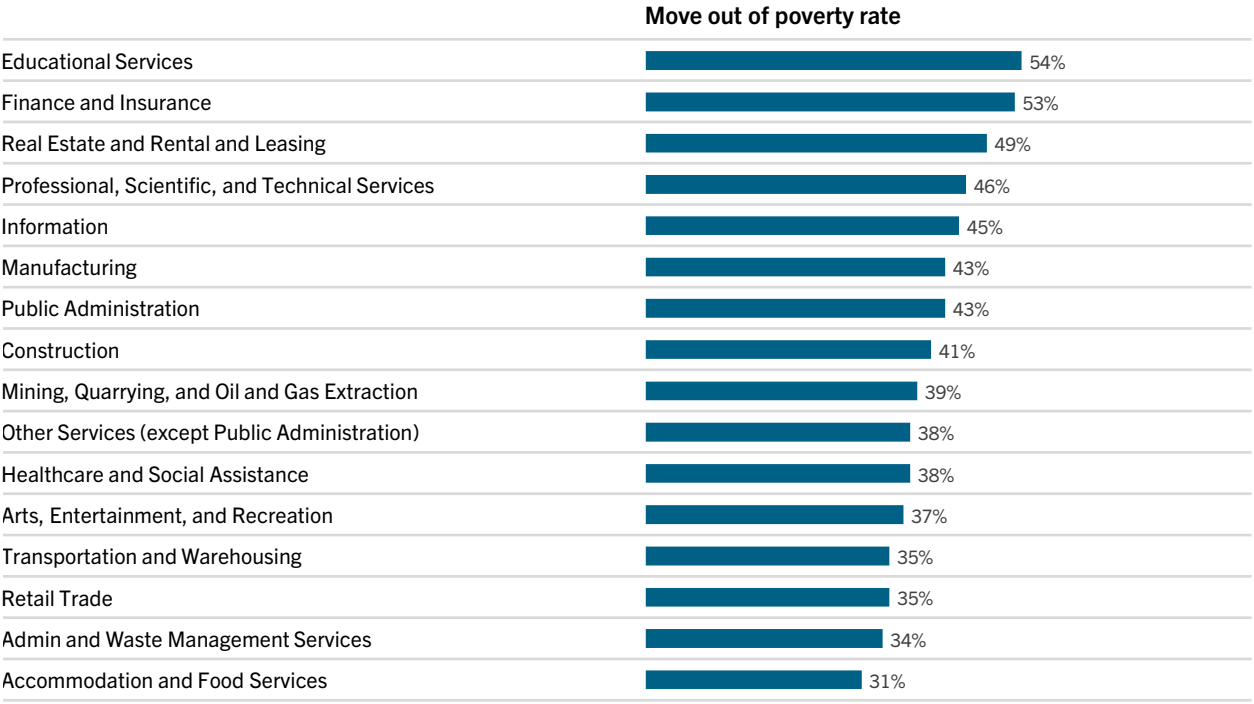
Figure 6: Average salary increase among low-wage employees varies across industries

	Starting salary	Average salary increase
Educational Services	$37,210	52%
Finance and Insurance	$30,853	47%
Real Estate and Rental and Leasing	$31,464	47%
Professional, Scientific, and Technical Services	$32,505	42%
Information	$32,945	40%
Manufacturing	$30,632	38%
Public Administration	$32,358	38%
Construction	$30,815	38%
Mining, Quarrying, and Oil and Gas Extraction	$30,401	36%
Other Services (except Public Administration)	$32,644	36%
Healthcare and Social Assistance	$30,658	36%
Arts, Entertainment, and Recreation	$29,818	35%
Transportation and Warehousing	$29,121	34%
Retail Trade	$29,638	33%
Admin and Waste Management Services	$30,210	33%
Accommodation and Food Services	$25,728	31%

Note: Starting salary refers to the average salary of all occupations within each industry with an average salary below the $39,970 threshold in 2012.

Source: Emsi Burning Glass

Figure 7: Move out of poverty rates vary by industry



Note: Move out of poverty rate refers to the percent of individuals who started in an occupation with an average salary below $39,970 in 2012 and moved to an occupation with an average salary above $39,970 in 2017.

Source: Emsi Burning Glass

The rate at which workers transitioned out of the low-wage threshold in five years was highest in the following industries: educational services (54%), finance and insurance (53%), real estate and rental and leasing (49%). The industries with the lowest rates of employees moving out of poverty were accommodation and food services (31%), administrative and support and waste management and remediation services (34%) and transportation and warehousing/retail (tied with 35%). (See Figure 7.) These industries are chronic low-wage traps for workers. Historically, many competitors in those sectors have predicated their business models on a low-wage workforce. Their organizational structures offer very few opportunities for advancement out of entry level, front-line roles.

- **Certain occupations provided better mobility than others.** For example, bank tellers had an average salary of $26,916 per annum, based on salary data from the Bureau of Labor Statistics. In the Emsi Burning Glass resume database, employees who started as tellers experienced an average salary increase of 78% over five years; 59% of those employees moved out of poverty. They ended up in occupations ranging from customer service representatives to accountants. On the other hand, caregivers/personal care aides had an average salary of $38,637 per annum. In the Emsi Burning Glass resume database they experienced an average salary increase of only 9% between 2012–2017, with only 34% of employees moving out of poverty over those five years. They ended up in occupations such as cashiers or nursing aides. Clearly, some occupations appear to provide a better springboard for mobility because the skills required are transferrable. Therefore, such occupations open better opportunities at other companies or in other industries. Meanwhile, while caregivers have a higher starting salary, their jobs are dead-end positions with only limited prospects of further progression given the esoteric skill set required and the very high ratio of front-line workers to supervisors.
- **Certain skills were associated with higher mobility.** Workers who had project management, budgeting, marketing, or social media on their resume tended to achieve upward mobility at greater rates than workers without those skills. Looking at job postings, some skills were in high demand across industries. Nearly all industries cited communication skills, physical abilities, customer service and sales as one of their top 10 skills sought in job postings.

- **For low-wage workers, most job moves don't advance their careers.** The analysis showed that low-wage workers moved laterally more often than upward. Employees earning below the poverty threshold had an average of 3.08 jobs over five years. However, they only experienced 0.95 upward job changes, wherein they moved to an occupation with a higher average salary. In other words, only one in three of their job changes was likely to move them ahead more than incrementally, with employees merely switching between similar paying jobs. Such frequent job changes may have prevented workers from building the experience base, acquiring the higher-level skills, and establishing the social assets within the organization that might contribute to advancement. Of course, workers might choose to change industries for reasons ranging from better wages, to the constriction of opportunities in their original sector, to a more convenient location or a more stable schedule.

  Even as employees changed jobs, perhaps working for different employers or in different industries, they often stayed within the same occupation. While these workers had an average of 3.08 jobs over five years, the average number of occupation changes during that time was only 1.83. For example, a retail sales associate moved to a new company, but they still had a similar job title with similar responsibilities at the new company. The analysis reinforces the hypothesis that switching between jobs in the same occupation traps workers below the poverty threshold and inhibits their ability to jump to a more promising career pathway. As this analysis is based on the average salary of an occupation and we did not have access to specific wage data for a given resume, we were not able to track if a job change within the same occupation was associated with a wage increase.

- **Women are less likely to move up.** The resume analysis reconfirmed that women were more likely to be overrepresented in jobs below the poverty threshold and less likely to move up in most industries (Resumes in the Emsi Burning Glass database are linked to gender by first name using a machine learning model.) The two industry exceptions where males were a majority were construction (56%) and transportation and warehousing (55%). In healthcare and social assistance, the prevalence of women in low-paying jobs was particularly high. Nearly 85% of resumes in Emsi Burning Glass's database for low-wage healthcare and social assistance occupations were held by women.

  Women were also less likely to experience mobility. A higher proportion of women remained in low-wage jobs between 2012–2017, while men were more likely to be able to escape. Over five years, average salary increased by 47% for men versus just 38% for women. As a result, a higher proportion of men (46%) moved out of poverty by 2017, compared to just 37% of women.

  The resumes analyzed do not identify the race of candidates using the resume database, so it was not possible to conduct analysis on the starting and ending salaries and mobility rates by race.

- **Employers seldom signal opportunities to advance, leaving workers to guess at best options.** While most job postings for low-wage positions described skills and qualifications in great detail, very little or no mention was made of company values, benefits, or the accessibility of pathways to career advancement. Only 5% of job postings mentioned career mobility. The dearth of positive signals wasn't limited to career pathway opportunities. Based on data from 2019, diversity and inclusion language was included in only 2% of job postings. Only 1% of job postings advertised parental leave benefits.

- **Low-wage occupations are concentrated in certain industries.** In the Emsi Burning Glass job-postings database, 6 out of 10 low-wage jobs were posted by employers in just three industries: retail trade, accommodation and food services, and healthcare and social assistance. Two showed a particularly high number and concentration of poverty trap jobs: accommodation and food services and retail trade. Based on Emsi Burning Glass's job-postings database, 25% of low-wage job postings were in the retail trade industry, while 19% were in the accommodation and food services industry. The low-wage jobs in these industries offered the least mobility. All three industries were clustered at the bottom of the distribution in terms of wage and the rate at which employees moved out of poverty.

Survey results overview: Framing the challenges to upward mobility

Our surveys of low-wage workers—and employers that hire them—were the first of their kind. Consequently, there were many avenues to explore and many choices to be made. As no one survey can hope to capture the complexity of the issue, our effort was to establish a baseline so that more research could be undertaken in the future. Many questions that were posed to workers were also posed to employers to allow for comparison. (For the full survey instruments, responses, and data sets, please visit HBS's Project on Managing the Future of Work at https://www.hbs.edu/managing-the-future-of-work/research/Pages/building-from-the-bottom-up.aspx)

The **worker survey** addressed those who were in employment (with one or more employers) for three years or more from January 2017 to January 2020. We established that condition to ensure that the surveyed workers had a sufficiently long work history and that they enjoyed a reasonable prospect of an improvement in circumstances. For all those who participated, a key criterion was that the worker earned wages at or below the 200% poverty threshold. Thus, of the total 1,025 workers surveyed, 70% earned less than $15 per hour and 30% earned between $15 and $20 per hour. Of those, 63% reported they had experienced upward mobility in the past three years, defined as receiving a promotion, a pay increase due to their job performance, or both, and 37% reported they had not experienced upward mobility. Those who experienced upward mobility were asked questions on factors that contributed to their success. Those who did not experience upward mobility were asked to share their perceptions of the barriers they had encountered in seeking upward mobility.

Quotas were set for many criteria so that the respondents represented a diverse population in terms of gender, race, age, industry, geography, and size of company. Overall, the sample was 58% female and 42% male. In terms of race, 73% were white, 15% were Black, and 11% were Latinx, closely mapping the U.S. population as a whole. (Note that respondents had the option to either self-describe or not answer their gender or race. Respondents could also select Middle Eastern or North African, Asian or Asian American, Native Hawaiian or Other Pacific Islander, or American Indian, Alaska Native, or Other Indigenous as their race, but fewer than 5% of survey respondents selected these options.) In terms of age, 59% of the workers were between the ages 21–44, while the rest were 45 years and older. Workers younger than 20 years were excluded. (For the full worker survey methodology see Appendix III: Survey methodology.)

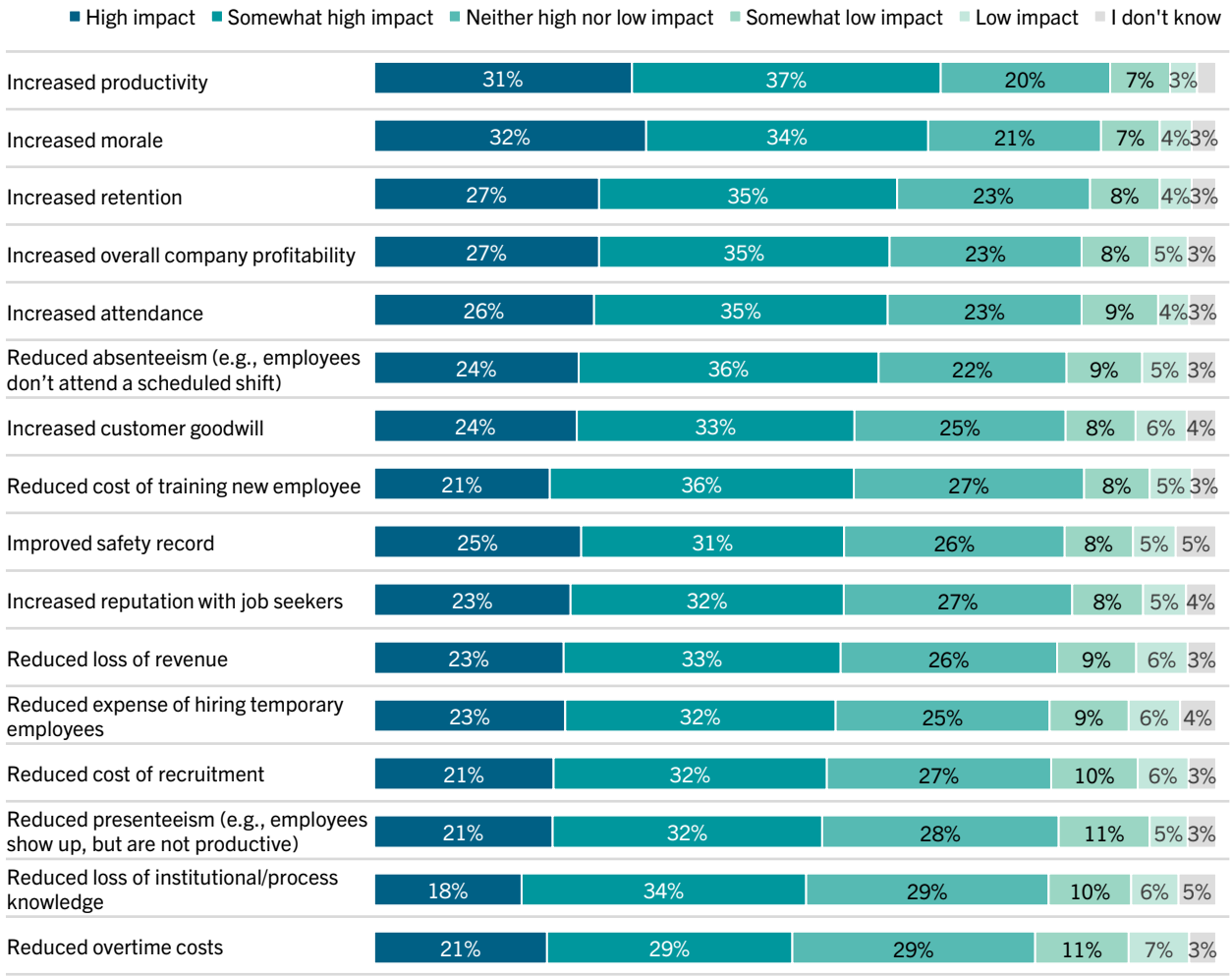
The **employer survey** consisted of 1,150 employers, 38% of whom were senior executives with titles like president, CEO, and senior vice president; 29% were mid-level managers; and 34% were front-line managers or supervisors—that is, the level closest to supervising low-wage workers. They came from institutions of all sizes: 47% came from small companies with less than 100 employees; 25% from midsize companies with 100 to less than 1,000 employees; and the remaining 29% from large companies with more than 1,000 employees. Of those companies, 30% were from the public sector and 69% from the private sector. Each respondent worked in an organization that had low-wage employees—low-wage workers made up less than 50% of the workforce for 71% of managers surveyed. For 28% of managers surveyed, low-wage employees ranged from 50%–100% of the workforce. A third of the employers (32%) reported that their low-wage workers made less than $10 per hour on average; 47% had low-wage workers in the $10–$15 range per hour; and 21% had workers earning between $15–$20 per hour.

First the good news. Both workers and employers reported positive indicators: Each saw a compelling case for improving the prospects and productivity of low-wage workers. Echoing previous research, workers displayed a high degree of enthusiasm, agency, and optimism for the future.[21] Employers acknowledged how critical these workers were for their organization's well-being and success. A majority of employers believed that practices geared toward increasing mobility of lower-skilled workers had already contributed in multiple ways to the company's competitiveness. For example, the majority of business leaders saw a strong correlation between upward mobility of workers and the organization's business goals, such as increased productivity (68% of employers), increased retention (62%), and increased profitability (62%). (See Figure 8 on page 20.) As many as 80% of employers surveyed believed that their company's future success and competitiveness depended on investing time and effort in the upward mobility of low-wage employees.

However, while attitudes were based in good intentions, the associated implementation was spotty at best. Taken

Figure 8: Employers perceive a strong correlation between upward mobility of low-wage workers and company performance

Think about the upward mobility practices your company has already implemented. Rate the impact of these practices on the following contributors to your company's competitiveness.



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

together, the two surveys painted a discouraging picture of the day-to-day experience of many low-wage workers. There was a lack of commitment by employers to retain or upskill low-wage employees. Employers accepted high churn and turnover in low-wage workers as the normal way of doing business. As high as all these costs were, low-wage workers paid the highest price. The lack of stability and access to career pathways dooms millions of low-wage workers, who don't just struggle to meet their current needs, but they also risk being mired in a situation that is unlikely to improve their earnings prospects and, hence, their economic circumstances.

Contrasting the worker survey findings with the employer survey findings revealed the many small mismatches in actions and expectations that combine to create less opportunity for workers and an increasing talent shortage for employers. The surveys highlighted how employers were underinvesting in getting the best out of their existing employees and failing to tap into the reserves of goodwill that workers have for their workplaces. Workers sought stability and expressed a preference for staying with their current employers—but there was little investment by employers in communicating career pathways or taking actions that would help workers grow within the organization. Workers showed agency and eagerness to

invest time and effort in upgrading their skills. However, they received negligible support from employers—there was little guidance on the training workers needed to move up the ladder. Workers had an unrealistic or limited understanding of their own capabilities, as they received no clear and actionable feedback from supervisors or managers.

Lastly, the employer survey revealed the gap in perceptions within organizations. Senior management believed that they had policies in place for helping low-wage workers develop skills and progress on their career pathways—and assumed that the policies were being implemented. However, implementation of such policies and practices appeared spotty at best. Front-line supervisors indicated that their organizations invested little in developing low-wage workers. That is borne out by the data provided by workers who indicated they did not receive clear feedback regularly and that they were unaware of what was required for them to advance or how to access the resources to do so. Such gaps in workers' understanding can only result from failures by the employer and supervisors to communicate effectively. That, in turn, can only reflect a failure of companies to implement incentives and metrics that cause supervisors and managers to execute the policies the C-suite believe to be in force.

In the following sections, we explore these findings in detail.

High agency, strong loyalty, search for stability

America's lowest earners are strivers. The responses to questions about the living and personal situations of the workers revealed profiles in courage, perseverance, and optimism in that, despite the constant threat and stress of financial insecurity, these workers wanted to invest time and effort to improve their circumstances. They sought guidance on what they needed to do—such as technical and non-technical skills training—holding themselves responsible for improving their prospects by deepening and broadening their skills. Many workers chose to stay in low-wage positions because it provided the stability and resources to maintain their tenuous hold on economic viability. Despite working long, hard hours, often with meager rewards and little or no recognition, they were optimistic about the future. Given the right support, they believed they could improve their lives.

Making a living

Small households, few dependents: Increasingly evident demographic and societal trends—such as the shift to smaller households and single-parent or childless families—were reflected in the worker survey. Many low-wage workers reported they were part of smaller households and had fewer care burdens in terms of young or old dependent household members. A significant number (42%) were the only working adult in the household, while 36% lived with just one other working adult. The remaining 22% of low-wage workers were living in households with two or more working adults. Most low-wage workers (65%) reported that they had no dependent adults in their household; 24% had one dependent adult. The remaining 12% had two or more dependent adults in their household. Despite the age groups covered, 62% of low-wage workers reported they had no dependent children in their household. Thirty percent had either one or two children to care for. Low-wage workers with three or more dependent children constituted just 8% of the surveyed workers.

Pooled incomes, but still poor: While the survey was designed to focus on low-wage workers by their hourly wage, in order to gain insight into their living circumstances, the survey sought to understand their total household income. The picture that emerged was bleak: despite pooling incomes, low-wage workers lived in households below the poverty line. A significant majority (68%) reported that their household income was less than $40,000 per year. Of those, 16% were getting by on less than $20,000 per year. At the other end of the spectrum, 21% of the workers belonged to households with an annual income of between $40,000–$69,999; only 11% were in households with an annual income greater than $70,000.

Working hard to stay in the same place: Of the surveyed workers, half (52%) were full-time employees working 35 hours or more; a quarter (26%) were part-time employees, working less than 35 hours. As many as 22% reported that, in addition to working 35 hours full time, they were also working part time for one or more employers. Of those who reported having at least one full-time job, 93% reported that they worked at one company only, while 7% reported working at two or more companies. Of respondents who reported working at least one part-time job, 90% reported working at one company, while 10% reported working at two or more companies.

Nearly half of all part-time workers (49%) reported that they want to remain in part-time work because "I am satisfied with what I am doing." Just over a quarter (27%) reported they are unable to work more hours due to personal circumstances, such as family caregiving responsibilities or transportation issues. White part-time workers were the most likely to report remaining a part-time worker because they were satisfied with what

they were doing (51%) when compared to Black workers (40%) and Latinx workers (39%). For both Black (27%) and Latinx workers (30%), the second most-cited reason for doing part-time work was because they could not get a full-time job.

Workforce ready, as well as ready to work: Only workers who had worked consistently for at least three years and were employed as of January 2020 were invited to take the survey. Not surprisingly, they presented as more employable than those who were unemployed and face barriers to joining the workforce, such as caregivers or those with mental or physical challenges.[22] The surveyed workers had clearly overcome constraints; they were not as beset with personal challenges. In fact, the survey showed that a large majority of these surveyed workers (71%) labored under no obvious barriers to employment. Only 9% of workers had experienced homelessness, 7% reported criminal convictions, 7% had a history of drug or alcohol abuse, and 7% cited other personal challenges. When asked to describe these other personal challenges in their own words, 32 workers out of the total surveyed population of 1,025 listed post-traumatic stress disorder (PTSD), trauma, or other mental-health issues.

These findings underscored an often overlooked fact: Workers who are already employed have resolved how to overcome barriers to employment. Retaining such workers should be a priority for employers, especially in occupations and industries with chronic talent shortages.

Eager to be loyal and stay with employer: The survey highlighted that low-wage employees valued stability and a good working environment. If the job met some basic criteria—a convenient work location, the level of pay, supportive colleagues and supervisors—workers indicated a preference for staying with their current employers. Even if their positions were the epitome of "bad jobs," workers valued their current positions for the stability they provided in familiar settings. Half of all workers surveyed (51%) reported working at their primary company for four years or longer. Of these, 17% had worked at their company for more than 10 years. It should be noted that, despite tenure at the company, these workers still only earned such low hourly wages that they qualified for our sample.

Workers clearly signaled a propensity to stay with their employer only if they were offered the potential of better prospects. When asked what would induce the worker to stay at the company, 62% of the workers surveyed cited upward mobility. For 47% of the workers, a higher-paying role was a clear incentive to stay—but the decision to stay was clearly more complex than just the prospect of earning more money. Workers were also willing to stay longer at their *current pay level* if the company offered them more skills training (9%) or more responsibility in their current position (6%).

Moreover, 22% of all workers surveyed reported, "Even if my company *doesn't* offer me higher pay, skills training, and more responsibility, I would prefer to stay at my current company." For those workers, presumably, the job offered satisfaction on a personal dimension—perhaps flexible work hours, convenient location, or a familiar environment with supportive colleagues—that made them rationalize their decision to stay in the low-wage position.

The converse was also true for a small number of workers whose criteria were not met and, thus, saw compelling reasons to move on. They believed that, even if their current company offered them a higher-paying role, skills training, or more responsibility, they had better opportunities in another company within the same industry (8%) or another company in another industry (8%). Those workers represented a small percentage of the total turnover of low-wage workers most companies experience annually. While some workers leave in search of greener pastures, leaving a company is not the preferred course of action for most low-wage workers.

Grading the upward mobility of companies: Overall, more workers (48%) graded their company's performance in increasing the upward mobility of workers at their pay level as excellent or good, compared to workers (26%) who graded the company as poor or very poor. While it is worth keeping in mind that the survey was conducted during Covid-19 when companies may have been offering higher wages, it was clear that not all workers thought alike. White workers were less likely to give their current employer high grades: 45% chose excellent and good, while 29% chose poor or very poor. By contrast, Black workers tended to give a more generous score (57% chose excellent or good, 19% chose poor or very poor), while Latinx workers were the most generous (59% chose excellent or good, 17% chose poor or very poor). Women judged their current company's efforts at upward mobility more negatively (46% chose excellent or good, 29% chose poor or very poor), compared to male workers (51% chose excellent or good, 22% chose poor or very poor).

Ironically, employers rated themselves more generously. When asked the same question, overall, 54% of employers gave themselves an excellent or good grade, and only 16% rated their upward mobility efforts as poor or very poor. (See Figure 9.)

Positive views on company culture: Even though low-wage workers often carry the burden of the most

thankless tasks within an organization, workers generally hold positive views about their employer. A large number of workers (47%) were very likely to recommend their current job to a friend—rating an 8 or higher on a scale of 1 to 10, where 10 is "extremely likely to recommend." One in five workers (20%) rated their current job as poor, giving scores of less than 5, signaling that they would be unlikely to recommend the employer to a friend.

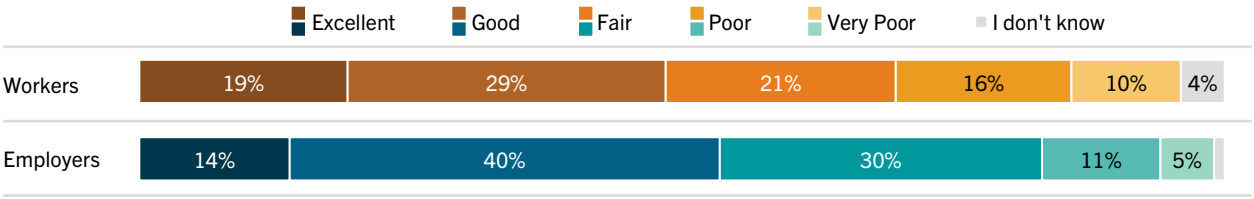
When it came to sentiments like "belonging at the company," "feeling valued," and "working at a great place," far more workers agreed than disagreed. For issues such as the company's culture in terms of hiring from within or inspiring the worker to move up in the organization, the net positives were higher than the net negatives—but by a smaller margin. Despite other data that showed stagnation and a lack of upward mobility for most low-wage workers, many workers nonetheless held charitable views of their employers. Workers perceived that their employer believed in retention and supported upward mobility. (See Figure 10.)

Black workers were the most likely to agree that their company prioritizes hiring from within, while white workers were the least likely to agree that their company culture inspires the worker to try to move up. Latinx workers were the most likely to agree that their company believes workers at their pay level are crucial to the company's success.

Women felt less valued than men did: Overall, women were net positive, but at a rate of just 31%, compared to men at a rate of 42%. Similar differences emerged on matters pertaining to retention and upward mobility.

Figure 9: Upward mobility performance rated by employers and workers

How would you grade your company's performance in increasing the upward mobility of low-wage workers?

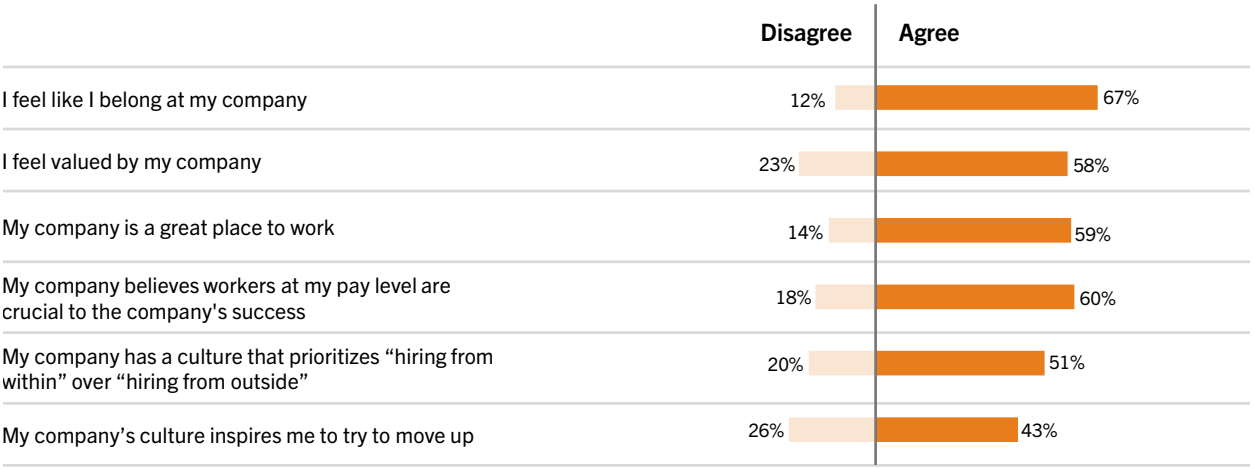


Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 10: Workers have positive attitudes towards their companies

Please indicate how strongly you agree or disagree with the following statements about your company culture.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Women were net positive at just 28%, compared to 36% for men, on experiencing a culture of hiring from within or hiring from outside. Similarly, women were net positive at just 10%, compared to men (27%) on their company's culture inspiring them to try to move up.

Positive views about opportunities at the company: Despite the lack of opportunities to move up, workers believed that their current positions were preparing them for a better future. For example, 64% agreed, "I can explain how what I've learned and done in this job is related to future jobs I would be interested in." More than half agreed that, through their day-to-day job responsibilities, they could develop soft skills, technical skills, and leadership skills needed to move up.

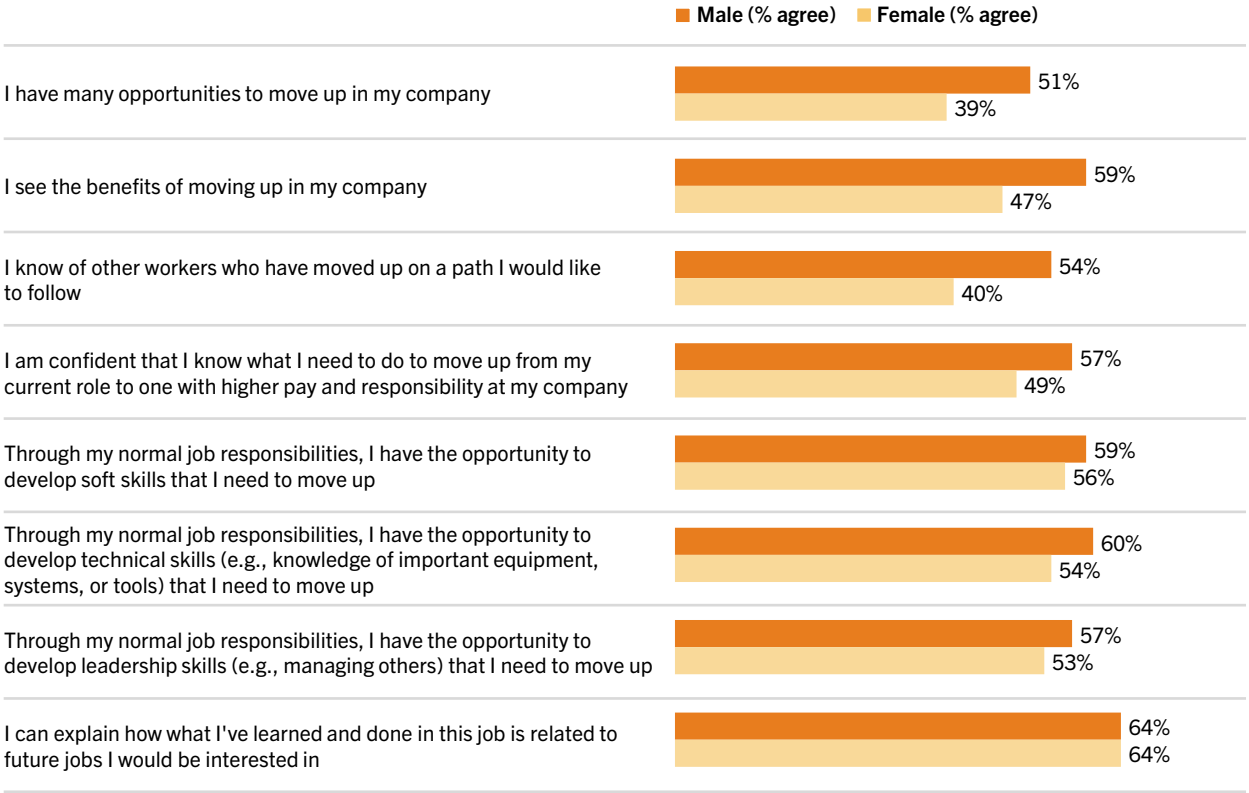
Workers were less optimistic about those skills leading to advancement. While 52% agreed that "I see the benefits (e.g., increase in pay, skills, productivity) of moving up in my company," far fewer believed they had many opportunities to move up in their company (44%) or that they knew of other workers who had traveled career pathways they would like to follow (46%). Across the board, on all these measures, many more male workers were likely to hold positive views, compared to female workers. Women consistently struggled to see opportunities for mobility. (See Figure 11.)

A strong sense of agency: Echoing sentiments from previous surveys,[23] 71% of workers held themselves most responsible for their own mobility, as opposed to holding their company, the government, or education institutions responsible for their advancement. Interestingly, when employers were asked to rank who was responsible for the upward mobility of low-wage employees, a majority—though a smaller majority at 51%—pointed to *employees* as having responsibility for their own progression. Only one out of three *employers* (31%) ranked their company as most responsible for the upward mobility of low-wage employees. (See Figure 12.)

White workers were most likely to rank themselves as most responsible for upward mobility (85%) followed by Black workers (81%) and Latinx workers (74%). The uniformity of responses is noteworthy: low-wage workers almost universally demonstrate a high sense of agency

Figure 11: Male workers are more likely to have positive views of upward mobility than female workers

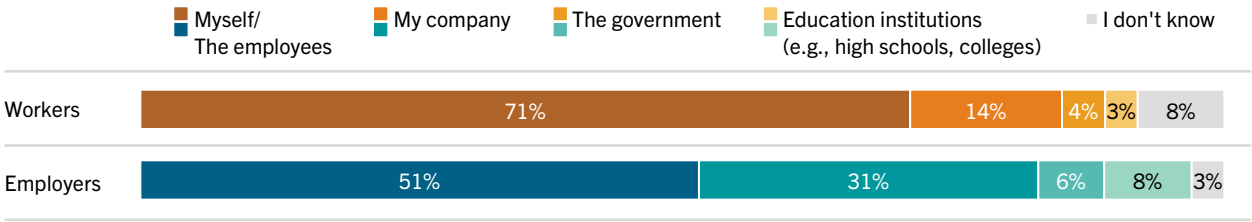
Please indicate how strongly you agree or disagree with the following statements about opportunities at your company.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 12: Workers take responsibility for their own upward mobility

Who is most responsible for the overall upward mobility of low-wage employees?



Note: Respondents were given the list of four options and asked to rank them in order of most to least important, or were able to select the "I don't know" option. The percentages in this chart represent the percent of respondents who ranked each option as the most responsible. Phrasing in the two surveys differed slightly in that workers were given the option to select "myself" as most responsible, while employers were given the option of "the employees." Percentages may not sum to 100% due to rounding.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

concerning their advancement. But when it came to more specific sentiments, such as "I want to move up in my career," white workers (62%) were least likely to agree, compared to Black workers (81%) or Latinx workers (73%).

Many workers expressed satisfaction with what they were doing. For those who disagreed with the statement "I want to move up in my career," the most common reason for all workers, by race and gender, was that they were satisfied in their current position. (See Figure 13 on page 26.) That contravenes the widely held assumption that low-wage workers are dissatisfied with their work and dislike their current employers. Our survey suggests that low-wage workers aspire to better-paid positions, ideally with their current employers as opposed to seeking to bolster their skills in the hope of moving elsewhere.

Searching for stability: A job with wages below the poverty threshold traps workers in a low-level equilibrium. With the precariousness of their day-to-day circumstances, retaining a low-wage position represents a source of security; aspiring to a higher wage position—and the possibility of rejection—risks insecurity. We asked workers about what they might consider in seeking a new position. Stability and security emerged as the principal considerations. Job security, stable and predictable pay, and stable and predictable hours were cited as some of the most important attributes. Benefits that employers generally perceive as important—tuition assistance, transportation assistance, and caregiving assistance—ranked the lowest in importance for all categories of workers. (See Figure 14 on page 27.)

As the next section shows in greater detail, employers simply do not know what matters most to workers who earn the least within their organizations. In some instances, employers cling to preconceived—and often incorrect—notions about these workers' lives. In other instances, employers have simply ignored their needs. In the process, both the organization and its workers pay a high price for employer insouciance.

Little attention, no support, no future

U.S. workers responded to the post-Covid recovery by quitting in large numbers—the largest resignation rate in two decades. In November 2021 alone, 4.5 million workers voluntarily left their employers. Of these, more than a million workers came from the leisure and hospitality industry alone, an industry that relies on low-wage, poverty-trap positions.[24]

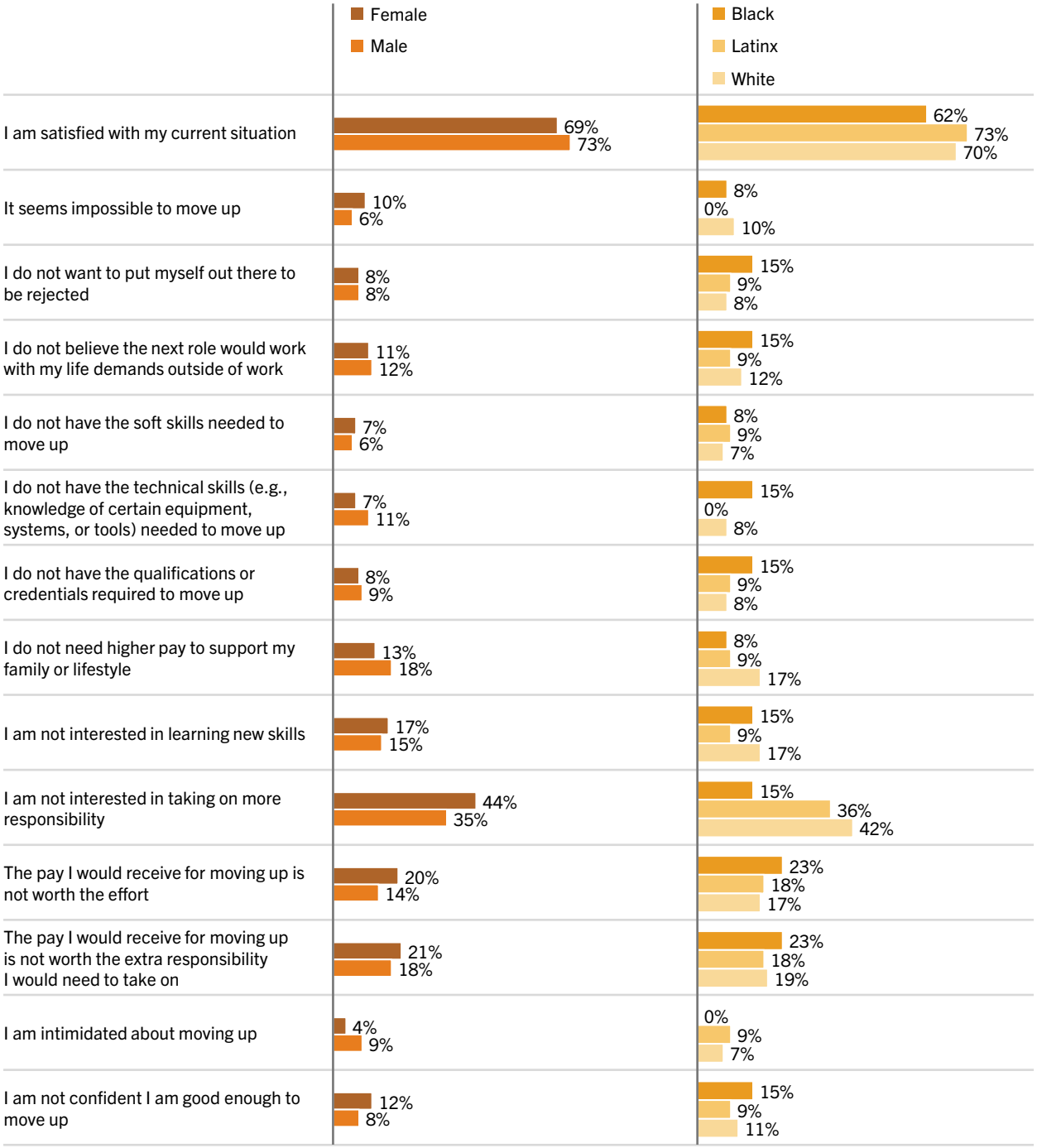
The high quit rates should come as no surprise.

The diagnosis that emerges is grim. Employers have largely conceded that low-wage workers will turn over at a high rate. Consequently, they dedicate very little effort to retaining or enhancing the skills of their incumbent workers. Astonishingly high churn in low-wage positions is accepted as a cost of doing business.

In the absence of any accountability on the high cost of turnover rates, employers have accustomed themselves to take low-wage workers for granted. Such workers are treated as disposable commodities, their skills and experience viewed as highly fungible. Employers show very little engagement in workers' lives. They have also disregarded the high cost of turnover that ranges from the costs of recruiting, onboarding, and training to an erosion of customer service and added strain on remaining workers.

Figure 13: Among those who don't want to move up in their career, the top cited reason was they are satisfied with their current situation

I do not want to move up in my career because:

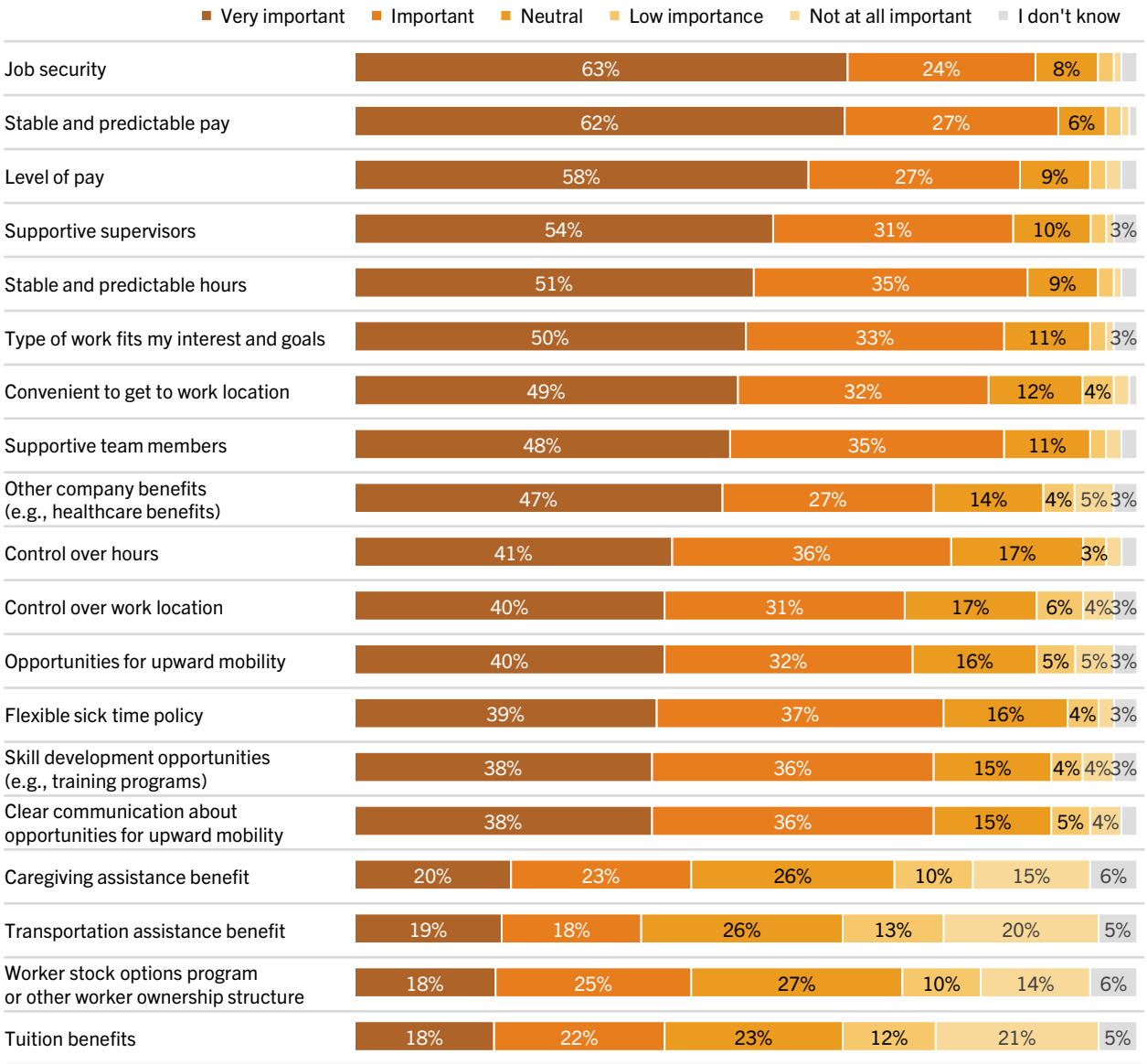


Note: Only those who indicated they do not want to move up in their career answered this question.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 14: Factors that matter most to low-wage workers when searching for a job

Please rate how important the following factors would be to you if you were to search for another job.



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

It is worth noting: All the workers completed our survey relative to their working status in January 2020. Their feedback paints a bleak picture, even pre-Covid. Employers hoping to attract workers in the post-Covid environment would be well served to consider how they might adjust their policies to make open positions more attractive to applicants.

Experienced but languishing in entry-level positions: By design, the survey filtered out those below the age of 21 and only sought workers who had three years or more of work experience. The resulting pool represented all age groups. Most workers had significant work experience: 54% had worked more than 10 years, and 16% had between 6–10 years of work experience. Yet, despite their experience, three-quarters of low-wage workers held entry-level positions (31%) or just above entry-level positions (45%).

The worker survey also spotlighted another anomaly: Low-wages don't just define the entry- or first-level jobs; those with supervisory and management responsibilities

also occupy low-wage positions. Of the surveyed workers, 21% held positions at the level of front-line managers or mid-level managers but were still earning wages low enough to qualify to take the survey. Despite rising to supervisory levels and having more responsibilities in their jobs, their wages were still below 200% of the poverty threshold.

Shockingly high turnover rates: In many industries, low-wage jobs are difficult, demanding, often dirty, and occasionally dangerous. From long hours on the road for truck drivers, to fast-food positions that require cleaning the lavatories, to physically demanding work in warehouses, to 12-hour shifts in healthcare, many of these jobs not only pay little, but they demand more. Recognizing the unattractiveness of the working conditions, employers often take for granted that their low-wage positions will see constant, high turnover. The survey showed just how high the cost of turnover is for companies—and how difficult it is for low-wage workers to find the stability that is a pre-condition for upward mobility. Many low-wage workers (55%) had worked in four or more companies. Only 16% had worked at a single company. Nearly a quarter (21%) worked at an equal number of companies as the years they had been working, indicating frequent company changes.

The shocking numbers on turnover came from employers themselves: 52% of employers believed that the annual turnover rate of their low-wage employees was greater than 24%. (See Figure 15.)

Low raises for low-wage workers: When comparing the rates of upward mobility for low-wage employees versus all employees, employers painted a relatively bleak picture for low-wage employees. Employers estimated lower upward mobility rates for low-wage workers and higher upward mobility rates for their workforce as a whole. Eleven percent of employers estimated that zero percent of their low-wage employees experienced upward mobility, meaning none of their low-wage employees experienced a wage increase or promotion—that, compared to 8% of employers that estimated that zero percent of their entire workforce experienced upward mobility. On the other hand, 44% of employers reported that more than 10% of their *workforce as a whole* experienced upward mobility, but only 29% of employers reported that more than 10% of their *low-wage workforce* experienced upward mobility. (See Figure 16.)

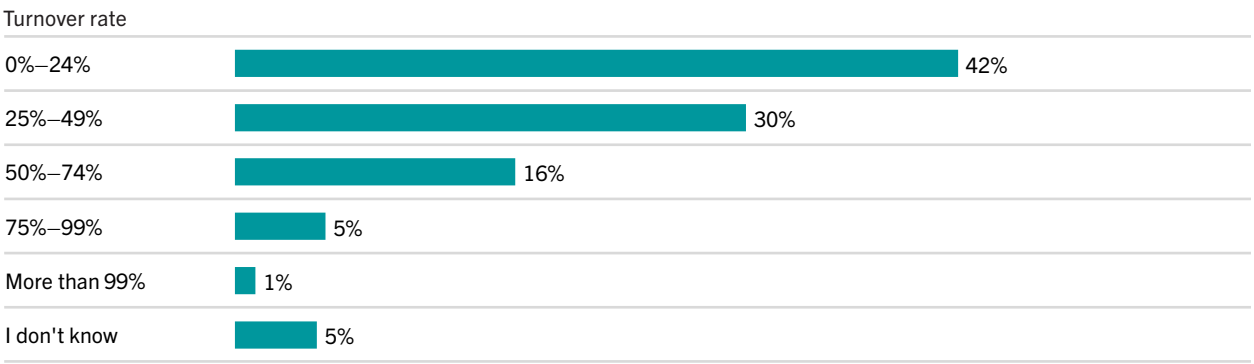
Taking low-wage hiring for granted: In considering the 12 months before Covid-19—January 2019 to January 2020—48% of surveyed employers reported that, overall, it was hard to find qualified talent, and only 27% found it easy to find talent. But when asked specifically about the ease of finding qualified low-wage talent, many more employers were sanguine: 43% indicated it was easy to find low-wage talent.

Tellingly, 43% of employers agreed with the statement "my company views low-wage employees as easily replaceable." Forty-one percent disagreed. The larger the company, the more likely employers were to view low-wage employees as readily replaceable. (See Figure 17.)

Limited understanding of why workers move: A crucial objective of this survey was to understand what prompted workers to change employment, especially if it was to go from one low-wage position to another. For those workers who had worked for two or more companies throughout

Figure 15: Estimated turnover rates

From January 2019 to January 2020 (the year prior to Covid-19), what would you estimate were the turnover rates of low-wage employees in your company?

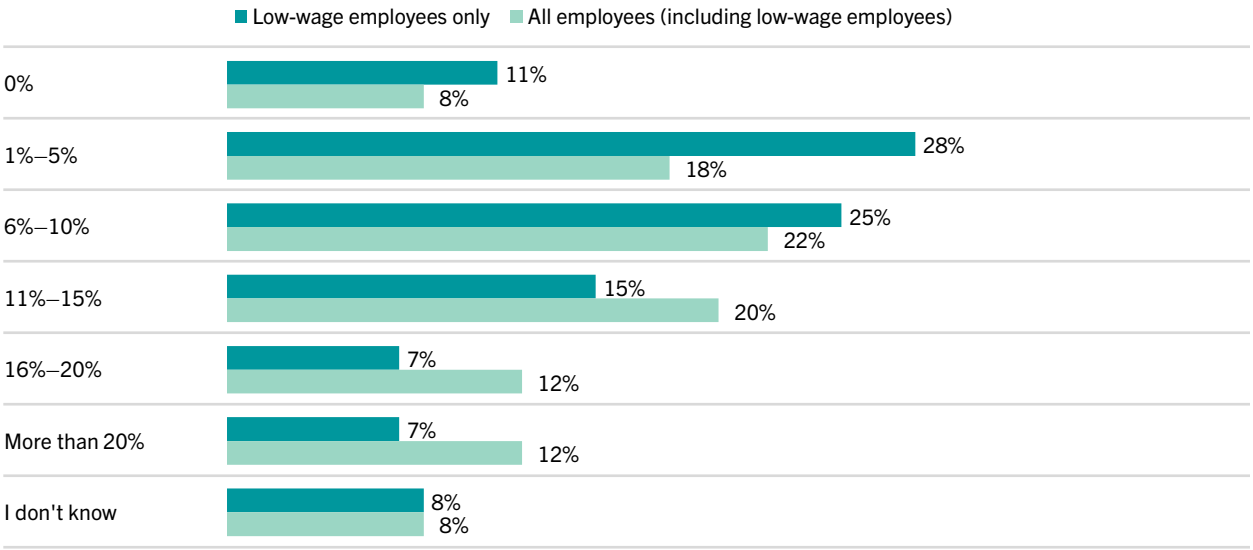


Note: Percentages may not sum to 100% due to rounding.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 16: Estimated upward mobility rates

From January 2019 to January 2020 (the year prior to Covid-19), what percentage of your company's low-wage workforce and total workforce experienced upward mobility?

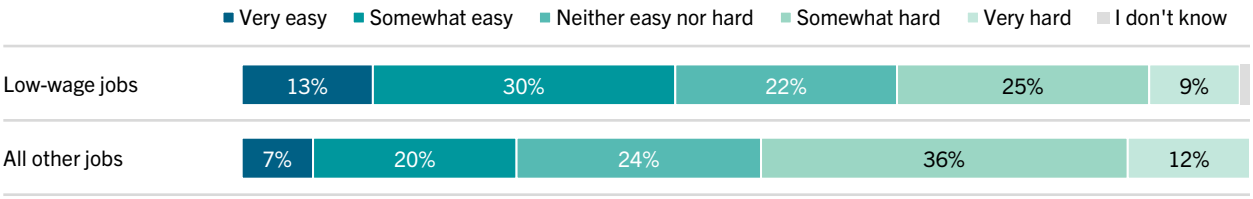


Note: Percentages may not sum to 100% due to rounding.

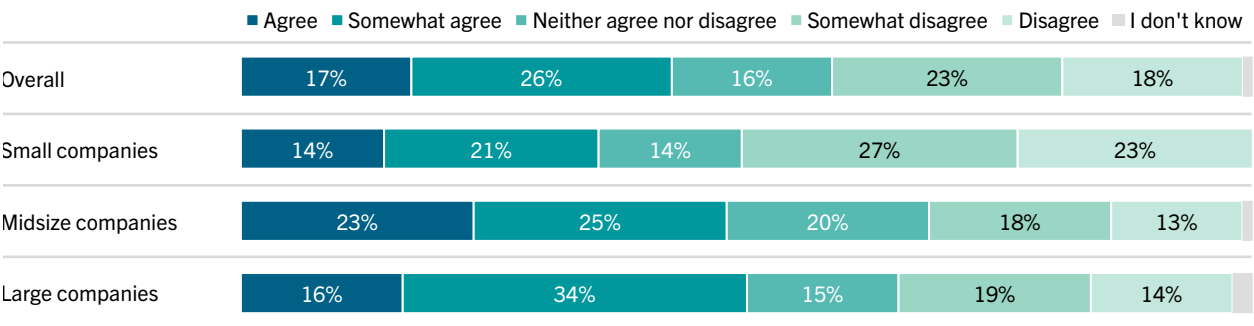
Source:"Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 17: Employers find low-wage job openings easy to fill

Finding qualified applicants for _____ in my company is:



Please indicate how much you agree or disagree with the following:
My company views low-wage employees as easily replaceable



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

their career, the most cited reason for changing jobs was the convenience to get to the work location (64%), followed by level of pay (43%), and supportive team members (41%). Workers were then asked to rank in terms of importance the factors that caused them to change companies. The highest-ranked factor was convenient work location followed by level of pay. Contrary to employer beliefs, benefits such as caregiving, transportation subsidies, and tuition support were least influential in the choice to move companies. (See Figure 18.) Of the top three factors to move between companies, workers judged the convenience of employer location as the number one reason by a wide margin.

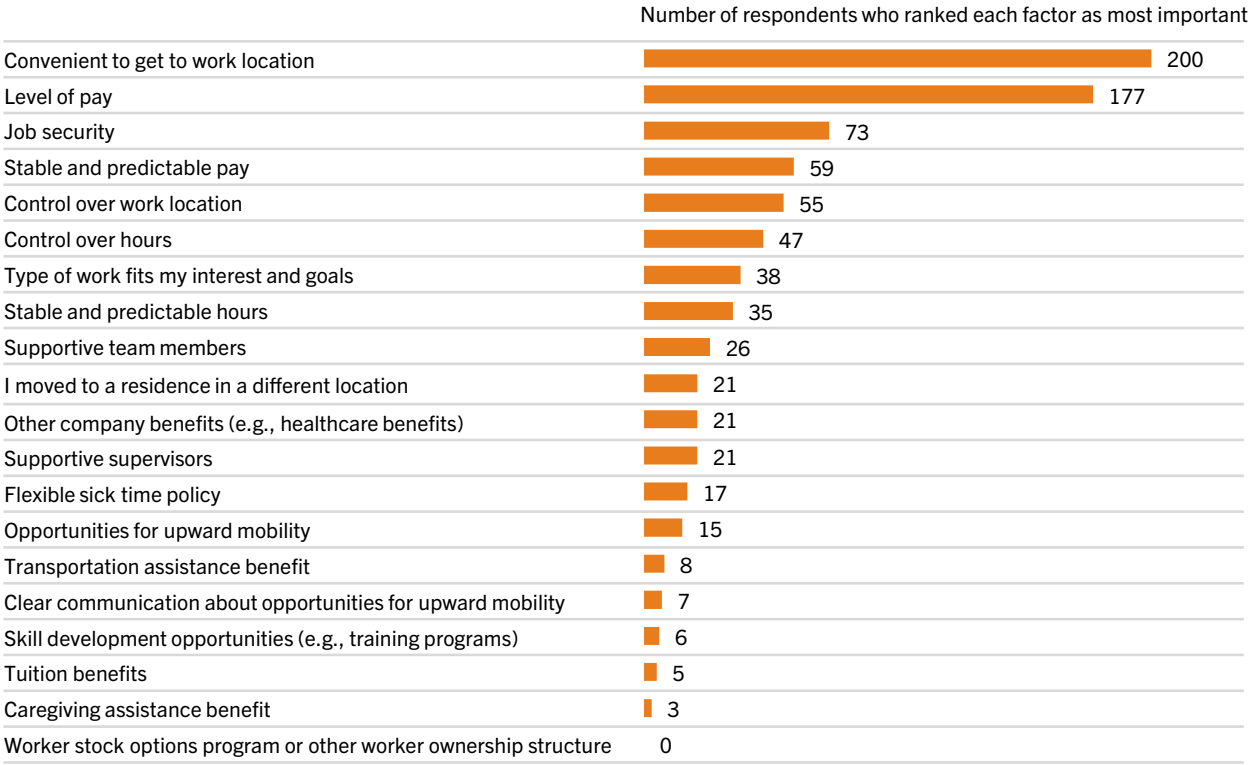
When employers were asked what factors they thought were most important to people applying for low-wage positions at their company, they guessed right only in part. Employers recognized the importance of stable and predictable pay, stable and predictable hours, and job security as the top reasons. However, they failed to recognize the convenience of the location as a determining factor in choosing where to work. Location and convenience to get to the location—factors that were deemed most important by workers—did not even make it into the top five important factors in the perceptions of employers. (See Figure 19.)

Lack of supervisory support: The survey reinforced that, in many organizations, low-wage workers receive a minimum measure of managerial attention. More than half (53%) of workers reported that their supervisor oversaw 11 or more workers. Of those, just over a quarter (26%) had bosses who supervised 21 or more workers. Such high supervisor-to-employee ratios appear to create barriers to the supervisors' ability in three critical areas: to provide workers regular, actionable feedback; to identify gaps in skills and suggest relevant training; and to offer the mentoring and coaching needed to navigate a career at the organization.

That hypothesis was reinforced by other findings. Overall, only 55% of low-wage workers, either in their current or previous positions, had a supervisor or mentor who they viewed as having helped them succeed in their

Figure 18: Ranking factors that matter most to low-wage workers in moving to their current company

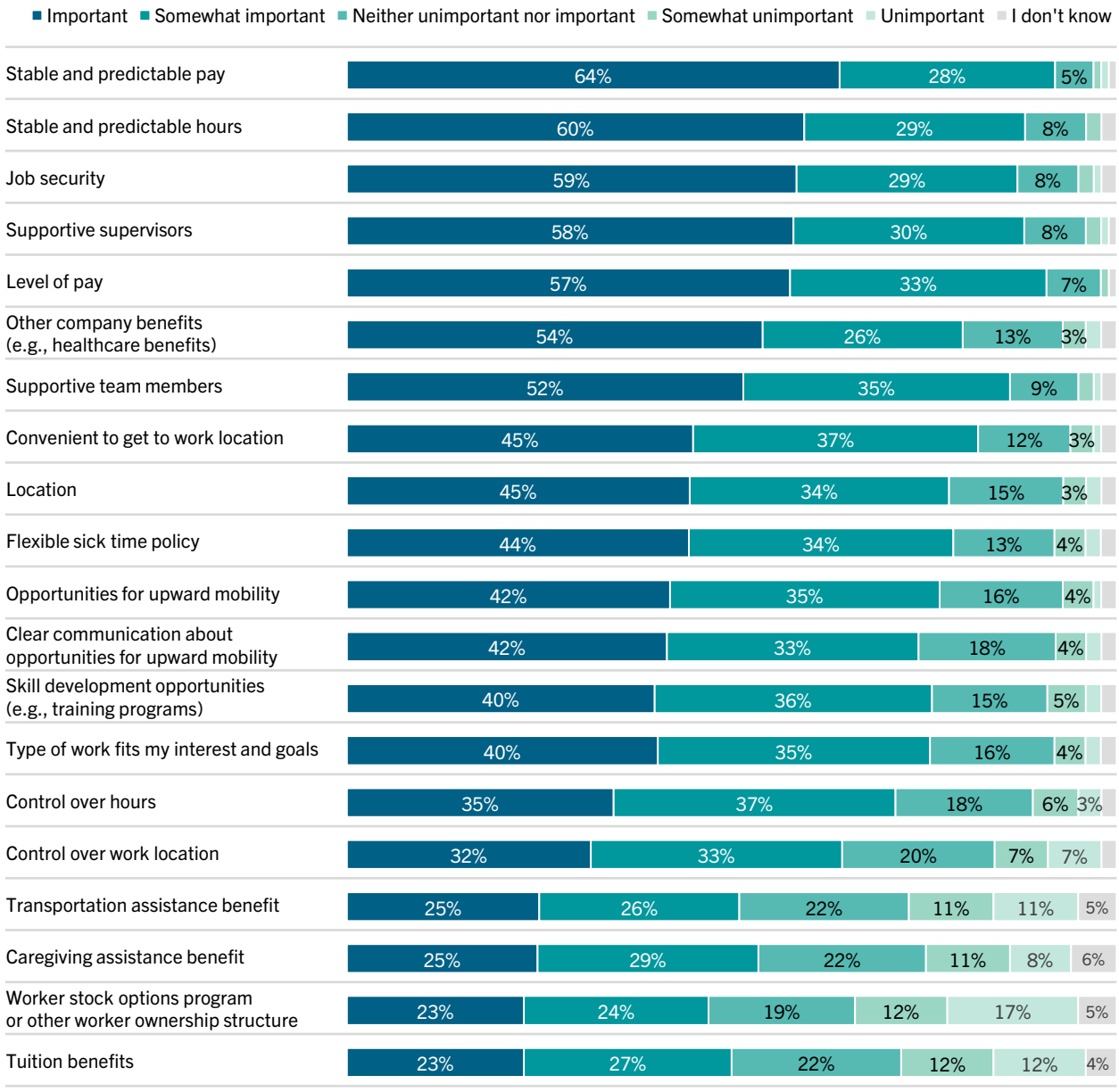
Please select all of the following factors that were important to your decision to move to your primary company as of January 2020 from your previous primary company, and rank the selected factors in order of importance.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 19: Employers recognize the importance of stability, but underestimate the importance of location

How important do you think the following benefits are to people applying to low-wage positions at your company?



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

career. Significantly, more men (62%) reported securing such supervisory support. Only 50% of women reported they had or currently have a mentor who helped them advance. For those who had experienced some level of mentorship, workers cited the following actions as the most helpful for upward mobility: "encouraging me" (63%); "coaching me on how to be more productive in my job" (56%); and "showing me how I can move up through my work" (44%). Since many hires take place through personal networks and word of mouth, personal relationships likely contributed to such outcomes in many cases. As Figure 20 shows, the experience of actions varied across gender and race.

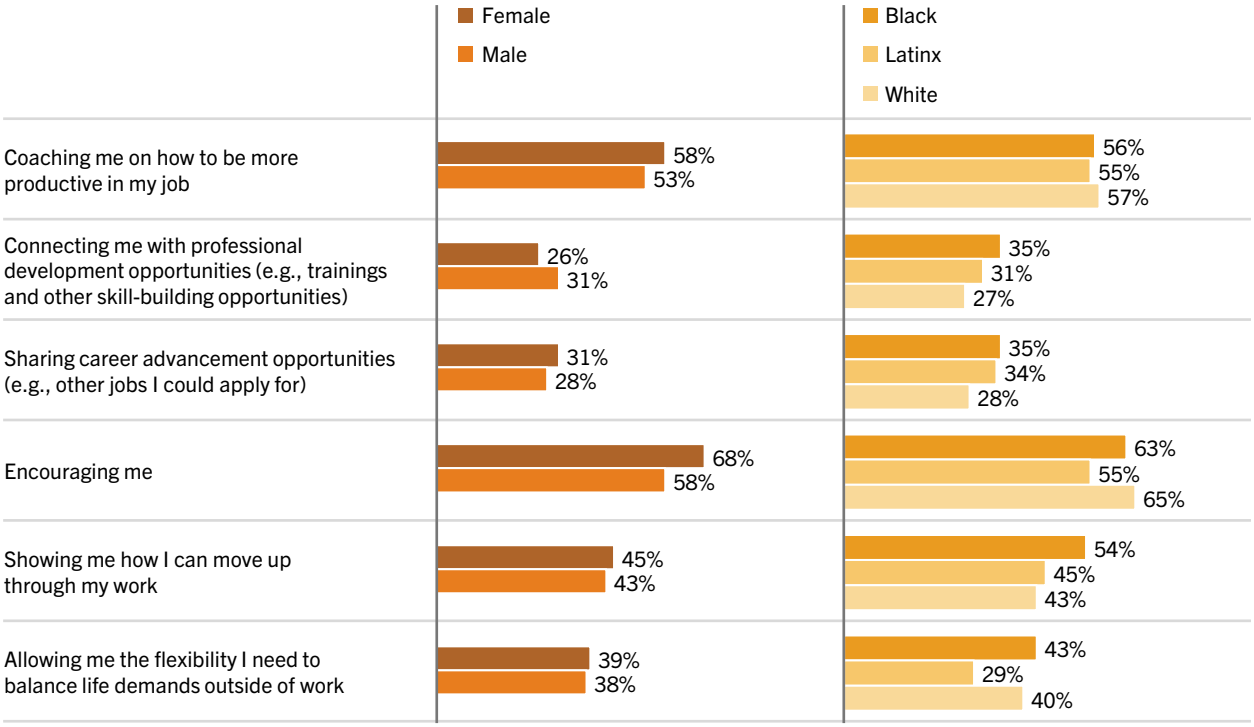
Employers agreed that low-wage employees lacked supervision and mentors. Only 26% of employers reported that the average number of low-wage employees each supervisor oversees was five or fewer subordinates. For the remainder, a majority of employers, the span was greater than six workers. Thirty-three percent of employers reported that in their company the average number of workers under one supervisor ranged from 11–20 workers. In 11% of the responses, employers indicated that supervisors were overseeing 21 or more low-wage workers. In smaller companies, the span of supervision was narrower. In midsize and large companies, many more workers were managed by one supervisor. (See Figure 21.)

Indifference to workers' circumstances: Overall, there was very little focus within organizations on fostering the circumstances that enable a worker's ability to become more productive and, thus, achieve upward mobility. For large numbers of workers, conversations about the prospect of advancement simply did not occur. More than 50% of workers reported that their employer had not discussed what skills they should acquire and how they might acquire them. (See Figure 22.)

Workers reported that their employers seldom discussed important issues that shaped the worker's decisions about where to work and whether to continue employment. For example, low-wage workers indicated that the convenient access to their workplace was a preeminent factor in determining the jobs they would seek. But only 18% of workers indicated that their company had spoken to them about their transportation needs.

Figure 20: The experience of actions varies across gender and race

My supervisor or mentor helped me be more successful by:

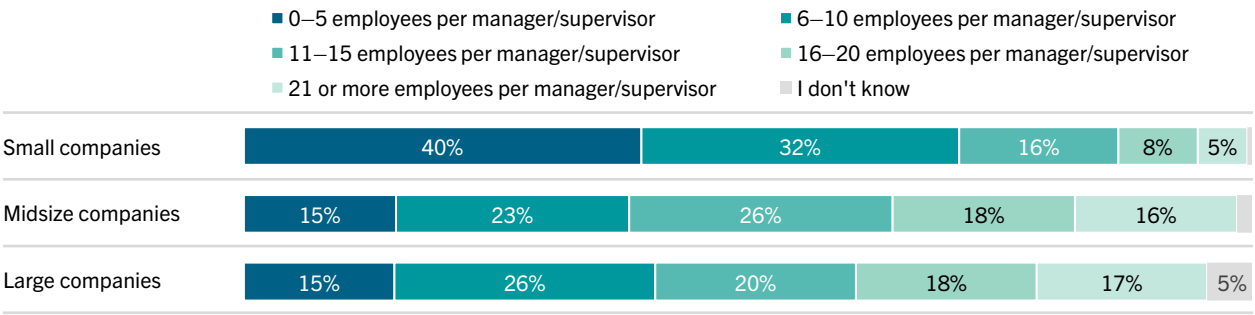


Note: Only those who said they have/had a mentor or supervisor who helped them move up answered this question.

Source:"Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 21: Supervisor-to-employee ratio

For managers/supervisors who supervise low-wage employees, what is the average number of low-wage employees that each manager/supervisor supervises?

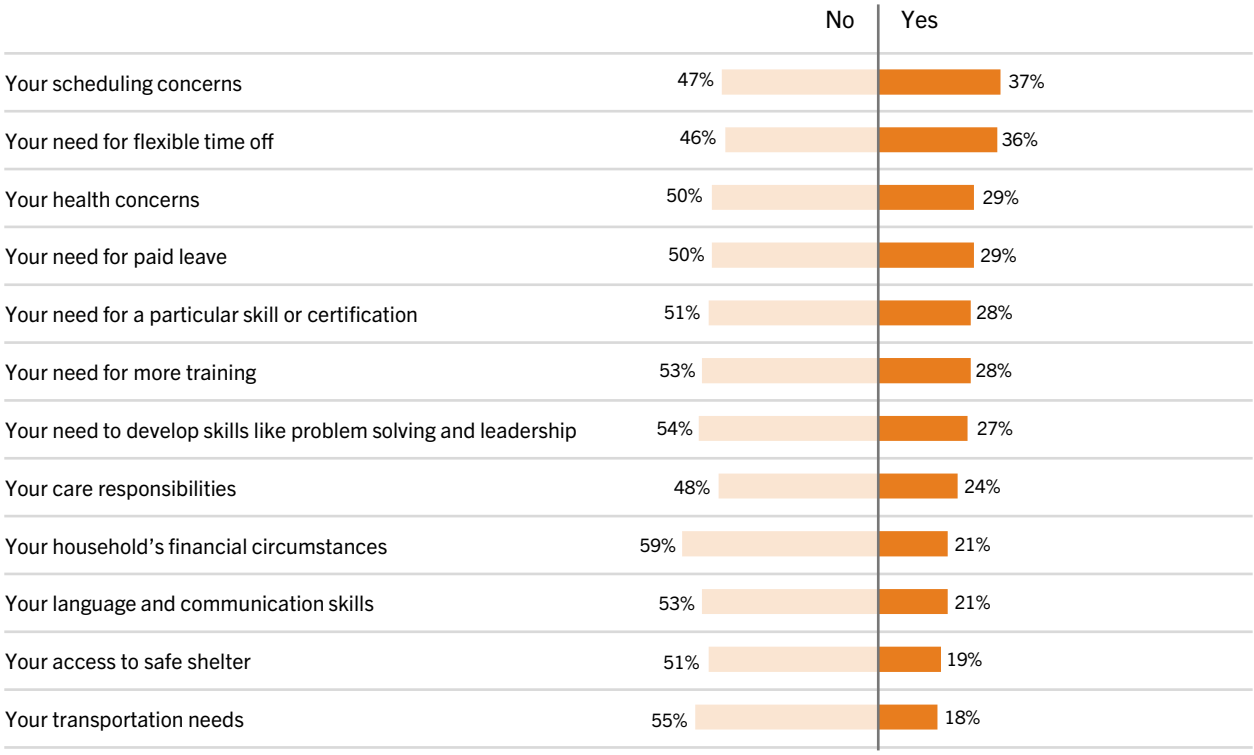


Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 22: Employers infrequently discuss issues related to upward mobility with workers

Has your company spoken with you to understand whether this is an issue for you?



Source:"Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

More importantly, most low-wage workers did not receive clear, specific, and actionable feedback. A significant majority of workers (at least 77% for each skill) believed their skills were "excellent" or "fair" and viewed themselves as possessing a wide range of skills. (See Figure 23.) (Unfortunately, as we show in Figure 26 on page 36, roughly half of employers disagreed, indicating that their workers required upskilling to be considered for advancement. While the evidence is circumstantial, this disconnect strongly suggests that processes for giving and receiving feedback are either defective or poorly implemented. Once again, as all three statements in Figure 26 show, employers representing large companies were the least likely to agree to investments in upgrading the skills of low-wage workers, compared to employers in midsize or smaller companies.)

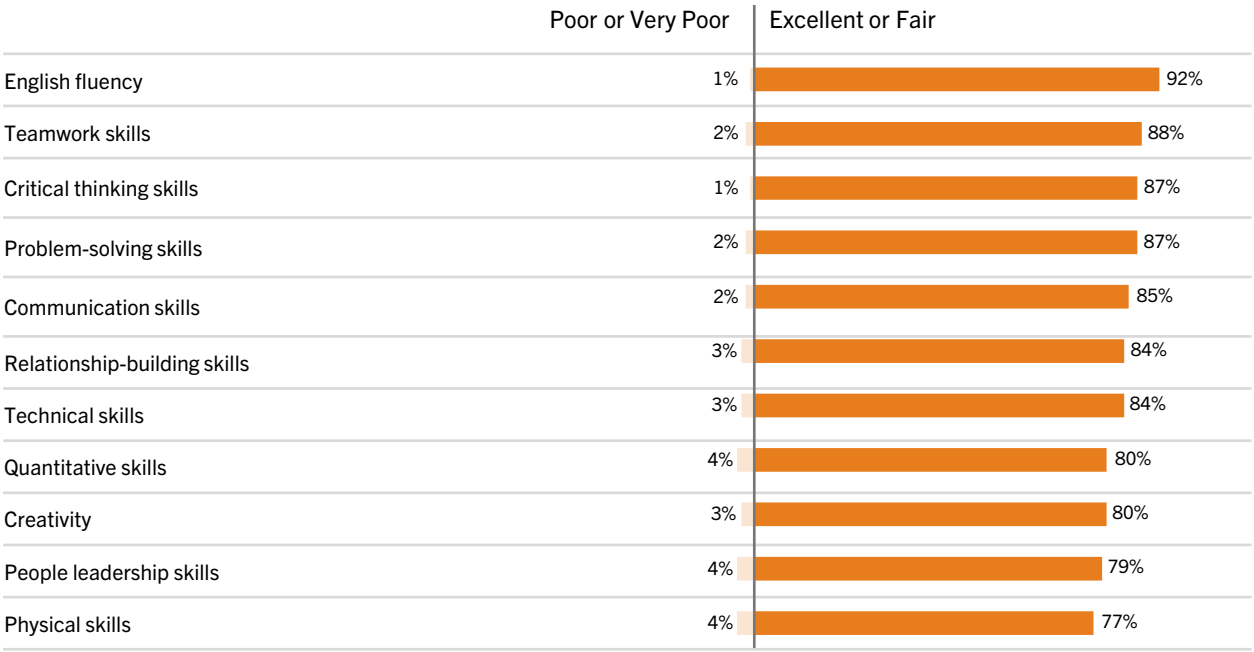
No visibility on how to move up: Low-wage workers had little or no visibility into the potential career pathways within their organization. Just under a quarter (23%) said they could see a path forward for them to move up one job level; another quarter (24%) could see the prospect of advancing up to two levels. The most common response (33%) was that workers saw no opportunities to move up. (See Figure 24.) White workers were more likely to say that they could see no opportunities or only one level up. Women were particularly vulnerable: they were roughly 40% more likely to report that they saw no opportunities for a path forward in their company.

Failure to walk the talk: Despite the poor prospects low-wage workers are afforded by many employers, employers, themselves, are surprisingly self-admiring in how they treat workers. A significant majority (80%) of all employers surveyed agreed with the statement that their company valued low-wage employees, and 75% believed their company was a great place for low-wage employees to work. But as the questions became more specific about day-to-day policies, employers became less confident about the level of support they actually provided to workers. Only 66% of employers agreed that their company's culture inspired low-wage employees to move up, and only 63% of employers agreed that they were proud of how their company invested in the upward mobility of low-wage employees. (See Figure 25.)

One test for how much employers valued low-wage employees was to probe whether they nurtured talent within the organization or simply relied on the spot market to fill emerging skills requirements. While 69% of all employers agreed with the statement that "my company has a culture that promotes hiring from within over hiring

Figure 23: Workers rate their own skills highly

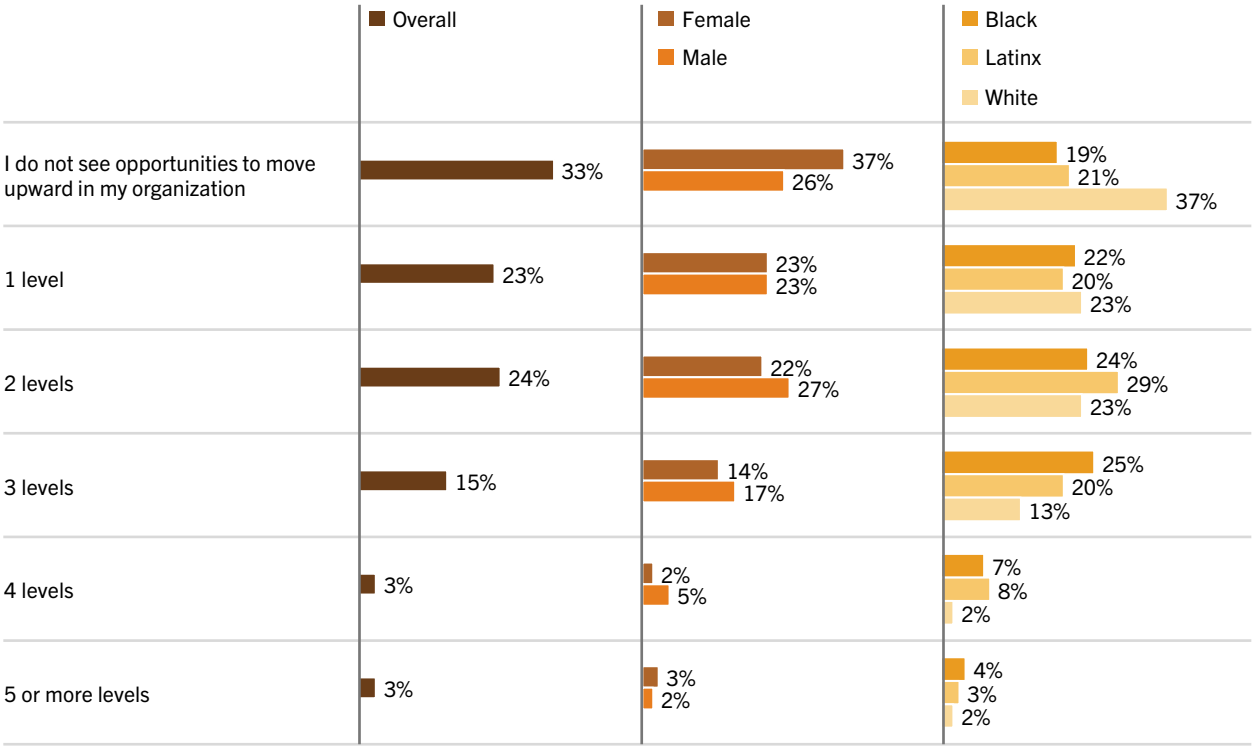
How would you rate your level of the following in January 2020?



Source:"Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 24: Low-wage workers have limited visibility into potential career pathways

In my organization, I see a path forward for me to move _____ job levels upward.

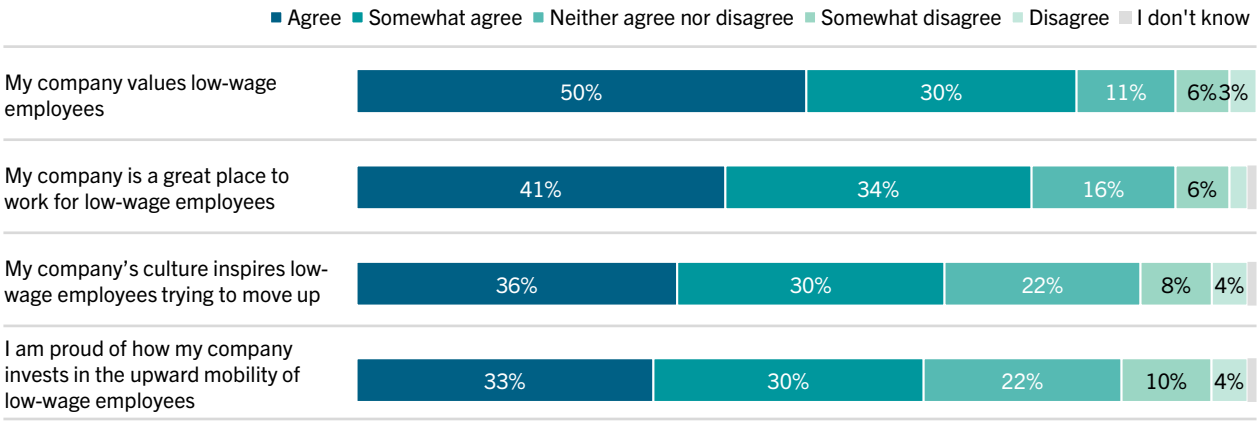


Note: Percentages may not sum to 100% due to rounding.

Source:"Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 25: Employers express positive sentiments about their company's treatment of low-wage workers

For the following questions, please indicate how much you agree or disagree with the following set of statements.



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

from outside," closer scrutiny showed otherwise. Thirty percent said they did not want to invest in their workers out of concern that their newly upskilled workers would quit to seek positions elsewhere. Their concern indicated an ignorance of their low-wage workers' attitudes about their employers and the reasons they change employment status. Employers at midsize companies were the most likely to express this concern. (See Figure 26.)

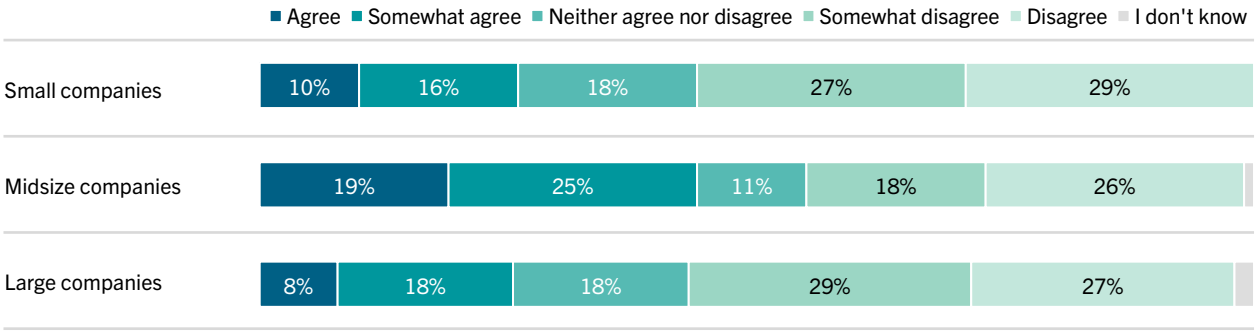
Employers' seeming vacillation over a commitment to upskilling workers is incongruent with their assessment of their low-wage workers' actual skill levels. Nearly half reported that their workers required some measure of skills enhancement in order to be more effective. Employers at large companies were the most likely to believe that their workers required some upskilling. (See Figure 26.)

Barriers versus contributors to upward mobility

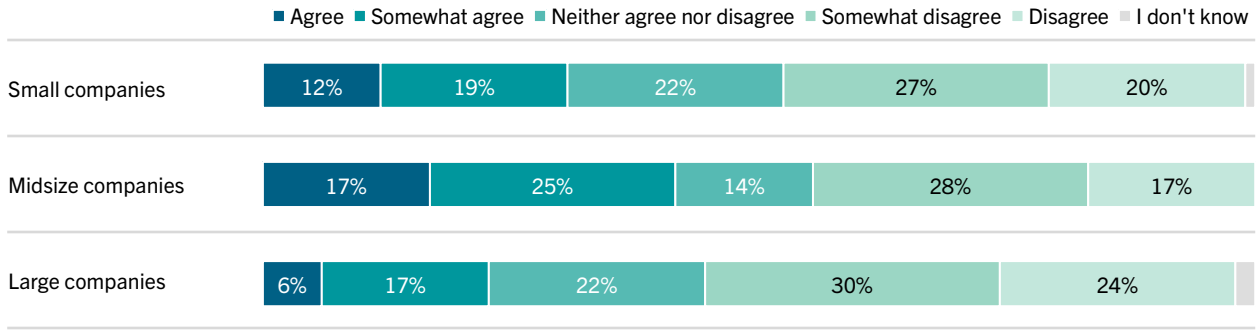
The surveys sought to identify, at least at a rudimentary level, what contributed to the success of workers who achieved upward mobility—and by contrast, what were the barriers that prevented other workers from achieving similar success. We bifurcated the 1,025 surveyed workers. One pool consisted of 650 workers who in the past three years of employment said they had experienced a pay raise or a promotion or both. They were asked to share which factors contributed to their success. The second consisted of 375 workers who did not experience any upward mobility in the past three years. They were asked to point out factors they perceived as barriers to their succeeding. Finally, we asked employers for their

Figure 26: Employer perceptions of investing in training vary by firm size

Please indicate how much you agree or disagree with the following:
My company doesn't invest in training low-wage employees because they will leave.



Please indicate how much you agree or disagree with the following:
Low-wage employees don't require additional upskilling to serve my company better.



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

perspective on the barriers facing low-wage workers. The 34 barriers and contributors related to seven different aspects of employment:

- **Personal circumstances:** Did low-wage workers have enough stability at work to pursue upward mobility? What role did care responsibilities and transportation play? Did low-wage workers have the time and resources to invest in their upward mobility?
- **Education and skills:** What roles did factors like English language fluency, literacy, numeracy, having a GED, technical skills, and soft skills play in upward mobility for low-wage employees?
- **Job structure:** How were these low-wage jobs designed? Did they provide stability or flexibility in work schedule?
- **Company and industry opportunities:** Did low-wage employees perceive opportunities for upward mobility in their company? Did the industry influence the odds of workers escaping poverty?
- **Mentorship:** Did low-wage employees have mentors or supervisors who took an interest in their advancement? Did they have access to the right information and advice on how to move up?
- **Employee awareness about career pathways:** How well were employers communicating the opportunities available to low-wage employees within or outside their company? Were low-wage employees aware of the training, skills, or certifications that would enable them to advance?
- **Employee attitudes to upward mobility:** Did low-wage employees have an interest in moving up? Did they have support at home to take on more responsibility at work?

As the analysis in the following section reveals, workers who experienced upward mobility tended to do many things right. They had an understanding about what they needed to do in many aspects of the seven areas. They had agency and the ability to manage their careers within an organization. More discouragingly, workers who did not achieve upward mobility were often unaware as to what was holding them back. When presented with the same seven issues as barriers to their upward mobility, many dismissed the presence of barriers. The key takeaways:

Upward mobility is not a rising tide that lifts all boats equally: As workers enter the workforce, they need to be equipped with the tools and training required to engage in some career planning. While most workers express a strong sense of agency, they need to know how to ask for help to advance. While employers can play a pivotal role in providing that guidance within the organization, the social sector can help by developing simple, freely accessible modules on the basics of navigating a career pathway within an organization.

Small effort, large impact: In addition to survey results, our one-on-one interviews with low-wage workers revealed that the turning point for success often hinged on a single supervisor or mentor. They provided encouragement, or shared their experience, or gave constructive feedback. Often, the supervisor took the initiative. For workers, seeking such feedback or asking about career pathways required summoning up the courage to do so—and many workers lacked the confidence. Employers can ensure that supervisors are held responsible for initiating such conversations regularly. In addition, equipping workers with a list of questions to ask their supervisors—or guidance on how to initiate a conversation about work-life issues—could help many more workers gain confidence and exercise control over their career development.

Employers need to connect better with workers: The employers' perspectives revealed that managers are often out of touch with the realities of the workplace. They often had weak or no formal mechanisms to hear directly from low-wage workers. Moreover, employers were usually unaware of the personal issues such as caregiving arrangements or transportation that have a direct impact on managing absenteeism and affect worker productivity.

As the survey findings showed, both employers and workers need a more open and regular dialogue if barriers to advancement are to be reduced. The solutions are straightforward. Supervisors need to provide regular, clear, and actionable feedback. They have to broaden their conversations with subordinates and gain familiarity about personal circumstances that might affect performance.

Personal circumstances

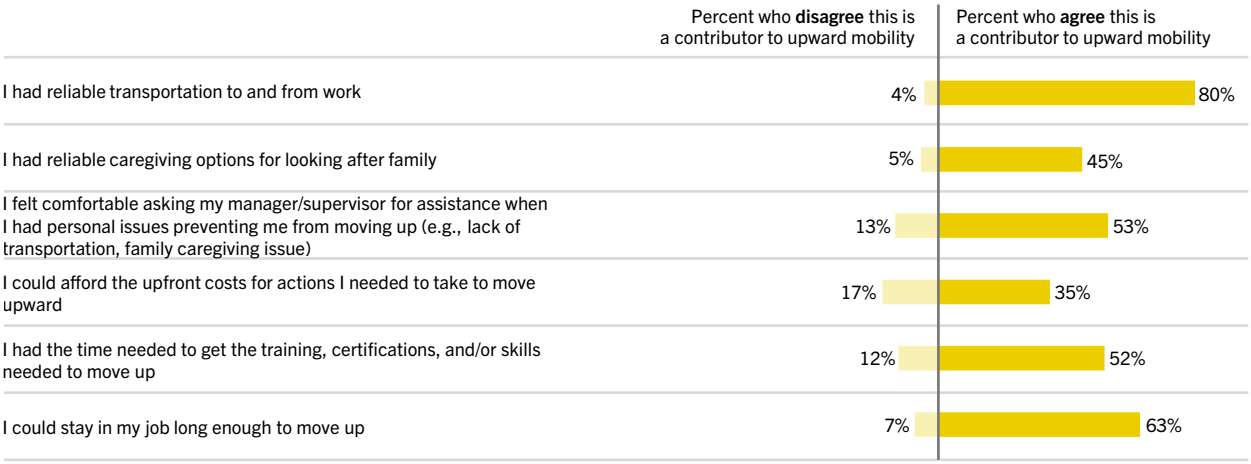
Awareness about personal circumstances—and the ability to manage them—plays a key role in upward mobility. Workers who achieved upward mobility in the past three years consistently cited several factors as contributing to their upward mobility. (See the top chart of Figure 27.) Reliable transportation ranked on top of the list, followed by job continuity—the opportunity to stay in the job long enough to qualify for a promotion or pay raise. Those factors were prerequisites for workers to exercise greater agency over developing a career path. They were more comfortable talking to their supervisor about personal issues that might jeopardize professional growth and found the time to get the training to acquire the skills they needed to move up. Workers at small (60%) and midsize (59%) companies were much more likely to agree that feeling comfortable enough to ask their manager for help with personal issues was a contributor to their success than workers at large (41%) companies.

Workers who did not achieve upward mobility in the past three years were asked to consider the same factors. A much less coherent pattern emerged. More workers felt these factors did not constitute barriers to their advancement than those who did. (See the middle chart of Figure 27.) Workers who did not achieve upward mobility were less likely to consider factors like lacking transportation or lacking continuity of employment as important determinants of their prospects. Workers at midsize and large companies were more likely to agree that they did not feel comfortable asking their manager for help when they had personal issues, compared to workers at small companies.

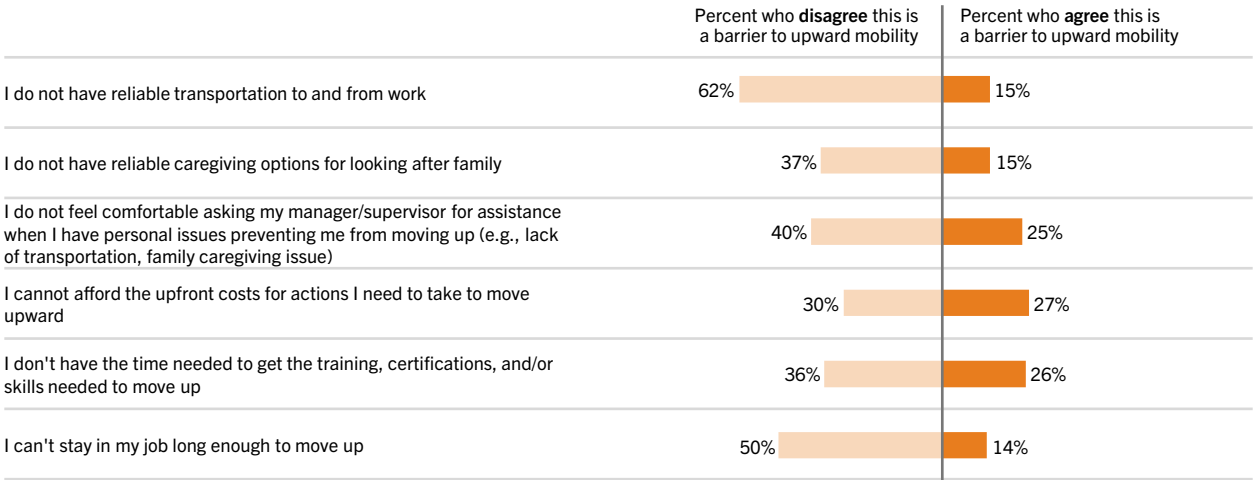
Employer perceptions were different in important dimensions. A majority of employers believed that not being able to afford the upfront cost of actions such as training fees or relocations costs—was the biggest barrier to a worker's ability to move up. Beyond that, employers cited a lack of reliable caregiving options as a possible reason for holding an aspiring worker back, demonstrating a lack of familiarity with their employees' actual circumstances. Employers attributed far less significance to factors to which workers who had advanced attached importance. For example, for workers who achieved upward mobility, reliable transportation was a significant contributor to their ability to succeed. By contrast, only 46% of employers recognized that not having reliable transportation could be a barrier to a worker's ability to rise to the next level. (See the bottom chart of Figure 27.)

Figure 27: Personal circumstances

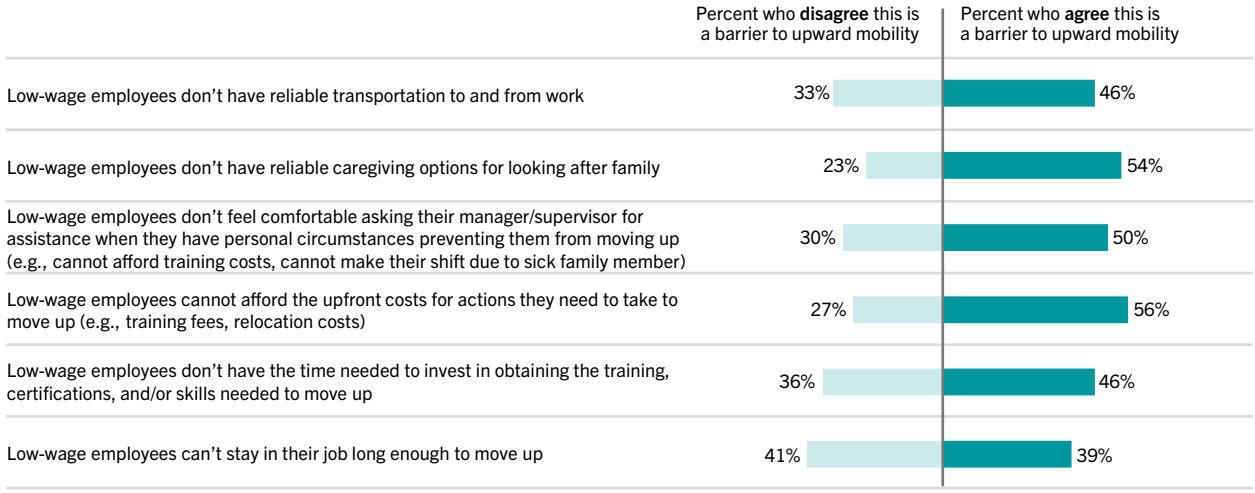
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Education and skills

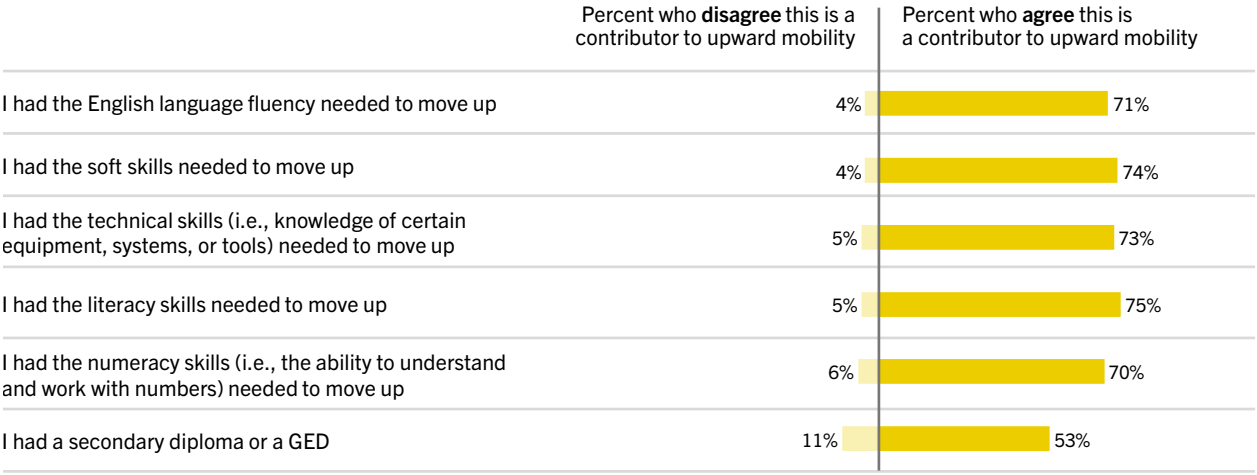
Once again, workers who achieved upward mobility showed a high awareness of the importance of education and skills in gaining advancement; workers who did not achieve upward mobility had decidedly lower awareness of the impact on their prospects. Those who achieved upward mobility recognized that factors such as English language fluency, literacy, numeracy, soft skills, and technical skills were central to their career progression. Those who did not achieve upward mobility broadly rejected the proposition that lacking any of those factors contributed significantly to their failure to advance. (See Figure 28.)

Employers perceived the lack of technical skills as the single-largest factor that acts as a barrier for worker mobility. A majority of employers selected that as a top barrier, followed closely by a lack of soft skills. Ironically, this is one area where employers can play a significant role, by providing workers with the training they require in technical skills. Employers at midsize companies were the most likely to agree that low-wage workers lacking the proper skills to move up in the company is a barrier, compared to employers at small or large companies.

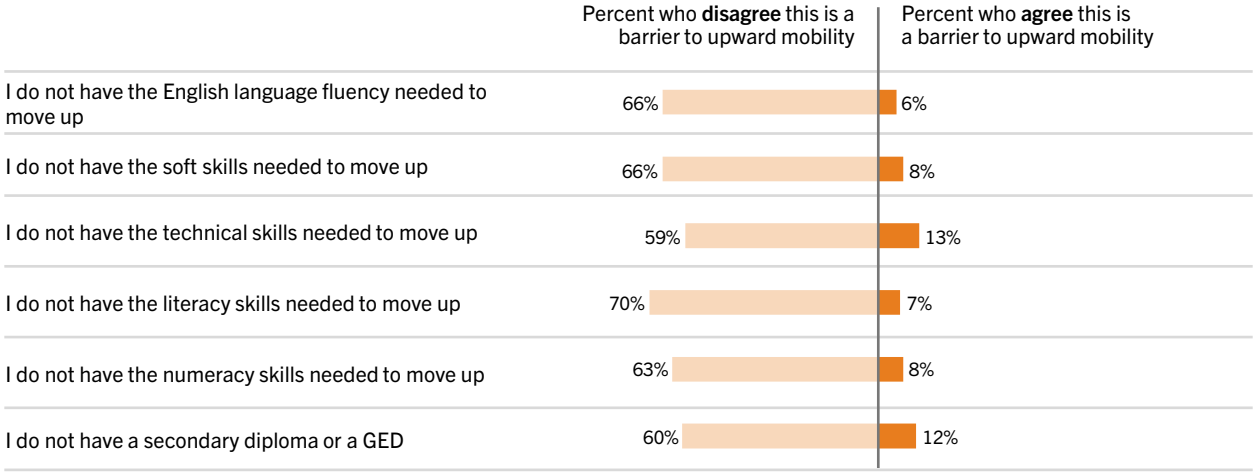
Among workers who did not achieve upward mobility, female and male workers held rather similar beliefs about barriers surrounding their skills levels. About two-thirds of white (67%) and Black workers (71%) disagreed that English language fluency was a barrier to moving up, versus 60% of Latinx workers. The latter were also more likely to agree (16%) that insufficient fluency in English represented a barrier to their upward mobility. A similar pattern held true for Latinx workers on issues like lacking soft skills or not having a secondary diploma or GED. While white and Black workers were less likely to believe the absence of academic credentials inhibited their progress, all three groups felt that shortcomings in terms of numeracy were not a barrier.

Figure 28: Education and skills

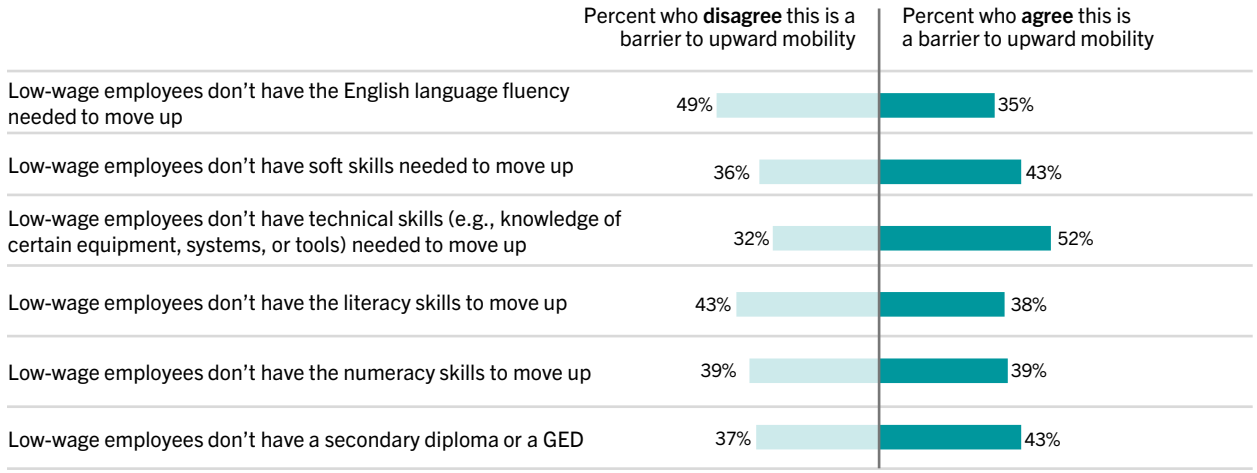
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Job structure

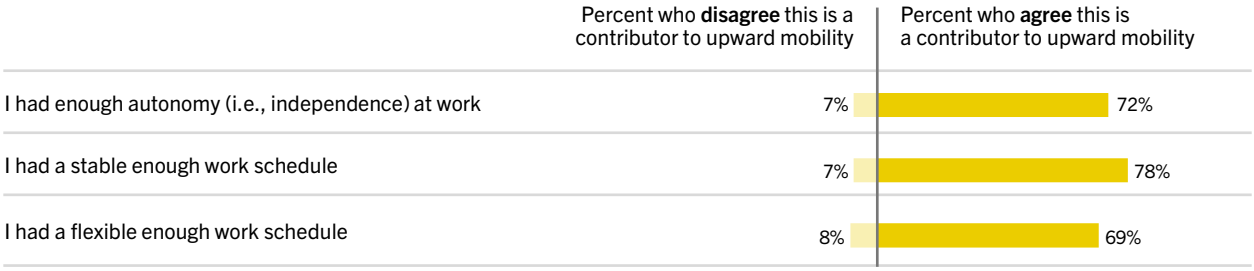
There can be no sustainable upward mobility until there is continued employment, and that often requires stability of a schedule. Workers need to be in an organization and a position for some time to learn the routines of a workplace and to master the specific skills to complete tasks efficiently. The associated increase in their productivity becomes the basis for standing out and getting considered for new opportunities.

The survey results reinforced the importance of stability. Referring back to Figure 14 on page 27, stable and predictable hours are an important factor for workers when considering a future job. For 78% of those who achieved upward mobility, a stable work schedule was the biggest contributor to their upward mobility, followed closely by autonomy at work (72%). Once again, workers who did not advance did not report a similar pattern. Roughly half of these did not see the absence of a stable work schedule, the absence of a flexible work schedule, or a lack of autonomy on the job as barriers. (See Figure 29.) Across both categories of workers, women and men held similar views. Among those who experienced upward mobility, workers at small (82%) and midsize (79%) companies were more likely to cite a stable work schedule as a contributor than workers at large companies (71%). Similarly, among those who did not experience upward mobility, workers at large companies were more likely to agree that not having autonomy and not having a flexible or stable enough work schedule was a barrier, compared to workers at small or midsize companies.

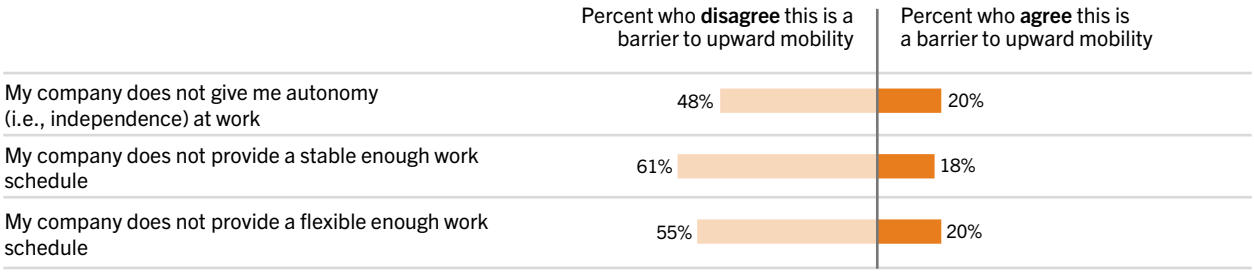
On job structure issues, employer perceptions closely mirrored the perceptions of workers who did not achieve upward mobility. More employers disagreed than agreed that attributes related to schedule and autonomy are barriers. They believed that their companies provided the required degrees of stability, flexibility, and autonomy. Nearly a third of all employers surveyed, however, recognized that such structural issues could be impediments to their workers' ability to grow. For example, 28% of surveyed employers agreed that their organization's inability to provide flexible schedules could pose as a deterrent to worker mobility. Employers at small companies were the most likely to disagree that a barrier to upward mobility is if their low-wage workers do not have enough autonomy or a stable or flexible enough schedule.

Figure 29: Job structure

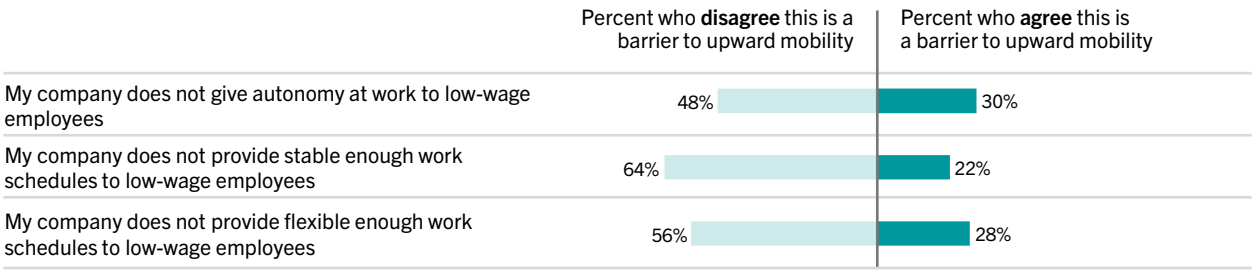
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



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Company and industry opportunities

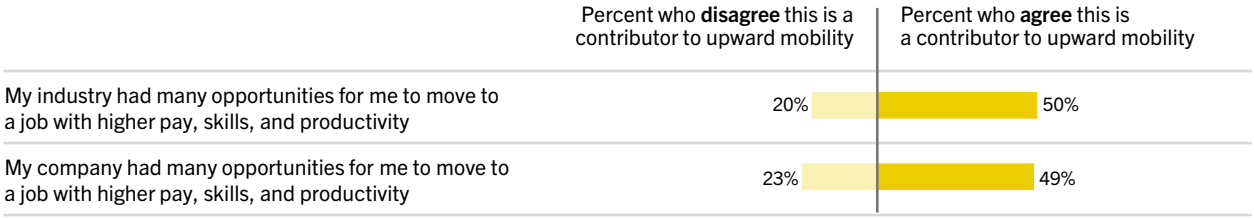
The Emsi Burning Glass resume analysis highlighted that not all companies or industries offer opportunities for workers to move to a job with higher pay, better skills, and greater productivity. The survey results demonstrated similar findings. Only half of all workers surveyed who experienced upward mobility reported that the industry (50%) and company (49%) they worked in provided many opportunities. (See Figure 30.) In both instances—opportunities for advancement at the company level and industry level—male workers perceived more opportunity than female workers. Workers at midsize companies were the most likely to cite their company or industry as offering more opportunities for upward mobility as a contributor, compared to workers at small or large companies.

For workers who did not experience upward mobility, the gap in perception was much narrower than workers who did achieve upward mobility. About a third of those who didn't move up agreed their company and industry did not offer many opportunities, while another third disagreed. However, the gap widened based on the race of the workers. While 45% of white workers said that the company they worked in did not offer many opportunities, only 22% of Black workers and 31% of Latinx workers held that belief. Workers at small, midsize, and large companies held similar beliefs about these barriers.

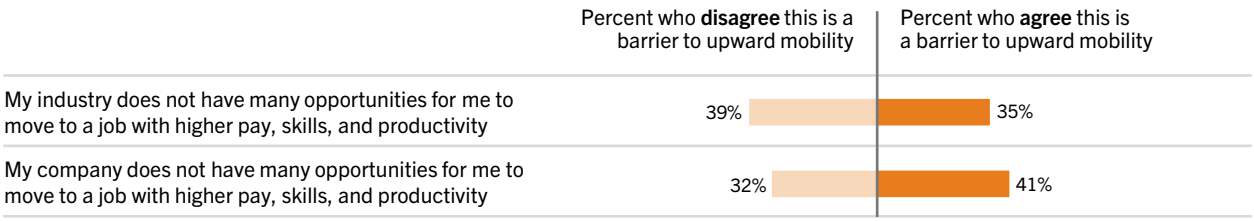
Employers, like workers, were evenly split in recognizing their company or industry's ability to offer many opportunities for advancement. About 40% of employers agreed that their industry and company did not offer many opportunities—and at the other end of the spectrum, about 47% of employers disagreed, depending presumably on the industry they represented. Employers at midsize companies were the most likely to agree that these factors were barriers, compared to employers at small or large companies.

Figure 30: Company and industry opportunities

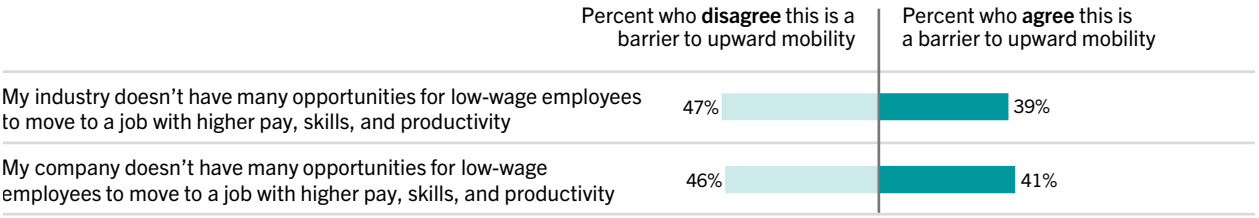
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



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Mentorship

The survey clearly highlighted a lack of mentorship available to low-wage workers. Even those workers who failed to achieve upward mobility in the past three years expressed some affinity for their workplace as expressed by sentiments ranging from a sense of belonging to having colleagues they trusted to believing someone at work cared about their advancement. However, they did not cite mentorship specifically as inspiring those sentiments. In fact, having a role model or mentor at work ranked lowest as a contributor for workers who attained upward mobility. Intriguingly, those who had not advanced asserted that the absence of a mentor was the single-biggest barrier they faced in these series of questions. (See Figure 31.)

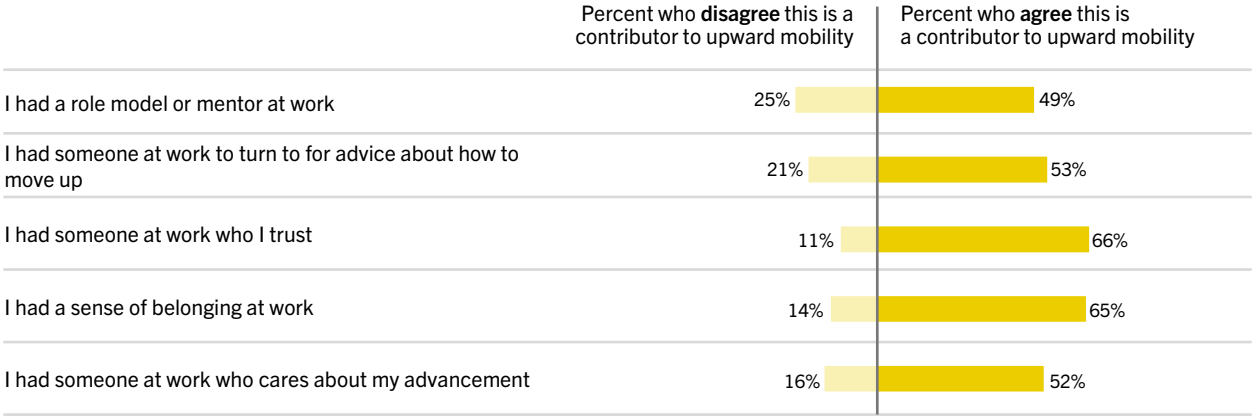
Latinx workers who achieved upward mobility were far more likely to agree that having a mentor or someone at work to turn to for advice contributed to their success than Black or white workers. In terms of gender, the mentorship experience did not vary substantially.

The mentorship experience varied based on the size of the company. Workers at large companies who achieved upward mobility were the least likely to agree that having a mentor at work or having a sense of belonging at work was a contributor to their success. Among workers who did not achieve upward mobility, workers at small companies were the least likely to agree that lacking mentorship was a barrier, compared to workers at midsize or large companies. For example, 45% of workers at large companies and 43% of workers at midsize companies agreed that "I do not have a role model or mentor at work" was a barrier, compared to only 33% of workers at small companies.

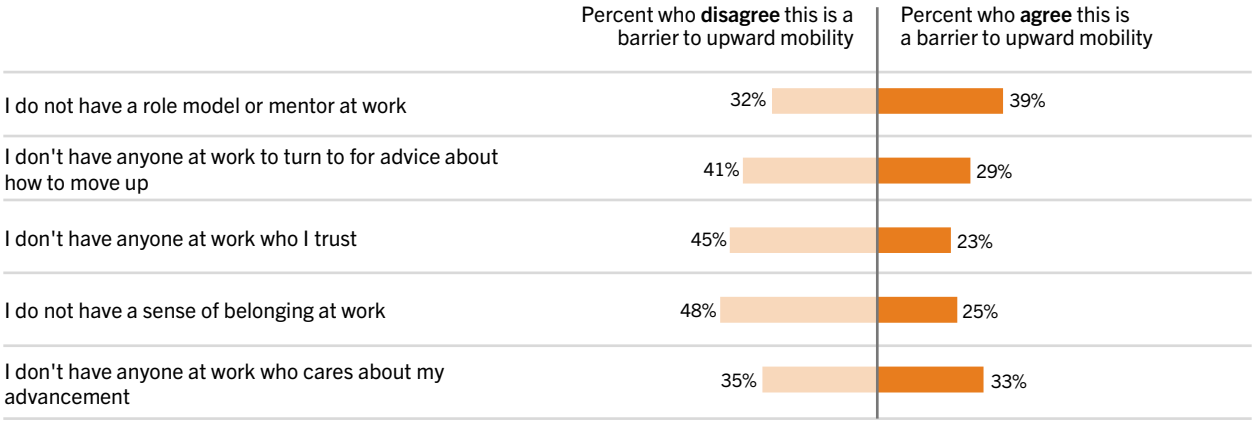
For all the questions related to mentorship, more than 50% of employers disagreed that the associated issues were barriers for low-wage employees. Many employers seem confident that their organizations had mentorship and support systems in place that worked well. Employers at midsize companies were more likely to agree that a lack of mentorship is a barrier for low-wage workers than employers at small or large companies.

Figure 31: Mentorship

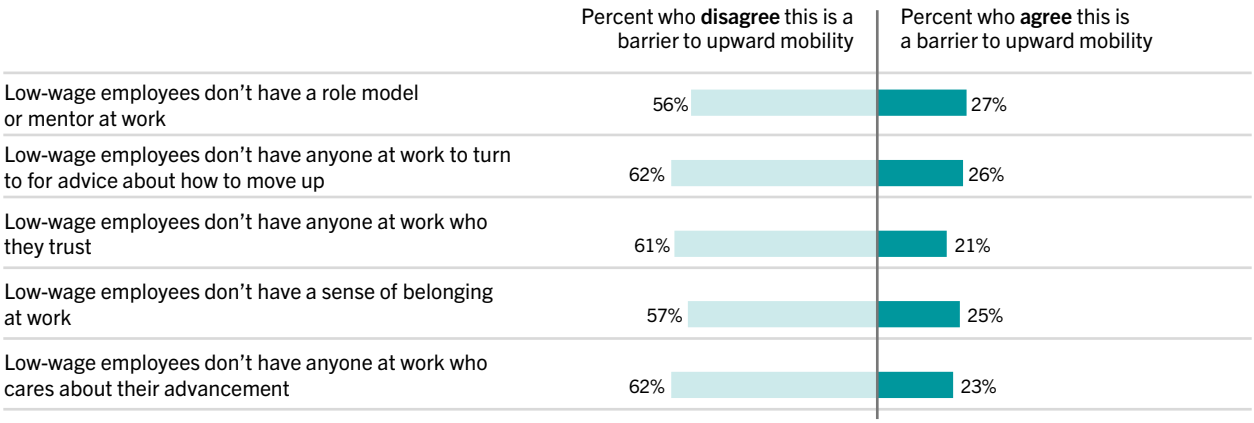
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



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Career pathways

Workers can only plan or manage a career pathway if they are aware of opportunities for advancement and means are offered to pursue them. Workers need to be at least aware of what they could aspire to within the organization. They need to know what kind of performance standards lead to which career milestones.

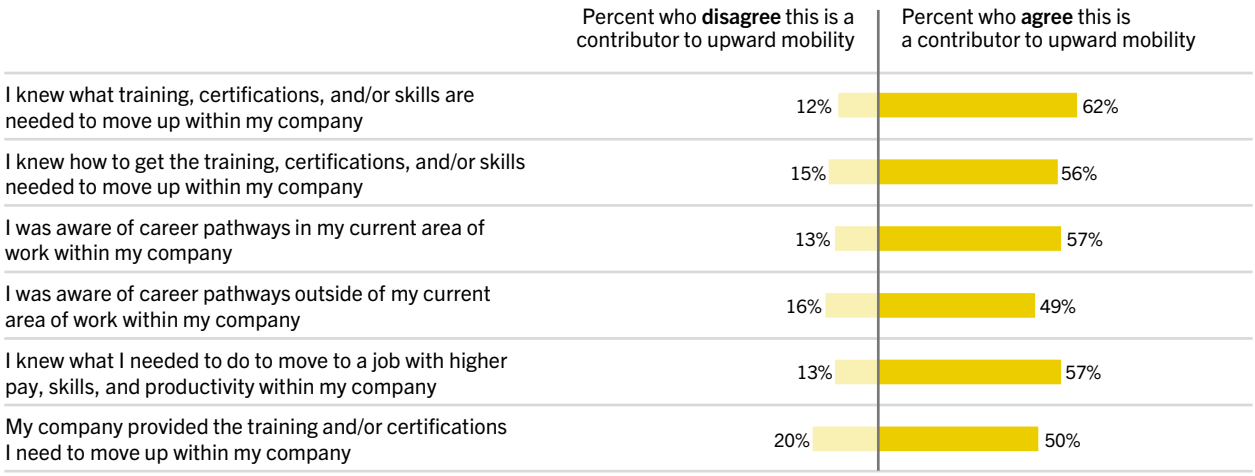
Workers who achieved upward mobility invariably showed awareness of career pathways. More than 50% reported that their awareness contributes to their ability to succeed. (See Figure 32.) Male workers who moved upward registered greater awareness of career pathways than female workers. For example, 63% of male workers reported that they were aware of how to get the training and certification required to move up in their company, compared to 51% of women. Out of those who achieved upward mobility in the past three years, Latinx low-wage workers were the most likely to agree that they were aware of the training or skills needed to move up, while white workers were the least likely to agree. Workers at midsize companies were the most likely to agree that knowing how to get the training or skills necessary to move up, and having their company provide that necessary training contributed to their upward mobility.

For those who had not achieved upward mobility, between 25%–30% of the workers agreed that their lack of awareness posed a barrier to their upward mobility. However, roughly a third of the workers disagreed that the lack of awareness constituted a barrier. Of those, male workers and female workers showed little difference in opinions on awareness of career pathways. Interestingly, Black workers who did not experience upward mobility fell more heavily at the two extremes of the distribution than either Latinx and White workers. For example, in awareness about training and certification, 34% of Black workers *agreed* that the lack of awareness about training and certification was a barrier to their moving up within the company (compared to 22% of Latinx workers and 24% of white workers) while 51% of Black workers *disagreed* that the lack of awareness was a barrier (compared to 38% of Latinx workers and 37% of white workers.) Workers at large (35%) and midsize (29%) companies were more likely to agree that not knowing how to get the training or skills needed to move up in the company was a barrier, compared to workers at small (18%) companies.

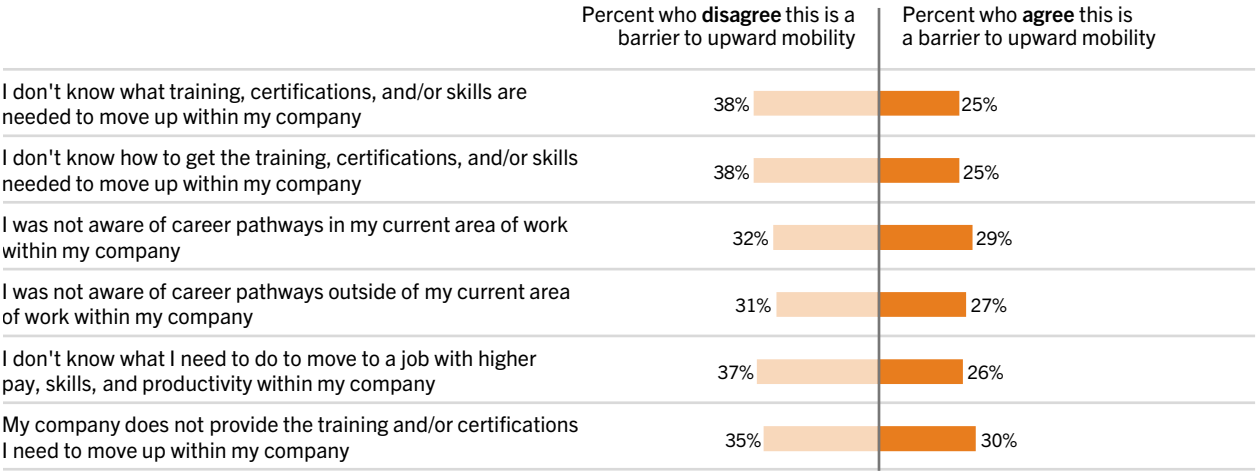
Employers were divided in their perceptions—in almost equal measure—at both ends of the spectrum. Across the six questions asked, between 32%–43% agreed that workers in the company lacking awareness about pathways on how to get ahead in their company was a barrier—while between 36%–52% disagreed. Opinion was mostly sharply divided on the issue of low-wage employees not being aware of career pathways within the company, outside their immediate area of work: 43% of employers agreed that it represented a barrier to their workers' upward mobility, while 36% expressed the opposite point of view. By contrast, on the issue of the company not providing the training low-wage employees needed to move up, 52% of employers disagreed that this was a barrier while only 32% agreed. Employers at midsize companies were the most likely to agree that lacking awareness of career pathways is a barrier to upward mobility, while employers at small companies were the least likely to agree. For example, 48% of employers at midsize companies agreed that low-wage employees not knowing how to get the training or skills necessary to move up in the organization is a barrier, compared to 38% of employers at large companies, and 32% of employers at small companies.

Figure 32: Career pathways

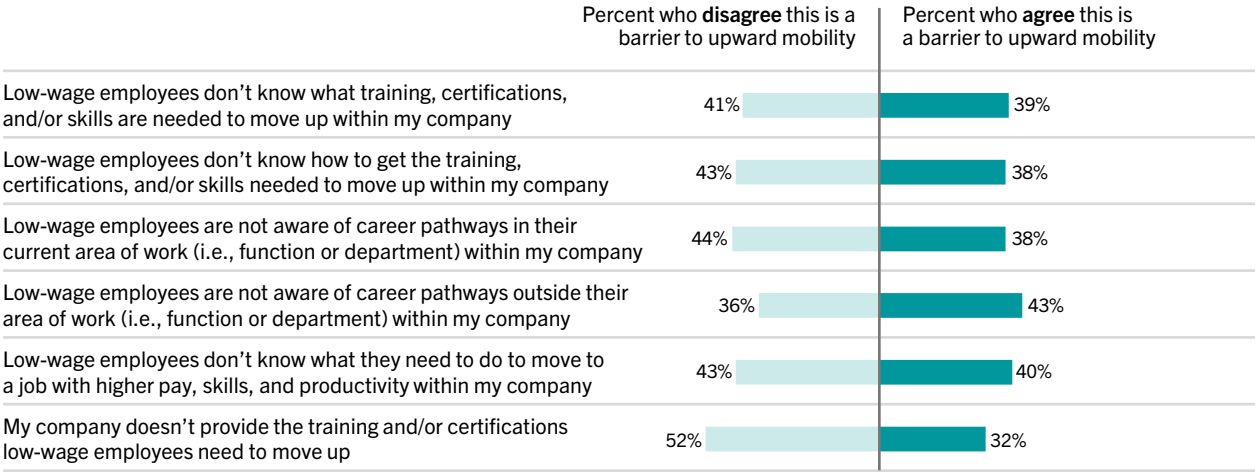
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Attitudes about upward mobility

For many workers the ability to aspire and seek upward mobility is tempered by the ability to handle potential rejection. That's true of all workers—supervisors, managers, and even CEOs. For low-wage workers though, the stakes are very high. A rejection can be a double-edged sword: it can not only quash ambitions about the future, it can jeopardize the stability of the current low-wage position.

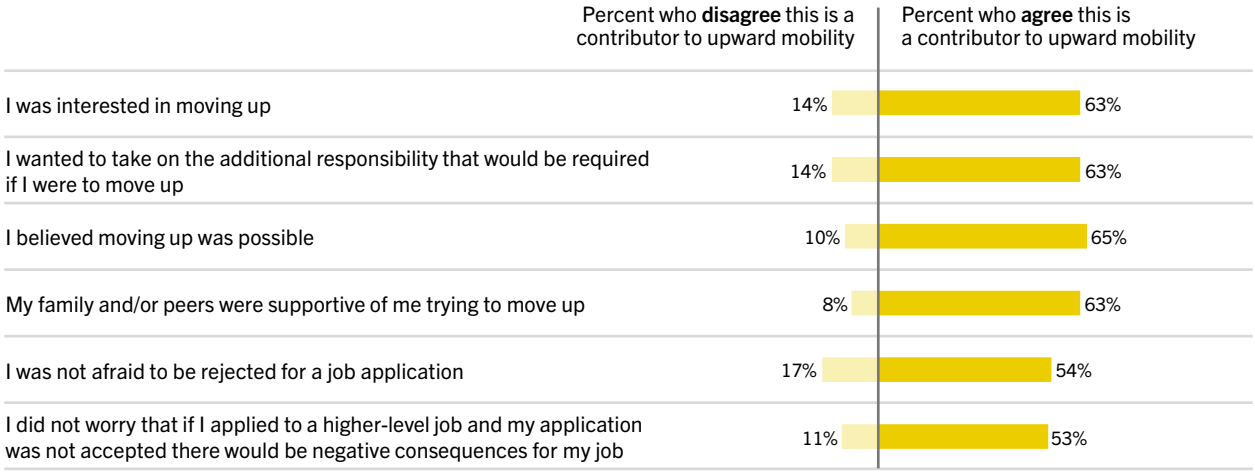
Confidence stood out as a factor that differentiated those who advanced from those who did not. Whether that arose from having a supportive supervisor or superior work skills or personal attributes is a matter of speculation. But many workers who achieved upward mobility reflected a degree of grit in aspiring to and eventually reaching the next level in their organizations. More than 60% believed moving up was possible; they were interested in moving up, welcomed the opportunity to take on additional responsibility, and enjoyed the support of their family and peers. (See Figure 33.) They were not afraid to be rejected in seeking advancement (54%). Female workers tended to be more risk averse. For example, while 61% of male workers said they did not worry about negative consequences if their application was not accepted, only 47% of women thought similarly. Workers at midsize companies were the most likely to agree that demonstrating an interest in moving up was a contributor, and workers at small companies were the least likely to agree that believing moving up was possible was a contributor to their upward mobility.

Workers who did not experience upward mobility reported lower confidence levels when compared to their peers who achieved upward mobility. For example, 65% of the workers who moved up thought that believing they could move up contributed to their success. By contrast, 42% of workers who did not advance disagreed that not believing they could move up in their organization represented a barrier, but 33% admitted that lacking this belief was a barrier for them. Once again, female workers showed less confidence: 37% of women agreed that their belief that moving up was not possible was a barrier, compared to 27% of male workers. Black workers were much more likely to disagree—and white workers least likely to disagree—with statements like "I don't have any interest in moving up" or "I do not think moving up is possible" as a barrier to their progress within the organization.

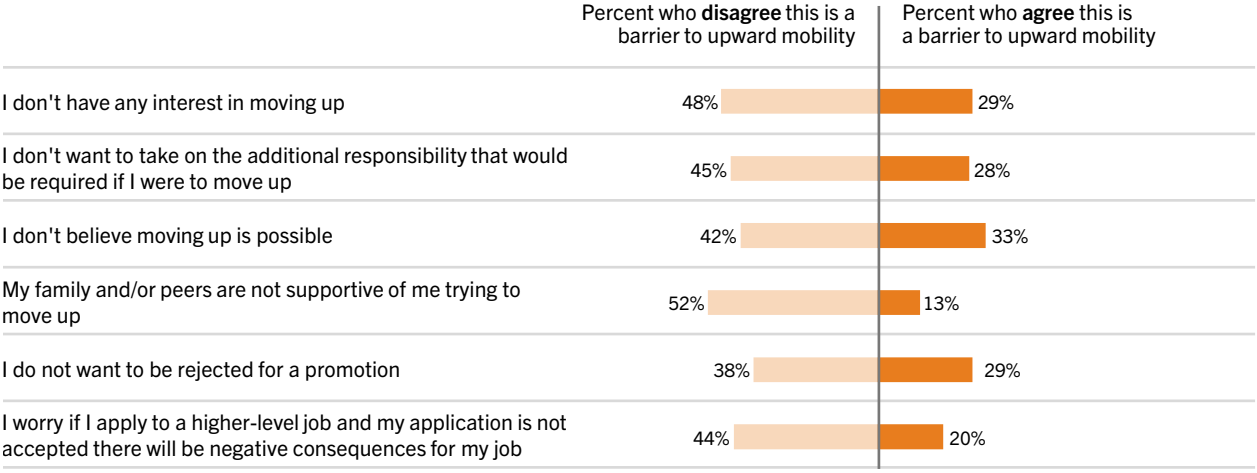
Employers provided an interesting perspective on the attitudes of workers. On three issues, more employers agreed than disagreed that the attitudes of low-wage workers were a barrier to their upward mobility. Specifically, they cited not wanting to take on the additional responsibility associated with the next level, not believing that moving up was possible, and not wanting to be rejected for a promotion as barriers. More employers felt that the three remaining issues—low wage workers not having an interest in moving up, not having family or peer support for moving up, and worrying about negative consequences if their application for promotion is rejected—were not barriers to upward mobility than employers that felt they were. That employers were aware that the fear of rejection is an issue underscores the need for organizations to have formal feedback mechanisms to help workers navigate their careers. It is the responsibility of employers to assume that burden by creating a non-threatening environment for conversations about performance, career aspirations, and potential pathways for advancement.

Figure 33: Attitudes about upward mobility

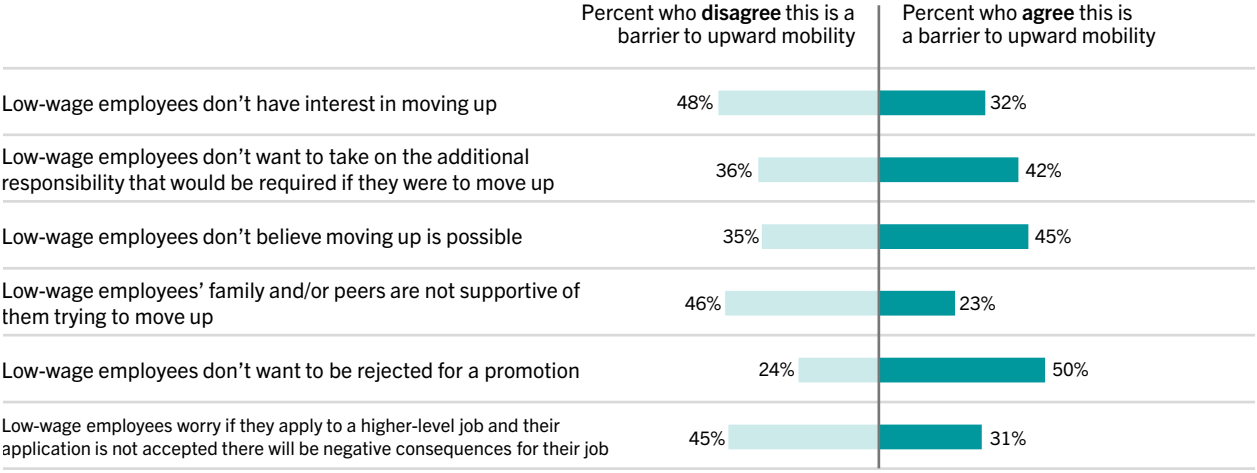
What have been the biggest contributors to your upward mobility?



What have been the biggest barriers to your upward mobility?



Please tell us how strongly you agree or disagree that each of the following conditions is a barrier to the upward mobility of low-wage employees at your company.



Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Actions taken by employers for upward mobility

Employers' policies and practices exercise a huge influence over the upward mobility of low-wage workers. They play the largest role in helping workers improve their productivity and technical skills. They provide the context in which workers hone their soft skills and develop the confidence to pursue their aspirations. Only employers have the ability to sustain a virtuous cycle: attract and onboard talent, retain workers, help them become fully productive and prosper and, thus, build the ability to continue to attract workers through being a preferred employer. How do management practices compare to that idealized representation of the role employers can play in the lives of low-wage workers?

Our research sought to gauge how effectively employers were implementing best practice. We focused on eight key clusters of activities or *touch points*, in the employer-employee relationship, ranging from the application process to an employee's on-the-job experience, to formal training and development to "offboarding" an employee exiting the organization. We specified key activities within the touch points, identifying a total of 60 *practices* to evaluate. (There were two additional practices included in the employer survey in the offboarding section). (For the full list of best practices, see Appendix IV: Actions taken for upward mobility.) Using interviews and our survey instruments, we probed in detail employers and low-wage workers' perspectives on firm performance relative to best practices:

- **Pre-employment:** Were career pathways described on publicly accessible resources such as the company's website and in job postings? Were they discussed in job interviews for low-wage positions? Did employers communicate the success stories of career progression to job applicants externally? Were employers communicating stories of career progression to potential applicants? Were employers sharing pay levels and milestones associated with career progression? (9 questions)
- **Hiring:** On what basis were employers vetting candidates for low-wage positions? Were they relaxing requirements such as education level, criminal background checks, or English language fluency to broaden the population of candidates they considered? Were they hiring based on skills and competencies or relying on proxies such as level of academic attainment? Did employers partner with community organizations to recruit diverse candidates? (6 questions)
- **Onboarding:** While onboarding low-wage workers, were employers communicating opportunities they offered and any career pathways available at the company? Were employers sharing the pay levels associated with career progression at the company? Were they communicating the expectations of soft skills, technical skills, and other credentials they viewed as necessary for career progression? Were they helping their new employees gain access to the training and experiences required to gain the requisite skills? Were new employees paired with a buddy or a mentor? Did employers actively engage in conversations about any personal circumstances that might affect an employee's ability to succeed at work? (10 questions)
- **On-the-job support through benefits:** Were employers providing stability in scheduling? Were they providing caregiving assistance, such as time off for appointments to look after family or paid family leave? Were they providing low-wage employees personal sick time? Were low-wage employees offered transportation assistance? Tuition benefits? (8 questions)
- **On-the-job support through mentors and supervisors:** Did employers have a mentorship program for low-wage employees? Did they evaluate supervisors on their providing regular feedback to their subordinates and documenting it? Were supervisors recognized or rewarded in some fashion when their subordinates advanced in their careers? Were supervisors empowered to make judgment calls to help workers balance work-life issues? Did supervisors communicate the role and importance of the low-wage work on the company's success? Did supervisors communicate the benefits offered to workers as well as how to access them? Did supervisors or mentors coach low-wage workers on how to move up to the next level? (7 questions)
- **On-the-job support through learning and development:** Did employers offer low-wage workers training in English language skills, basic adult education, or guidance on how to get a high school equivalency credential? Did employers offer low-wage workers training on the soft skills required to move up such as problem-solving, communicating, or leadership? Did they offer technical training, such as knowledge of specific technologies or processes? Did employers train low-wage employees on digital literacy or financial literacy? (7 questions)
- **Pathways for advancement:** Did employers offer pathways for advancement for low-wage employees, and were they regularly described to workers? Were

low-wage workers clearly informed in performance reviews about the skills and training requirement to advance and how that might affect their total compensation? Were low-wage employees rewarded or recognized for reaching performance milestones? Were they introduced to role models who had advanced? Were the success stories of workers who shared some of the background of low-wage workers and who had progressed shared internally? (9 questions)

- **Offboarding and post-exit:** Were employers tracking why low-wage employees left voluntarily, or which companies or industries their employees moved to? Did they ask low-wage employees leaving the company if they felt valued while in their jobs? Did they conduct exit interviews with low-wage employees? (4 questions, 2 more in the employer survey)

Employers grade themselves better than workers: There is a chasm between employer perception of the employee experience they believe they provide and the one they offer workers in reality. Employers tended to believe they were implementing many best practices across their organizations. Low-wage workers' descriptions of their employment experiences, however, strongly suggested that their employers' implementation of such policies was uneven at best. Employers were far more likely to say that their company *always* implemented a practice and workers were more likely to say that their company *never* implemented. Workers frequently answered "I don't know" if their employers had a specific policy in place, strongly suggesting that either no such practice was actually in place or there was a significant breakdown in internal communications.

To illustrate the difference in perspectives, we compared the "net positive score" of employers versus the net positive score calculated based on our survey of low-wage workers. For each of the 60 practices, employers and low-wage workers were asked how often their company does each action. Respondents were given the option of Always, Often, Sometimes, Rarely, Never, and I don't know. The net positive score looked at the percentage of respondents who selected each option and was calculated as follows: ((Always + Often) – (Rarely + Never))/(Total - I don't know). (See Figure 34 on page 54.) We assigned each of the eight touch points a symbol. For example, pre-employment scores were all solid blue diamonds. Each of the specific practices nested under each touch point were assigned a net positive score. They are represented by a separate symbol on the subsequent chart. For example, there are nine solid blue diamonds corresponding to the specific practices analyzed for the pre-employment touch point, six red triangles for hiring, etc.

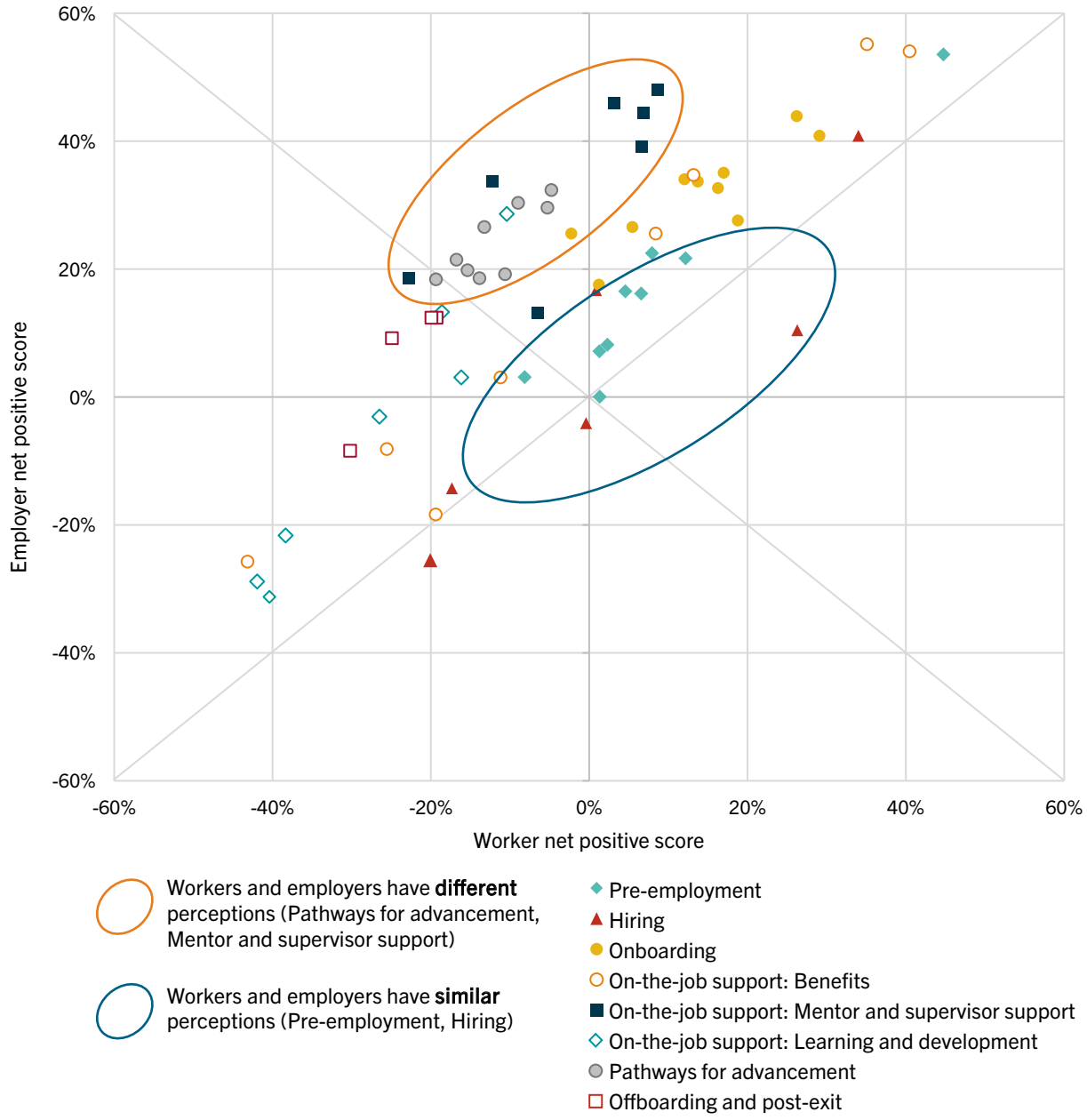
The closer the perspectives of employers and low-wage workers, the more the 60 dots would cluster along the dotted line that represents the x equals y value (or slope of 1) on the matrix. The further a dot is from the diagonal to the left—the greater gap between the employers' assessment of how often a practice was implemented versus the workers' reported experience.

For a significant number of the 60 practices, the comparison of the net positive scores indicates a lack of implementation on the part of employers. Of the most concern is that the perception gaps are most severe in many of the most important post-employment practices. In key areas such as mentor and supervisor support, learning and development, and career pathways (encircled in orange), the findings are stark: While employers believed they implement such practices, many employees indicated either that they were not available at their organization or that they were unaware of them. For example, on the issue of providing a mentorship program for low-wage workers, 20% of all employers surveyed said their organization *always* adhered to the practice, and 26% reported they did so *often*. By contrast, 34% of low-wage workers said they were *never* provided a mentorship program at their organization, and 12% said that it was rarely available. Only 13% of workers agreed that their company always provided a mentorship program to workers at their pay level.

Such disparities might be easily dismissed by the observation that the unfortunate 34% with no access to mentorship and the 12% with only occasional access happen to work for employers that actually do not offer mentorship. Setting aside the obvious incongruity in the absolute value of the respective numbers between the employer and worker surveys, the analysis as a whole consistently indicates some hard truths:

- There are significant differences in the perceptions of employers as to the extent and availability of best practices and the visibility and effectiveness of those practices for low-wage workers.
- Those disparities are particularly significant in post-employment touch points. The descriptions offered by both employers and employees are most closely aligned in the earliest stages of their relationship: pre-employment, hiring and onboarding. Once a low-wage worker is settled into employment, implementation of practices wanes, and expectations appear to diverge.
- There are yawning differences in the respective views about the availability of support related to the specific practices that fall under the touch points *most central to escaping the low-wage trap*—on-the-

Figure 34: The net positive score for actions reported by employers vs. the net positive score for actions reported by low-wage workers



Note: This chart shows the net positive score for each employer action for both the employer and worker surveys. Net Positive Score is calculated as follows: ((Always+Often) – (Rarely+Never))/(Total – I don't know). Each point represents an employer action, and the actions have been grouped by stage of the employment cycle.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School. "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

job mentorship and supervisor support, learning and development opportunities, and the presence of career pathways.

- Employers only registered a few net negative scores with the lowest rankings clustered around the seven factors constituting the learning and development touch point. That indicates that such practices are not as widely adopted.
- The differences between the frequencies that employers report actions being taken and the actions that workers experience suggests, at the very least, that employers do not communicate effectively with their low-wage workforce.

Our analysis allowed us to identify a number of themes that help explain the seeming disconnect between employers' intentions on implementing practices and the actual outcomes.

Small employers versus large employers: Workers at small and large firms agreed about the actions their employers took to boost their upward mobility, and workers at large firms were slightly more likely to report a given action. For example, in the crucial mentorship category, a comparable segment of workers at small firms (24%) and at large firms (26%) reported that their company always or often provides a mentorship program for low-wage workers. Employers responded similarly, with large employers being slightly more likely to report their company always or often undertook a given action.

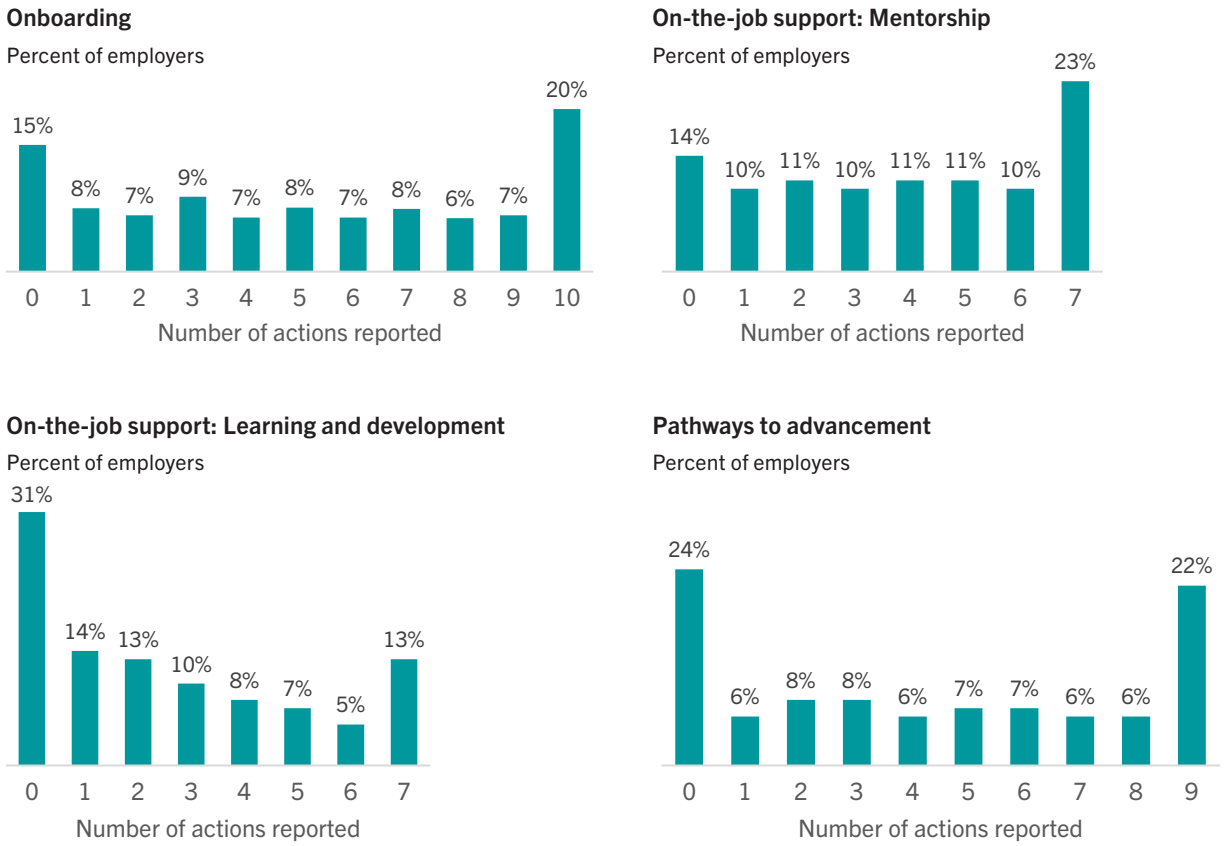
The key differences between small and large firms lay in how much the company values low-wage workers and the importance of specific benefits. Employers at small firms were much more likely (83%) to say their company values low-wage workers than employers at large firms (76%). However, small employers were less likely to agree that benefits—such as caregiving assistance, transportation assistance, and tuition assistance—were important to applicants for low-wage jobs at their company. Small employers were also more likely to say their company never offers specific learning and development programs. For example, 28% of small employers reported their company never offers training programs for qualifications low-wage workers need to move up, compared to just 13% of large employers. More small employers were skeptical of the value of such programs, as well. For example, 25% of small employers were skeptical or very skeptical of the value of training programs for qualifications low-wage workers need to move up, compared to 11% of large employers. This could indicate that small employers are choosing not to implement these actions because they do not see them as important to sustaining their businesses, rather than because they lack the resources and scale of larger companies.

Good employers versus bad employers: A scan of the number of actions taken by employers revealed a bimodal clustering of employers. At one end of the spectrum were employers that claimed they were always or often implementing best practices. Those "good" employers implemented multiple actions under each touch point. On the other hand, there were many "bad" employers that reported that they never or rarely implemented best practices. The pathways to advancement touch point serves as an excellent example. The largest numbers of employers (24%) were those who admitted that they never implemented any practices to such pathways. But, the second largest set of employers (22%) were those who said they implemented all nine of the best practices. (See Figure 35 on page 56.)

For low-wage workers, the implications are very significant. It ultimately matters greatly which company an employee joins, since that can have a lasting impact on a worker's career trajectory. A "good" company is more likely to have implemented best practices across the full spectrum of employer-employee interaction. That, in turn, will maximize a worker's chances of achieving upward mobility. A "bad" company, on the other hand, will have implemented few if any practices that would contribute to such an outcome. The so-called "bad" companies were generally laggards across most the touch point categories. Low-wage positions at such companies risk becoming a trap for their employees, particularly those who allow their attachment to their workplace to influence their decision as to whether to pursue other opportunities. Workers in the so-called "good" companies have some institutional support for their ambitions to advance and, hence, a better prospect of escaping the poverty trap.

Signal loss along the leadership chain: Within the employers we surveyed, there were differences of opinions *across the ranks of management* about whether practices were being implemented and how rigorously. The more senior the business leader, the more likely they believed that practices were being always or often implemented. Managers with more direct exposure to low-wage workers—such as front-line managers—had a fundamentally different perspective. They were far more likely to report that practices were seldom or never implemented. Not only do those managers have the most primary data on the implementation, they would often be directly involved in executing the practices in question. While the impressions of their supervisors and senior executives may reflect an organization's *intentions*, the evaluation of the front-line managers directly involved in the day-to-day work of low-wage workers must be credited as the most authoritative.

Figure 35: The number of upward mobility actions reported by employers



Note: Percentages may not sum to 100% due to rounding.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

We capture an example of this phenomenon in Figure 36, which shows the net positive score assigned to five important practices *by managerial level*. We contrast the scores reported by senior executives, middle-level managers, and front-line supervisors and compare them to those provided by employees. The data reveals a clear pattern. Senior executives invariably hold their practices in high regard. Across the sample, they are far more likely to report that their organizations implemented such policies all the time or often. Middle-level managers, however, are a bit more skeptical. The net positive score drops materially across the board—on the order of 20 points—between the executive and managerial levels.

Some important implications present themselves. It would seem that senior executives have, at best, a stylized view of how their low-wage workers are actually treated. Many have instituted programs and assume they have been implemented and their design intent realized. Based on that assumption, a large number of employers express confidence that those practices are benefiting their lowest-paid workers. These employers seem to have forgotten the old aphorism about the importance of "walking the talk." Mid-level managers, perhaps more sensitive to the challenges involved in implementing policies—especially in large, multisite companies—expressed less confidence in the prevalence of their actions to create career pathways for the lowest-paid workers. This cadre of managers includes those who are charged with translating the strategy and organizational vision provided by senior executives into the types of policies and procedures that would underlie practices to support upward mobility. Their net positive score bisects the spread between senior executives and front-line supervisors' rankings.

The extent of the disconnect becomes startlingly apparent when the responses of front-line managers—the supervisors directly in touch with low-wage workers on a day-to-day basis—are taken into account. Their net positive score scores hover around zero, consistently 40 points lower than those of senior executives. The

Figure 36: Net positive score by level at company

Note: This chart shows the net positive score for a few employer actions for both the employer and worker surveys. The blue diamond represents the worker survey results, and the other three represent results from the front-line managers, mid-level managers, and senior executives from the employer survey. Net Positive Score is calculated as follows: ((Always+Often) – (Rarely+Never))/(Total – I don't know).

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

gap between their reported experiences and that of the low-wage workers they supervise is the *smallest* observed between the four levels represented in our data. The data provided by senior executives and low-wage workers is so incongruent as to suggest they possess different views of reality.

This analysis is subject to criticism that the data was submitted by individuals. The sample is not drawn from levels across the same companies; we do not have data on what a senior executive, a middle manager, a front-line supervisor, *and* low-wage workers from a single firm think. However, by combining data from across companies into a net positive score, we have derived a composite picture of the circumstances confronting low-wage workers in many companies of different sizes from different industries. It is highly likely, if not a certainty, that the disparity of views across management levels and between management and employees is generally less in well-managed companies. Nonetheless, the magnitude of the spreads in the net positive score analysis suggests strongly that considerable inefficiency exists in the implementation of practices intended to enhance the productivity and the prospects of low-wage workers. The failure either to adopt such practices altogether or to implement them effectively risks squandering the latent affiliation most low-wage workers feel for their current employers. It also fuels the endless cycle of turnover that undermines the competitiveness of companies and the prospects of workers. It is simply bad business.

Impact of Covid-19 on low-wage workers

Covid-19 roiled the lives of low-wage workers. When asked if their employment at their primary company changed between January 2020 and the time of survey completion, 48% of workers said yes. Among those who indicated that their employment had changed since January 2020, 51% of respondents reported that this change was due to their hours being reduced, 24% reported being furloughed, and 13% reported a pay reduction. (See Figure 37.) Some of those changes were temporary; as only 35% of workers reported that their employment status at the time of survey completion was different from their employment status in January 2020.

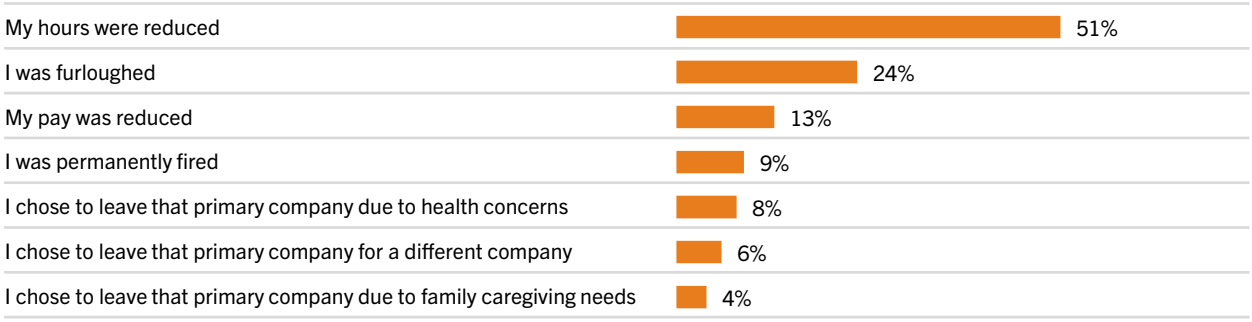
Among those whose employment status either was not affected by Covid-19 or those who were affected at one point but were back to working at the time of taking the survey, 40% reported that "It is likely or somewhat likely I will be able to increase my upward mobility" over the next year. Just over a quarter (29%) indicated it was unlikely or somewhat unlikely that they would be able to increase their upward mobility. When asked to rate how Covid-19 impacted their thoughts on their ability to achieve upward mobility, slightly more workers reported that Covid-19 would make it more unlikely (26%) that they would be able to increase their upward mobility, compared to those who reported that Covid-19 would make it more likely (15%) they would be able to increase their mobility. (See Figure 38.)

The impact of Covid-19 varied slightly based on the race of the respondent. Latinx respondents were the most likely (53%) to report having their employment affected at some point since January 2020, compared to Black (47%) and white respondents (48%). Among those whose employment was affected, Black workers were more likely to have left a job due to health concerns (14% versus 5% Latinx and 7% white). Non-white respondents (43% Black, 43% Latinx) were more likely to report their employment status was different at the time of survey completion than in January 2020 when compared to their white peers (33%).

Among those who either were not affected by Covid-19 or those who were affected at one point but are now working, white workers were the most pessimistic about their ability to increase their upward mobility over the next year. (See Figure 39.) In gender terms, male workers (45%) were more optimistic than female workers (36%) about being able to achieve upward mobility, repeating a pattern that appeared throughout our data.

Figure 37: Employment changes since Covid-19

How did your employment at your primary company change between January 2020 and today?

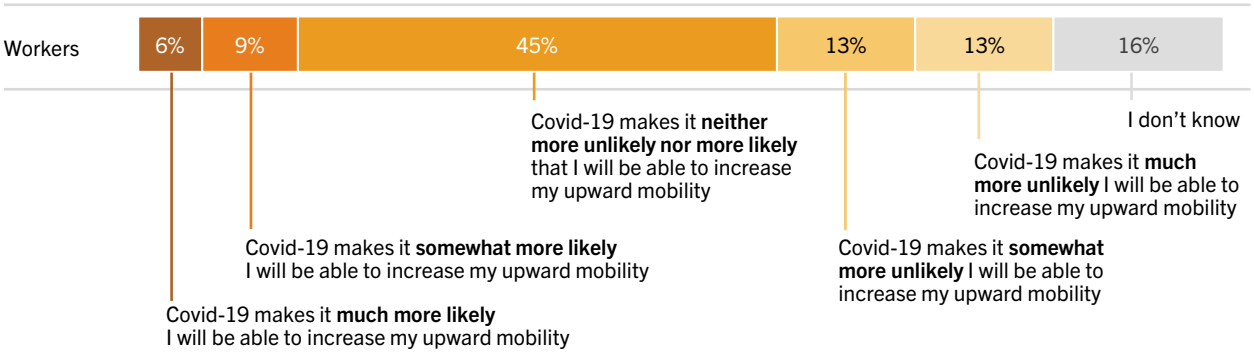


Note: Only those who indicated their employment at their primary company changed between January 2020 and today answered this question.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 38: Effect of Covid-19 on upward mobility

Please rate the effect of Covid-19 on your ability to increase your upward mobility over the next year.

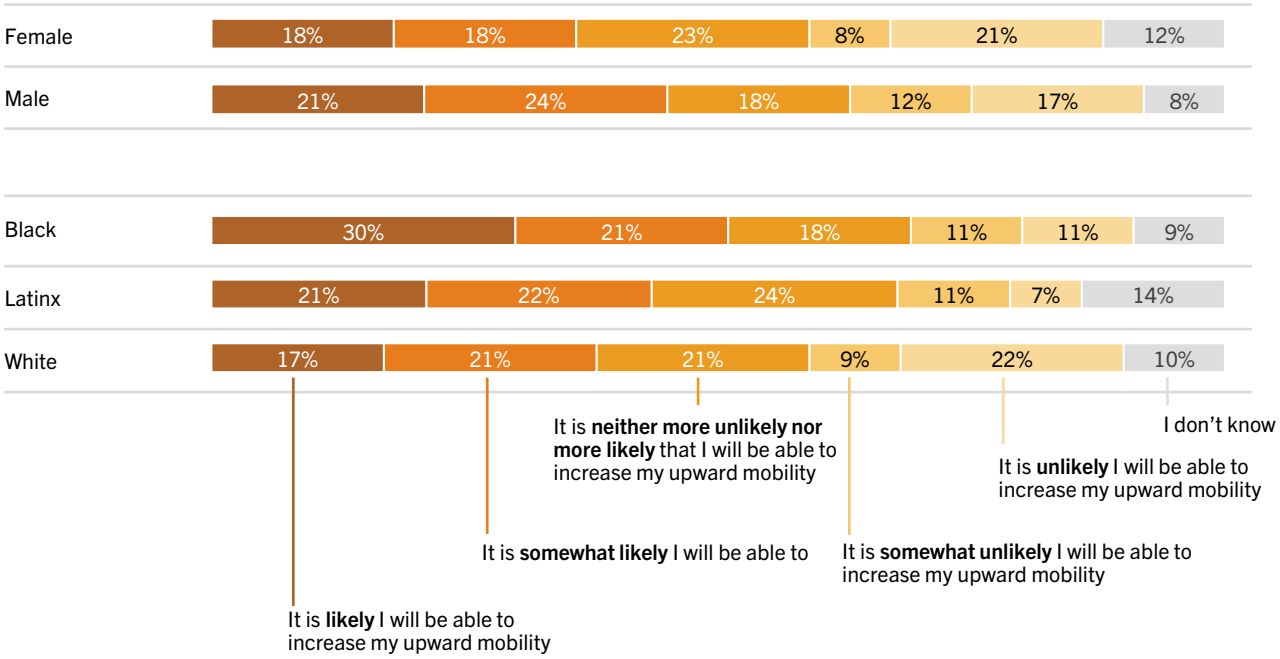


Note: Only those who indicated their employment status did not change since January 2020 or those whose employment status did change but they remain a full-time or part-time employee answered this question. Percentages may not sum to 100% due to rounding.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

Figure 39: Thoughts on upward mobility by gender and race

Please select the answer choice that most closely matches your thoughts about your ability to increase your upward mobility over the next year.



Note: Only those who indicated their employment status did not change since January 2020 or those whose employment status did change but they remain a full-time or part-time employee answered this question. Percentages may not sum to 100% due to rounding.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

What employers must do

Since the 1980s and 1990s, organizations have confronted structural changes such as globalization and accelerating automation. Many employers began to take their lowest-paid workers for granted. Growth in the working-age population and immigration of various forms ensured the presence of a growing labor pool. Cyclical rises in unemployment and dislocation caused by the transition to a post-industrial economy led to growing numbers of displaced workers. Employers treated low-wage labor as a cost to be minimized. They accepted high rates of turnover among low-wage workers. Investments in training fell. Companies feared that they would incur the costs, only to see workers move to roles elsewhere. A perverse logic emerged: Since low-wage workers inevitably churned at high rates, it was a poor decision to make the investments required to dampen that turnover.

The 1990s was also the era of re-engineering. Enterprises began shedding bureaucracy and delayering their organizations by eligibility levels of management. As organizations were flattened, spans of control were increased, and work was redistributed. A reduced population of managers had much more managing to do. Supervisors of low-wage workers were no exception. Burdened with more managerial tasks and more workers to supervise, managers sought ways to become more efficient. That was, of course, the purported value of the exercise. Processes only tangentially related to the fulfillment of important objectives, such as providing feedback, offering mentoring and career planning, and investing in training suffered as a result. Simultaneously, employers turned to technology to control costs and boost productivity. The continuing digital revolution achieved many of those purposes, but it required skills that were in short supply. That, in turn, encouraged further investment in innovation and automation to remove the bottlenecks created by the skills shortage.

Executives began recognizing that matters were amiss in the labor market, as the U.S. economy inched toward full employment in recent years. Employers, large and small, struggled to fill middle-skills jobs.[25] The aging of the workforce, absence of a coherent immigration policy, and increasingly obvious deficiencies of much of the K–12 system to provide aspiring workers with the tools to compete in the digital economy exacerbated the problem. Prior to Covid-19, there was growing recognition of a worker shortage, raising the importance of incumbent workers in the eyes of owner-operators and executives.

Companies seem to grasp the logic of investing in their low-wage employees. Fully 80% reported that they viewed doing so was either important or somewhat important. Nearly 60% indicated that it was highly or somewhat likely that their firms would invest to increase their mobility. And 40% indicated that Covid-19 would have no impact on their plans to do so. Some even suggested that the pandemic was likely to increase their rate of investment. The question, therefore, is not whether organizations are willing to consider providing greater support for low-wage workers, but whether they know what to do and will actually execute against those intentions in the face of economic pressures. (See Figure 40.)

As Covid-19 becomes endemic and businesses have begun reopening or expanding capacity, many employers are now expressing bewilderment as to why workers are not coming back to their company. Workers are increasingly making their preferences known by voting with their feet. They are walking out of demanding, low-wage jobs, quitting indifferent employers, and not applying for open positions in industries with blemished reputations. The pattern of resignations discernible across industries provides some validation. Sectors like accommodation and food services, non-durable manufacturing, and retail—all industries that rely heavily on low-wage workers and have below-average prospects for advancement—suffered outsized increases in their quit rates relative to other industries.[26]

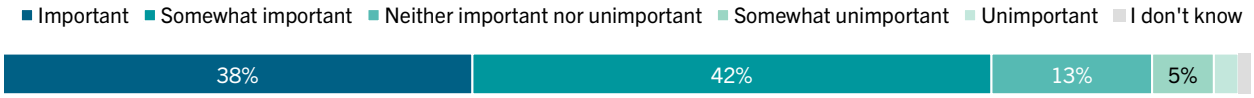
The shortage of workers plaguing employers is likely to endure, failing a radical overhaul of America's immigration policy or fundamental change in the incentives for individuals to participate in the workforce. The demographics of the workforce ensure that outcome. In order to prosper, therefore, companies will need to adopt new approaches—and quickly.

Rethinking the approach to low-wage workers

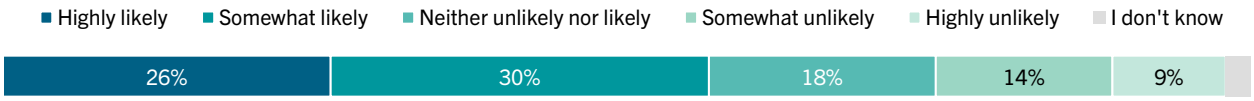
Over the course of the research, in 2020 and 2021, we conducted in-depth interviews with CEOs, middle managers, and workers in more than two dozen small, midsize, and large enterprises and in a range of industries. We found that, in many instances, management was aware of many of the problems that plague low-wage workers. Some were striving to improve the quality of their work environment; others were exploring options for

Figure 40: Employers understand the positive impact of investing in upward mobility, however employers believe less in implementation

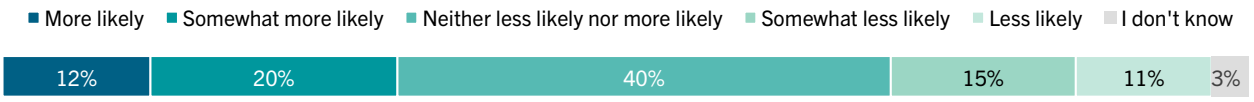
How important is it for your company's future success and competitiveness to invest time and effort in the upward mobility of your low-wage employees in the future?



Please rate your company's willingness to implement practices for increased upward mobility.



Please rate the effect of Covid-19 on your company's willingness to implement practices for increased upward mobility.



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Source: "Upward Mobility Survey of Employers of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

hiring more diversely. Many were rethinking how to create "good" jobs systematically—using the formula of higher wages, better benefits, and training for career pathways, either within their company or by aligning their programs with outside resources. We believe that the growing awareness some companies are demonstrating indicates that the pace of change is likely to quicken as the extent of the labor shortage becomes undeniable. Nonetheless, companies will need to do more. Those that develop innovative approaches to this challenge will likely reap a competitive advantage.

Recognize low-wage employees as critical assets: Repeatedly, we found that for many business leaders the concerns transcend simple business issues. The travails of low-wage workers had become a personal issue, evoking emotional reactions. Often business leaders related stories of the "aha" moments that changed their attitude toward their workers; some were even moved to tears. At an automobile parts manufacturing company in Texas, the CEO of the family-led business shared that he had not realized the challenges his workers faced until he came to work early and found a shop-floor worker sleeping in a car. The worker confessed that he had been homeless for months and routinely slept in the company's parking lot in order to maintain a spotless attendance record.[27] Well before Covid-19, the CEO of a dairy products business shared his moment of realization. In 2018, blizzards shut down large swaths of Michigan, yet all the workers on his shop floor showed up for work. "We had major snowstorms, and people couldn't get to work, but we still had to ship orders out to our cruise ship customers. I got together with the workers, and I realized, you know what? It's these workers who are so critical to our organization. The reality is that, if all the production people didn't show up, none of the rest of us would have a job." He added: "I watch senior managers start to forget who's important in the organization, and it disappoints me. They don't realize they wouldn't have their job if we didn't have all those people in our plant."[28]

American business cannot afford to rely on random events and chance encounters to understand the necessity of building a better future for low-wage workers. Perversely, Covid-19 may help galvanize that realization, since it revealed the extent to which low-wage workers are synonymous with the concept of "essential workers." The definition of the ubiquitously used term "preferred employer" may be about to change. It once indicated a company or institution that could attract and retain the most sought-after, highest-skilled talent in the face of competition. In the future, a preferred employer may very well be one that can offer the most attractive combination of initial employment terms and opportunities for advancement to workers once deemed almost dispensable.

Make retention the cornerstone of your strategy: Employers can always hire new workers in the spot market by offering materially better wages and competitive benefits. But that is a perilous strategy for sustaining growth and profitability. There is an obvious alternative—reducing all the hidden costs generated by having a strategy predicated on high turnover. Allowing a worker with experience to leave, only to be replaced by a worker

who, too, will leave in short order is the equivalent of a manufacturer taking perfectly good semi-finished goods inventory and dumping it on the scrap pile. Workers who are already in the organization are a precious resource, especially in a tight labor market. They have already overcome the many practical barriers—such as organizing transportation and arranging for caregiving—that can lead to turnover, voluntary or involuntary, of a recently hired worker. More importantly, they are familiar with the company's ways of doing business and possess valuable formal and informal knowledge of the company's business model, cultural norms, and processes. Every time an employee leaves due to frustration or confusion about their prospects, the company pays the equivalent of a self-imposed tax. Our data strongly indicates that most low-wage workers would prefer to remain with their current employers, given a reasonable chance at advancement. That suggests employers should stop focusing on the question "where can I get the workers I need?" and rather ask themselves "how do I keep the workers I have?"

Retention will become even more critical in the future due to the changing nature of work, especially the work undertaken by low-wage workers. In the past, these jobs involved repetitive, physically demanding work. As dull, dangerous, and dirty tasks are automated, the lowest-paying jobs in every industry are becoming more complex. The skills needed to perform low-wage jobs are changing in lockstep with the adoption of new technologies. They will require employees to gain technical skills and learn how to work with sophisticated tools of various types. They will also require that low-wage workers bring non-technical soft skills—such as problem solving, teamwork, and negotiating—to their roles. Investing in upskilling incumbent workers who already possess knowledge, credibility, and a history of service would seem to offer a far better return-on-investment than making frequent, speculative bets on an influx of candidates based on their job applications. That logic extends to include instances in which those new workers have demonstrated skills that incumbent workers have yet to master.

Create a diverse workforce bottom-up: In the summer of 2020, an estimated 15 million to 26 million Americans participated in protests supporting the Black Lives Matter movement.[29] That movement has motivated employers to commit to significantly increase diversity, equity, and inclusion at all levels of the company.

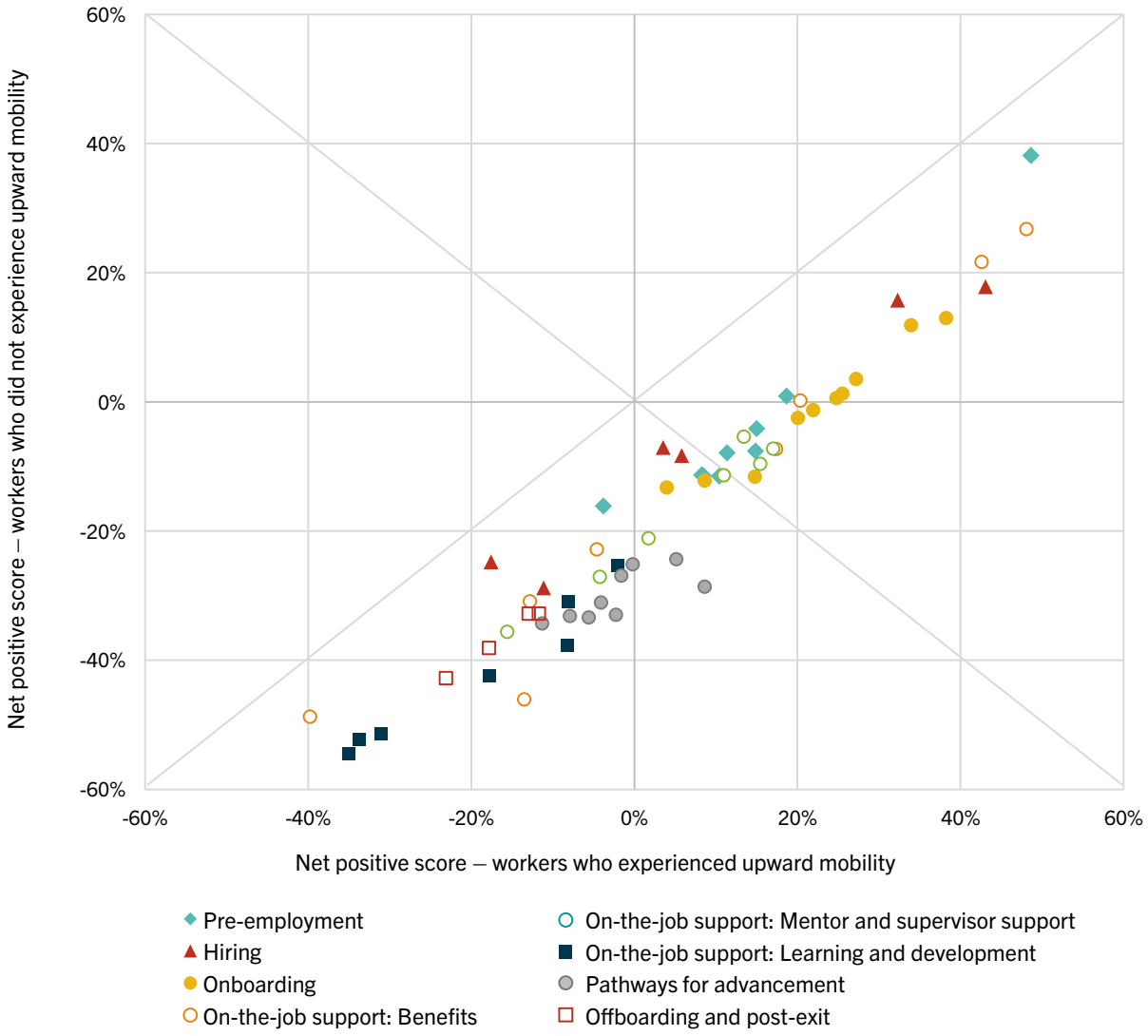
Having pledged their commitment—many companies are struggling to find ways to deliver on their promise. The decades old effort to achieve higher levels of diversity, often rooted in corporate social responsibility measures, has yielded little at scale. As we have pointed out in previous research, the process for building a diverse organization starts from the ground up: it depends on who is hired, who is retained, who is developed and as a consequence, who is advanced. Obviously, organizations must continue to rethink their hiring strategies if they are to attract more diverse talent at all levels.[30]

But more importantly, many organizations have yet to realize that they already have preferred access to a vibrant pool of diverse talent within their own organizations. In most companies and across most industries, low-wage positions are disproportionately held by people of color. It would be an arguably more authentic and effective approach to build diversity by nurturing talent within the organization. Career paths for low-wage workers need not be constrained by the conventions of the past. If employers are genuine in their commitment to build diverse teams at every level of their organizations, they should identify and invest in their high potential talent *currently employed in lower-level jobs*. They can do so by providing them the education and training to move up.

Many companies have already succeeded at this. At Expeditors, for example, the CEO rose from the ranks. He does not hold a four-year college degree.[31] Walmart often highlights that a majority of its store managers started as entry-level associates.[32] This is also an approach that America's armed services are deploying in order to groom talent. The U.S. Air Force, for example, has put in place practices to promote from within so that the active-duty line officers "mirror the racial, ethnic, and gender differences of the nation's population," especially at senior levels.[33]

Invest in mentorship, career pathways, learning and development: Our research shows that practices in these three dimensions lie at the center of any high-impact effort to advance low-wage workers. Workers who experienced upward mobility were much more likely to report that their employer relied on such practices, while those who did not were significantly less likely to report that their employer did. Figure 41 contrasts the net positive score for all 60 practices reported by workers who had achieved upward mobility on the x-axis with those did not achieve it on the y-axis. Virtually every practice is shifted materially to the right of the x=y line, demonstrating the degree to which employer practices have influenced those outcomes. Importantly, multiple practices within the pathways to advancement touch point in gray stand out prominently. Across the entirety of our research, workers benefited from their employers' investment in these three key touch points: mentorship, career pathways, and learning and development. Even small efforts

Figure 41: The net positive score for actions reported by workers who did not move up vs. the net positive score for actions reported by workers who did move up



Note: This chart shows the net positive score for each employer action for the worker survey. The y axis represents the perceptions of workers who did not experience upward mobility, and the x axis represents workers who did achieve upward mobility. Net Positive Score is calculated as follows: ((Always+Often) – (Rarely+Never))/(Total – I don't know). Each point represents an employer action, and the actions have been grouped by stage of the employment cycle.

Source: "Upward Mobility Survey of Low-Wage Workers in the U.S.," September–November 2020, Project on Managing the Future of Work, Harvard Business School.

in those areas can yield material benefits for workers and employers alike. It is far more feasible for employers to focus on improving performance in areas such as those than to rely on outside resources to solve their need for talent of all varieties and all levels.

Use metrics to assess implementation rigorously: The last 20 years have seen a revolution in business analytics. Business intelligence systems provide executives and managers with near real-time, granular data on performance metrics of every variety. Yet how many companies utilize those capabilities to track the progress of their low-wage workforce? Do Chief Human Resources Officers pore over data on the percentage of performance reviews completed and documented for cadres of low-wage workers as they do for high-potential, white-collar talent slotted for the C-suite? Are the personnel files of low-wage workers scoured in a hunt for candidates—diverse or not—for advancement? What are the costs of turnover by job description, by process and by facility? Are they being reduced and how? To all these questions the answer is: no.

If companies are to implement a systematic approach to cultivating and advancing low-wage workers, that process has to be as rigorous and as data-driven as any other important process in the company. While more effective and regular communications about a company's commitment to improving the lot of low-wage workers will help, true progress will hinge on recognizing and rewarding managers, starting with front-line supervisors, for their contributions to the effort. Companies will need to track: Which managers are consistently associated with low-wage workers who advanced? Which operations or facilities showed low turnover rates relative to local competitors? Which operations or functions pioneered new pathways programs that have proven effective? Incentivizing supervisors to focus on the issue of mentoring and advancing low-wage workers will speed up the process of change.

Understand the external implications of upward mobility: Large companies like Disney, Amazon, and Walmart that hire at scale in low-wage positions have begun innovating on building career pathways, not only within their own four walls, but also extending beyond their organizations. They understand that their business models require numbers of entry-level, low-wage workers that are disproportionate to the number of positions available for advancement. Rather than simply succumbing to the outsized turnover that affects companies with those workforce demographics and absorbing the associated costs and damage to corporate culture, they are experimenting with models that serve as springboards for advancement outside their own companies. Each has sought to forge partnerships with community colleges and other skills providers and to identify skills gaps in local communities. They are arranging training for their current low-wage workers that qualifies them for better paying work at other employers in their communities. While these pilot efforts may seem like a form of corporate philanthropy, they are making clear-eyed, hard-nosed business decisions. The economic benefits of reducing turnover are more than enough to justify the investment. Done right, such programs can create an oft-mentioned but seldom seen "win-win" outcome.

While smaller companies cannot afford programs of the same breadth and investment, they can still embrace the principles underlying the work of leaders like Amazon, Disney, and Walmart. In fact, a cluster of small employers in Michigan have come together to create The Source, an ecosystem for businesses to hire from each other that also contracts with local nonprofits and the Michigan Department of Health and Human Services (DHHS) to provide support for workers to achieve upward mobility.[34] In Mississippi's Golden Triangle Region, local leaders formed the Golden Triangle Development Link, funded via The Trust, a board of regional and corporate leaders, that enables them to prioritize bringing "good jobs" to the region with career pathways, rather than simply "any" jobs.[35] In this way, the Golden Triangle Development Link has seeded a burgeoning manufacturing hub—and is developing a talent pool of workers with advanced manufacturing skills that add to commons for all employers in the region. By creatively pooling resources, small employers, too, can overcome scale limitations and offer workers career growth—outside and beyond their own company.

In addition to such collaborative efforts to build step ladders for upward mobility across companies, businesses of all sizes can do more. They can mine labor-market data to understand what skills are in demand locally, what compensation those skills command, and what opportunities for advancement are associated with the positions available. They can work with local skills providers to determine whether existing programs offer those requirements, or whether new programs can be created, or approach other employers about the possibility of creating work-based learning opportunities for their low-wage workers. Moreover, they can try to create virtual scale by working with other employers to create formal and informal consortia committed to these outcomes.

A pivotal moment

To capture the sentiments of workers and employers more directly, we asked three open-ended questions in both surveys. The responses were sobering.

What is the one action workers can take for upward mobility?

The single highest response from 161 workers was redolent with agency: work hard, they wrote. The second highest response, in sharp contrast, expressed a measure of despair. One hundred and nineteen workers wrote "none," indicating that they felt there was no one action worth taking. The third highest response came from 79 workers, who realized they were in dead-end positions, and asserted their best action for improving their circumstances was to find another job in another company. (See Figure 42 on page 66.) Responded one worker: "Leave my job. After taking this survey and realizing all that my company *could* be doing based on the answers in this survey it made me realize how crappy my employer is."

When employers were asked what's the one action workers could take to move up, the number one response (219) was that they should express their interest in advancement. Many employers wrote in comments saying that workers should "take the initiative" or "be up front with the supervisor." One manager said that the one action a low-wage worker can take is: "To speak out and express their desire for upward mobility. Often, they don't feel like they have an opportunity. But if they don't try, they will never know. And the worst that can happen is that the answer is no, and the situation stays the same."

It was a stark reminder of how out of touch employers were with the realities of their workers. Employers had no idea how diffident workers were to broach the subject or how insecure they felt about de-stabilizing their status quo. (Out of 1,025 surveyed workers, only 59 workers wrote that the one action they could take should be to "talk to the boss about moving up.")

What is the one action your company can take for your upward mobility?

Many low-wage workers have come to have low expectations of their employers, perhaps mirroring the existence of a large number of "bad" companies. In response to the question, 117 workers—the highest response—was "nothing." Of those who did cite specific actions, the repeated theme was workers asking for guidance and help on how to improve their skills.

Employers once again demonstrated some awareness about the problems—and solutions—related to upward mobility. Two hundred and twenty-four noted that the best thing their company could do for low-wage workers is to provide training and development programs. (See Figure 43 on page 66.)

What is the one action society can take?

Once again, low expectations prevailed in worker response. The highest response by 243 workers to this open-ended question was "nothing," signaling either a belief that society had no role to play, or merely a desire to move on to the next question. Seventy-two workers requested greater societal respect for the work they do. Only half as many, 31 workers, asked for higher wages. "Society can't do anything for upward mobility. It's up to individuals," was an oft-repeated theme in many of the comments. One worker had the last laugh: "Society really doesn't have an effect unless it's whispering into my boss's ear."

Some employers showed concern for low-wage employees in their feedback. The most common response from 191 employers was to provide better access to education to low-wage workers. Intriguingly, 120 employers advocated efforts to boost workers' morale, and 117 felt society needed to treat workers better and more kindly, echoing the workers' pleas for respect. (See Figure 44 on page 67.)

Figure 42: Top 10 responses to "What is the one action low-wage employees can take that would be most helpful to their upward mobility?

Workers

Response	Frequency
Work hard	161
Nothing	119
Get a job with more opportunities to move up	79
Learn new skills	77
Obtain more education	76
I don't know	60
Talk to my boss about moving up	59
Attendance	38
Get more training/professional development	35
I'm not interested in moving up	31

N=1,025.

Employers

Response	Frequency
Express interest/initiative	219
Work hard	185
Attendance	69
Be reliable	67
Improve soft skills needed to move up	34
Ask mentor for help	25
I don't know	25
Be patient/loyal	17
Improve English language fluency needed to move up	35
Nothing	31

N = 1,150.

Figure 43: Top 10 responses to "What is the one action your company can take that would be most helpful to low-wage employees' upward mobility?

Workers

Response	Frequency
Nothing	117
Offer more skills training	86
Pay higher wages	71
I don't know	67
Pay for external classes or certification/degree programs	52
Provide more opportunities and career pathways to move up	50
Support employees more, including financial support	47
Offer career planning and guidance/Provide information about career paths and required qualifications	46
Treat employees with respect and show appreciation	38
Foster a culture that encourages employees to pursue upward mobility	35

N=1,025.

Employers

Response	Frequency
Offer training and development programs	224
Ask if workers need help, seek feedback from employees	75
Provide tuition reimbursement or education benefits	71
Pay higher wages	68
Communicate opportunities to move up	48
Provide mentorship	47
Encourage/motivate them	38
Clearly define what is expected to move up/define expectations	34
Create more opportunities in the company	33
Offer better benefits	26

N=1,150.

Figure 44: Top 10 responses to "What is the one action society can take that would be most helpful to low-wage employees' upward mobility?

Workers

Response	Frequency
Nothing	243
I don't know	165
Show respect to each other	72
Society doesn't play a role in my upward mobility	37
Stop the Covid-19 pandemic/follow Covid-19 precautions	35
Increase the minimum wage	31
Increase empathy in society	30
Improve access to education and skills training programs, including apprenticeships	26
Work together	25
Wear masks	22

N=1,025.

Employers

Response	Frequency
Improve access to education	191
Encourage low-wage workers	120
Show respect and kindness to low-wage workers	117
I don't know	89
Provide opportunities for skill development	60
Increase the minimum wage	56
Nothing	50
Provide mentorship	47
Improve the quality of education	45
It's up to them to work harder	39

N=1,150.

Call to action

It should not have required a global pandemic to cause American employers to reconsider the logic of structuring low-wage jobs in ways that drove up high rates of turnover. While the tightening labor market in the years before Covid-19 had led a few employers to implement programs to improve the career prospects of their workers through mechanisms like educational benefits and enhanced training, such efforts were hardly widespread. Covid-19 has made the need for employers to embrace such practices much more apparent. It has shifted patterns of demand for low-wage workers. Sectors like transportation and logistics urgently need to retain more workers in light of the explosive growth of ecommerce. Sectors like retail or food service and hospitality need to find ways to replace workers who have moved to new industries in the face of furloughs and challenging working conditions.

Underlying currents in the demographics of America's workforce will make the need to keep and upskill workers even greater in the future. Workforce participation continues to languish, and the significant increase in the retirement rate among older workers provoked by Covid-19 means the absolute number of people available to work is likely to fall well short of the economy's requirements. Employers that can reduce their reliance on spot market hiring and build durable talent management pipelines will enhance their prospects relative to competitors stuck in the old, uneconomical paradigm.[36]

Enhancing the work experience and career paths of low-wage workers will also serve to advance the fulfillment of pledges that companies have made to improve their performance on diversity, equity, and inclusion (DEI). Low-wage workers are disproportionately drawn from communities of color and more likely to be women. Employers frequently bemoan the "insufficient supply" of diverse talent with the skills and experience to occupy middle- and senior-level positions. Rather than look to the spot market for such talent, they should tap into the large pools of diverse workers who fill positions at the bottom of their organization's pyramid. Developing future supervisors, managers, and executives from the ranks of colleagues by developing career pathways for women and minorities would represent a much more authentic commitment to DEI than trying to outbid other companies in the marketplace for talent.

First and foremost, it is just the right thing to do. Additionally, for those business leaders who are mistakenly intimidated by the upfront costs of investing in and improving worker skills, the beauty of the opportunity is that it also makes economic sense. Reducing turnover and serving customers better will yield returns. Advancing low-wage employees and building an internal talent pipeline will yield returns. Earning a reputation as an employer with a durable commitment to DEI and being a preferred employer will yield returns. All that is required to harness those returns is investing in understanding the ambitions and life circumstances of the company's low-wage workforce, recognizing their critical role in the organization's success, and implementing common sense best practices to advance worker productivity.

Appendix I: Literature search summary

The literature search covered a broad range of factors relating to upward mobility. These included: how to define upward mobility; data on the types of low-wage jobs in different industries and their growth rates; the effect of growth on wages; the effect of employer investment on retention; the "good jobs" literature; the U.S. Chamber of Commerce Talent Pipeline Management training curriculum; how entrepreneurs and small businesses might provide good jobs; place-based partnerships focused on good jobs, such as the Greater Houston Partnership, the Greater Cincinnati Foundation, and Youth Apprenticeship and Apprenticeship Carolina; innovative programs to boost upward mobility, including CareerSTAT; and many other avenues of research. We continued to update the literature search as we developed new hypotheses. For example, once we developed the 60 practices specific to upward mobility, we conducted an in-depth level of evidence search for each practice.

Overall, the literature search revealed that the topic of low-wage workers in employment is significantly under-researched. The current field has a very narrow understanding of the practices employers can pursue to ensure upward mobility for vulnerable employees. The few efforts that were publicly cited were primarily documented in media reports. They were generally related to the subject company's corporate social responsibility (CSR) efforts. There is almost no literature investigating the business case or framing upward mobility as a source of competitive advantage to the employer.

In January 2020, we convened prominent thinkers in the space. The discussion confirmed the paucity of employer-based research. The group recommended that HBS's Project on Managing the Future of Work undertake this research from an employer perspective, both to understand the business case for investing in upward mobility and to identify specific opportunities for improving practice. The eventual goal was to ensure more employers understand the critical role low-wage employees play and the value of creating pathways for upward mobility.

During the convening, the participants also discussed the utility of research of the *employee* perspective on employers' responsibility for creating opportunities for upward mobility. We concluded that such an approach would be unlikely to resonate with employers and, therefore, would fail to advance their understanding of the business case for investing in upward mobility for low-wage workers.

There is a continuing need to develop a more refined understanding of how employers think about the issues involved, what motivates them to take actions that promote upward mobility, and what makes strategic and operational sense for companies.

Appendix II: Resume and job postings analysis

We partnered with Emsi Burning Glass to compile the resumes of workers in typically low-paying jobs and job postings for low-wage positions and with the Burning Glass Institute to generate findings.

The goal of the resume database analysis was to compare how workers in low-wage occupations performed between two distinct points in time, and their change in roles (and those roles' average wages) between 2012–2017. Our first step was to find a way to identify the resumes of low-wage individuals by mapping the Bureau of Labor Statistics data onto the Emsi Burning Glass data sets. Based on a median national wage of $39,970 or below in May 2018, according to Occupational Employment Statistics (OES) data from the Bureau of Labor Statistics, 292 occupations were identified as low-wage occupations. This list of occupations was then used to cull the resumes of individuals (all anonymized and in aggregate) in the Emsi Burning Glass database, going back to the year 2012. The cohort of individuals analyzed had their first job in 2012, held the job for at least six months and worked in an occupation with a median income below the poverty threshold. The analysis was limited to those whose resumes did not indicate baccalaureate-level educational attainment. This included those whose resume had no level of education attainment listed.

An individual in the resume database was considered to be upwardly mobile based on average salary change—the percentage increase or decrease between an individual's salary (measured by the mean national wage of their occupation according to OES data) from 2012–2017. We also looked at the "move out rate," or the rate of moving above our $39,970 salary threshold. Workers in occupations whose average wages were below $39,970 in 2012 and moved to an occupation with an average salary above $39,970 in 2017 were considered to have "moved out of poverty."

The list of 292 occupations was also used to identify job postings for these occupations. The job postings analysis helped in understanding how employers hire low-wage workers.

Appendix III: Survey methodology

In 2020, Harvard Business School's Project on Managing the Future of Work designed two surveys to understand the barriers and contributors to low-wage workers achieving upward mobility and the employer actions that would best help these workers. In the fall of 2020, a third-party firm administered the two surveys—one to a panel of employers and one to a panel of low-wage workers.

Employer Survey

The employer survey was fielded to 1,150 employers in the U.S. from September 9, 2020, until November 1, 2020. Survey respondents included front-line managers, mid-level managers, or senior executives only.

To ensure the survey was representative of the population of employers of low-wage employees and to establish diversity of thought, quotas were set during survey collection for the following variables: firm size, executive level, human resources function, geography, and industry. (For a detailed picture of the survey demographics, see respondent profile below.)

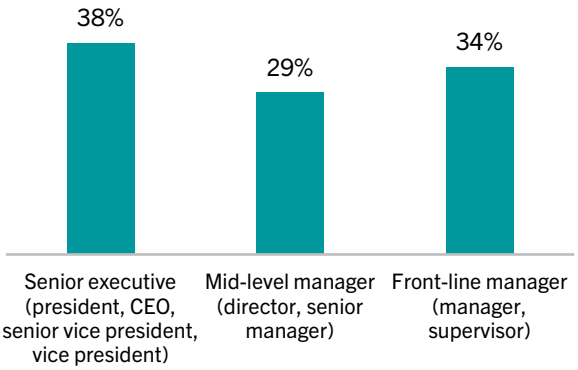
All respondents self-selected that their company employs low-wage employees, based on the definition provided: "For the purposes of this survey, we define **low-wage employees** as full-time or part-time employees who earn hourly wages that are 200% or below the federal poverty threshold. Depending on which part of the country they work in, these employees typically earn wages around $7 per hour (or approximately $14,000 per year) to $20 per hour (or approximately $40,000 per year)." While taking the survey, respondents received frequent reminders about this definition, as well as the definition of upward mobility: "We define **upward mobility** as an improvement in skills that enhances a worker's productivity and results in an increase in the worker's pay or a promotion or both."

The employer survey included questions about the respondent's company, their company's population of low-wage employees, their understanding of low-wage employees' opportunities for or barriers to upward mobility, their company's actions to support low-wage employees' upward mobility, and their perspectives on their company. The full employer survey instrument, as well as the results, are available on the website for the Project on Managing the Future of Work at Harvard Business School at https://www.hbs.edu/managing-the-future-of-work/research/Pages/building-from-the-bottom-up.aspx

Due to the timing of the survey collection during the Covid-19 pandemic, respondents were asked to answer all questions in the survey from the perspective of their situation in January 2020 prior to the outbreak of Covid-19 in the United States, unless otherwise specified. Frequent reminders were provided to respondents throughout the online survey to ensure respondents were answering questions about their workforce pre-Covid. The final question of the survey asked respondents to rate the effect of Covid-19 on their company's willingness to implement upward mobility practices.

Employer survey respondent profile

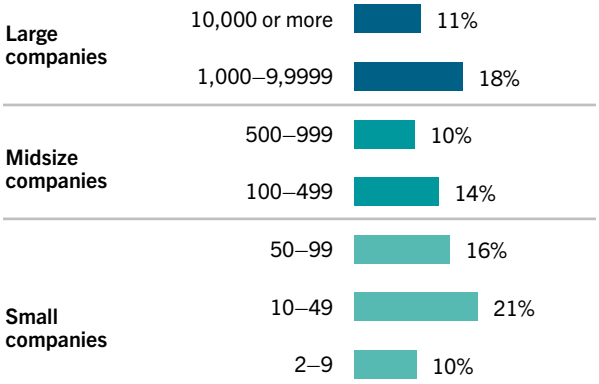
Prior to Covid-19, in January 2020, what was your job title? (Pick the closest)



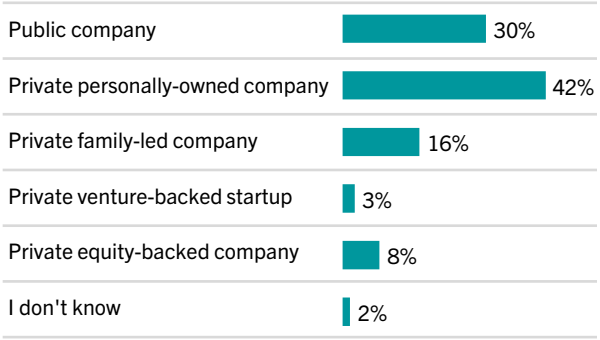
Note: Percentages may not sum to 100% due to rounding.

Prior to Covid-19, in January 2020, were you primarily employed in a human resources function?

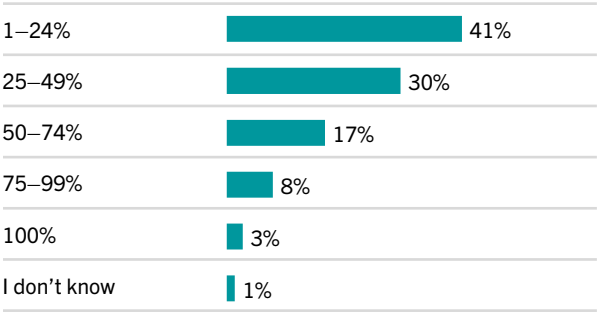
Prior to Covid-19, in January 2020, how many employees did your company have?



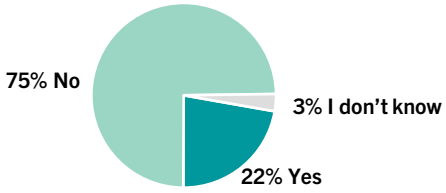
Is your business a:



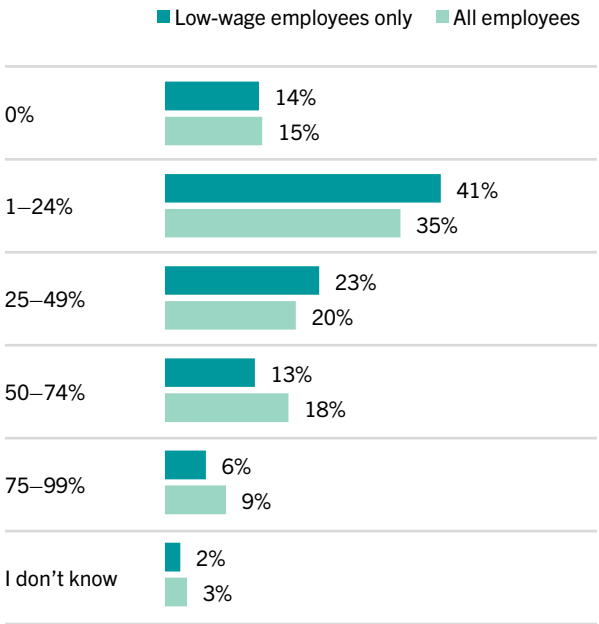
What percentage of your full-time employees are low-wage employees?



Does your company use a franchise model?

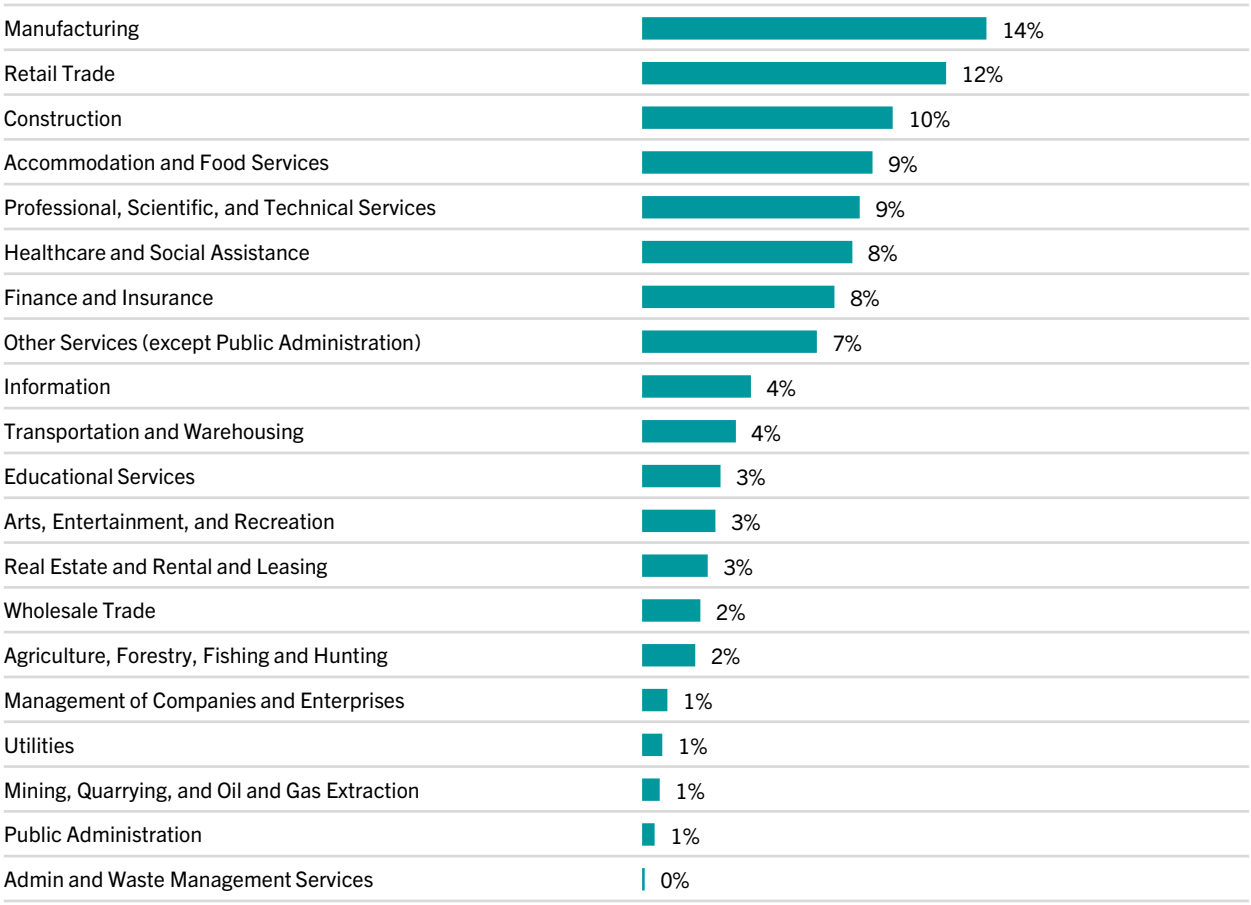


What percentage of your company’s low-wage workforce and total workforce consist of part-time employees?

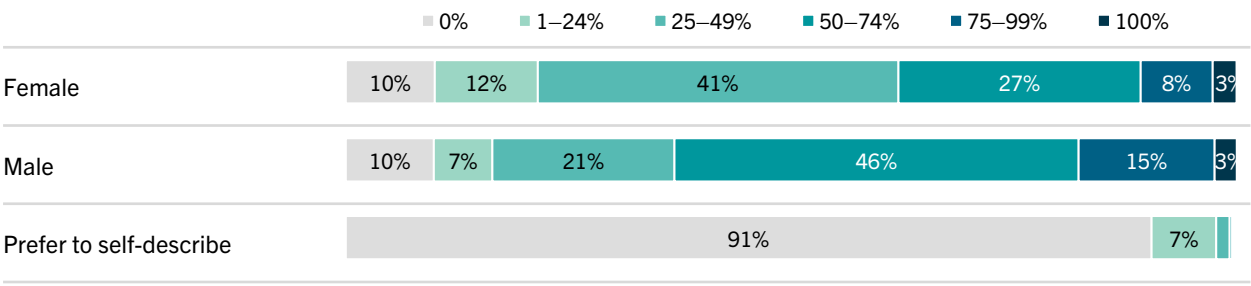


Note: Percentages may not sum to 100% due to rounding.

Which best describes your primary industry?

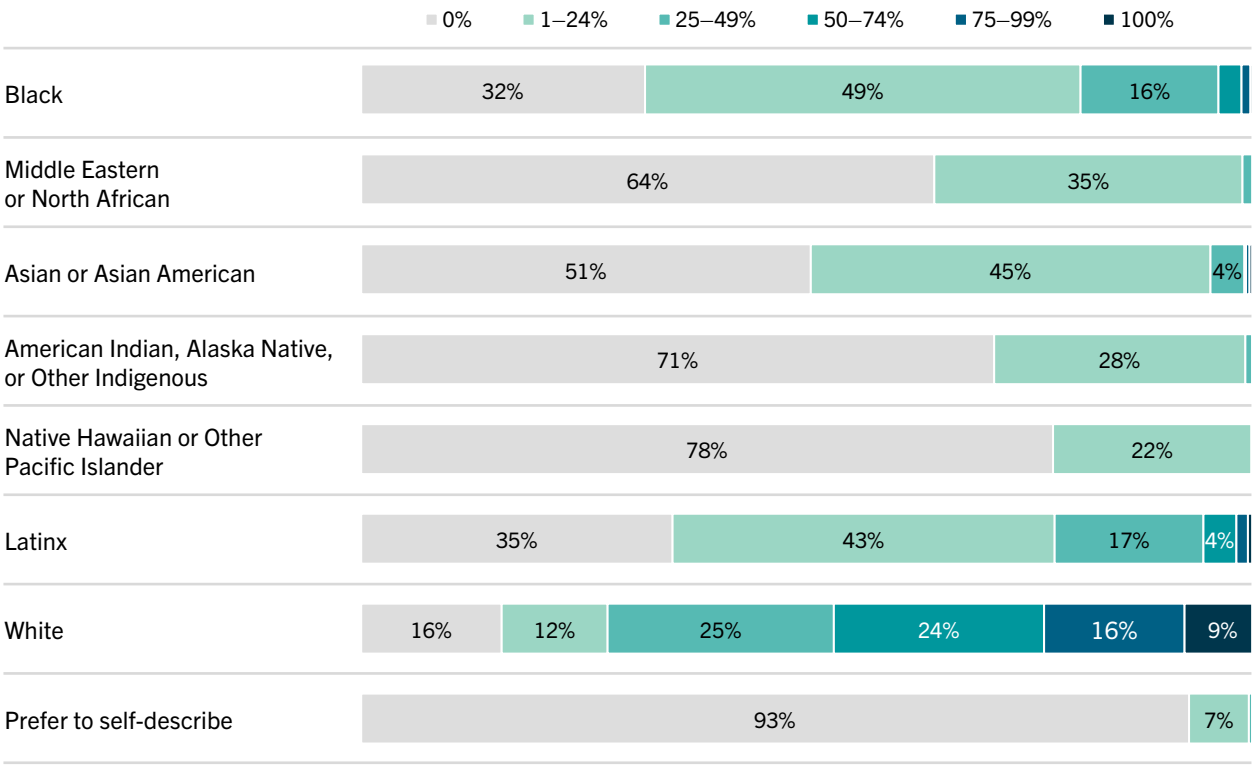


What percentage of your full-time employees report the following as their gender?



Note: Percentages may not sum to 100% due to rounding.

What percentage of your full-time employees describe themselves as the following?



Note: Percentages may not sum to 100% due to rounding. Percentages less than 3% are not labeled.

Worker Survey

The worker survey was fielded to 1,025 workers in the U.S. aged 21 or older from September 30, 2020, until November 24, 2020.

To ensure the survey was representative of the population of low-wage workers, quotas were set during survey collection for the following variables: upward mobility achievement, wage, firm size, age, race, gender, education level, geography, and industry. In order to gather enough respondents, some of these quotas were relaxed near the end of survey collection. (For a detailed picture of the survey demographics, see respondent profile below.)

All respondents were consistently employed for the three years prior to January 2020. Respondents were either employed at the same company over the prior three years or had switched companies or roles, but were consistently employed (e.g., were not unemployed for longer than one month) for the entire period. Thus, the 21-year age cutoff was selected because all respondents would be over 18 and would have been employed for three years. All respondents who were not employed as a full-time or part-time worker—that is, students, freelance or gig workers, temporary workers, those who were self-employed, those who were unemployed, and those who were retired—were all excluded from this survey. Additionally, all respondents who had a bachelor's degree or more were excluded. Low-wage workers in this survey were defined as anyone earning $40,000 per year or less (approximately $20 per hour for 40 hours per week). To calculate annual income from hourly wage, the researchers used an approximation of 2,000 hours per year for full-time work, multiplied by the hourly wage rate. Thus, any respondent who selected they earned more than $40,000 per year was not included in this survey.

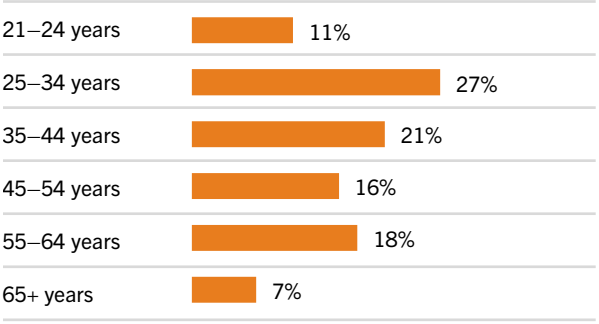
Respondents who worked at more than one company at a time were asked to answer the questions about their primary company, or the company at which they worked the most hours per week. Frequent reminders were provided throughout the survey. Reminders were also given about the definition of **upward mobility**, defined as follows in the survey: "Upward mobility is an improvement in skills that enhances a worker's productivity and results in an increase in the worker's pay or a promotion or both."

The worker survey included questions about the worker's demographics, their employment history, their current employment circumstances, their current primary employer, their beliefs about their opportunities for or barriers to upward mobility, their primary employer's actions to support low-wage workers' upward mobility, their perspectives on their primary employer, their attitudes about upward mobility, and their thoughts about their prospects for future upward mobility. The full worker survey instruments, as well as the results, are available on the website for the Project on Managing the Future of Work at Harvard Business School at https://www.hbs.edu/managing-the-future-of-work/research/Pages/building-from-the-bottom-up.aspx

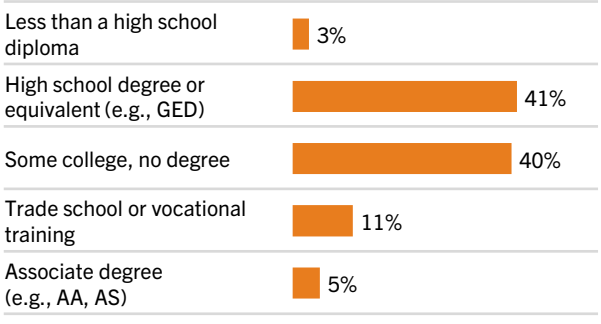
Due to the timing of the survey collection during the Covid-19 pandemic, respondents were asked to answer all questions in the survey from the perspective of their situation in January 2020, prior to the outbreak of Covid-19 in the United States, unless otherwise specified. Frequent reminders were provided to respondents throughout the online survey to ensure respondents were answering questions about their situation pre-Covid. A section was included at the end of the survey to understand the impact of Covid-19 on respondents' employment situation and attitudes toward upward mobility.

Worker survey respondent profile

Age

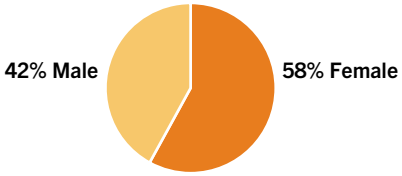


Education level



Note: Percentages may not sum to 100% due to rounding.

Gender



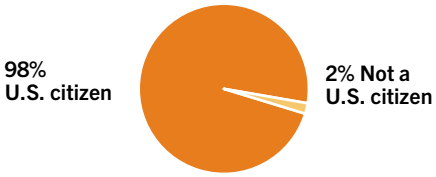
First language (select all that apply)

English	96%
Spanish	6%
Other	3%

Race

White	73%
Black	15%
Latinx	11%
Asian or Asian American	3%
American Indian, Alaska Native or Other Indigenous	2%
Native Hawaiian or Other Pacific Islander	1%
Middle Eastern or North African	0%
Prefer to self-describe	1%
Prefer not to answer	1%

U.S. citizenship



Immigration status

Immediate relative or family-sponsored permanent resident	38%
Employment-based permanent resident	6%
Other permanent resident	13%
Granted refugee status or granted asylum	13%
Non-immigrant (e.g., diplomatic, student, business, or tourist visa)	19%
Prefer not to answer	13%

N=16 (those who indicated they are not a U.S. citizen)

Marital status

Single, never married	38%
Married or domestic partnership	40%
Widowed	4%
Divorced	15%
Separated	3%

Number of other working adults in household

Zero	42%
One	36%
Two	14%
Three	5%
Four	2%
Five or more	1%

Note: Percentages may not sum to 100% due to rounding.

Number of non-working dependent adults in household

Zero	65%
One	24%
Two	8%
Three	3%
Four	1%
Five or more	1%

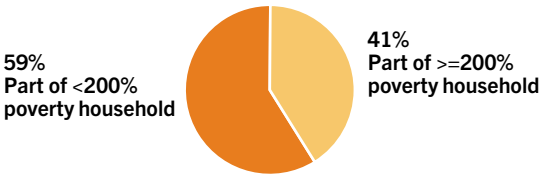
Number of dependent children in household

Zero	62%
One	18%
Two	12%
Three	5%
Four	2%
Five or more	1%

Household average total income

Less than $20,000	16%
$20,000 to $29,999	26%
$30,000 to $39,999	27%
$40,000 to $69,999	21%
$70,000 to $99,999	8%
Over $100,000	3%

Part of 200% poverty household (estimated)



Level at company

Entry-level	31%
Above entry-level, but not a manager	45%
Front-line manager (manager, supervisor)	15%
Middle manager (director, senior manager)	6%
Other	4%

Tenure at company

Less than a year	9%
1 year	8%
2 years	16%
3 years	17%
4 years	10%
5 years	9%
6–10 years	15%
More than 10 years	17%

Note: Percentages may not sum to 100% due to rounding.

Expected total annual income

$14,000/yr or less (~$7/hr or less for 40 hrs/wk)	13%
$14,001–$20,000/year (~$7.01–$10.00/hr for 40 hrs/wk)	18%
$20,001–$30,000/yr (~$10.0 –$15.00/hr for 40 hrs/wk)	39%
$30,001–$40,000/year (~$15.01–$20.00/hr for 40 hrs/wk)	29%

Total hours worked per week

0–4 hours	3%
5–14 hours	5%
15–24 hours	11%
25–34 hours	17%
35–44 hours	47%
45–54 hours	13%
55–64 hours	3%
65+ hours	2%

Number of workers at company

2–9 workers	13%
10–49 workers	19%
50–99 workers	12%
100–499 workers	14%
500–999 workers	7%
1,000–9,999 workers	15%
10,000 or more	14%
I don't know	6%

Number of employees at same location

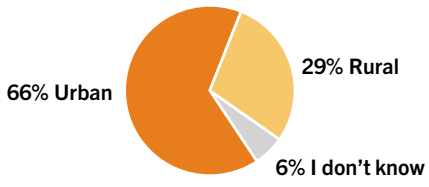
1 – I am the only worker at this location	3%
2–9 employees	11%
10–49 employees	26%
50–99 employees	14%
100–499 employees	22%
500–999 employees	7%
1,000–9,999 employees	11%
10,000+ employees	6%

N=560 (primary company has multiple locations)

Public or private

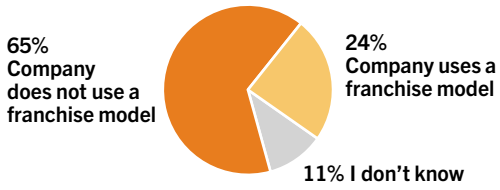
Private for-profit company	52%
Public for-profit company	24%
For-profit company, but I am not sure if it is public or private	16%
I don't know	9%

Rural or urban worksite

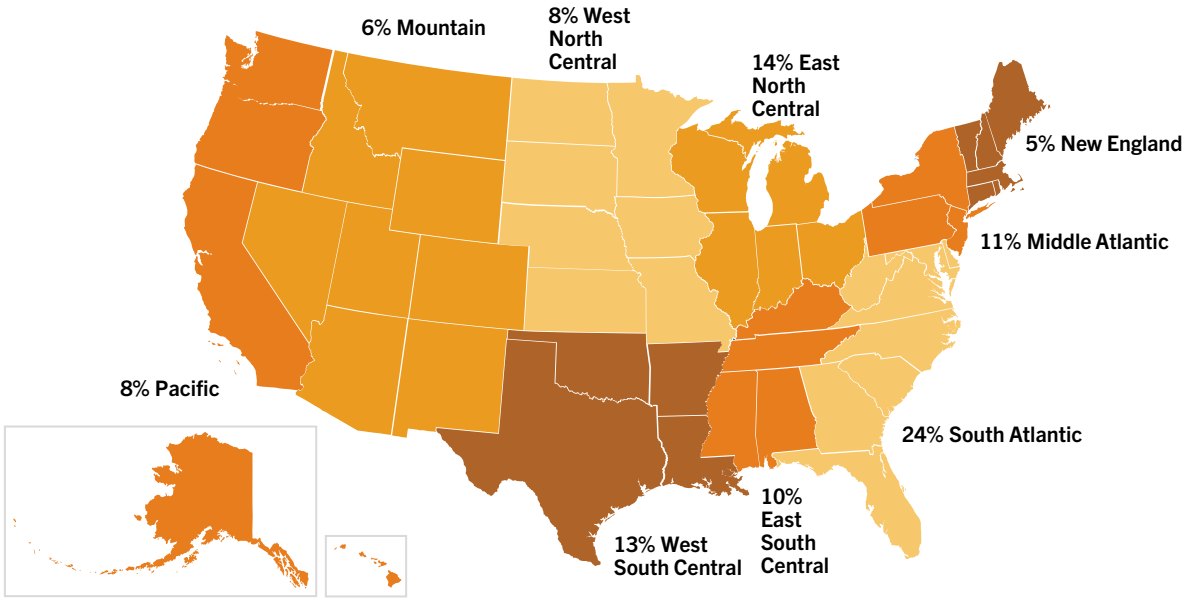


Note: Percentages may not sum to 100% due to rounding.

Franchise model



Region



Note: Percentages may not sum to 100% due to rounding.

Appendix IV: Actions for upward mobility

An imperative goal of this research was to gather a practice-level understanding of actions that contribute to upward mobility and actions (or a lack of actions) that create barriers to upward mobility. It was also important to understand these from the perspective of workers (were low-wage workers experiencing these practices in their current roles?) as well as employers (were companies aware of whether they were implementing these practices effectively?) To this end, the research effort developed a list of 60 practices that were used in both surveys (the employer survey included two additional practices) and that we share in detail below.

Pre-employment

- Internally communicate success stories of my company's employees who start as low-wage employees and then go on to achieve career progression within the company
- Externally communicate success stories of my company's employees who start as low-wage employees and then go on to achieve career progression within the company
- Describe the job expectations (e.g., daily responsibilities and the expectations beyond that, such as food servers being expected to clean the restrooms) during the hiring process
- Describe career pathways on the company website
- Describe career pathways in job postings
- Describe career pathways in job interviews
- Describe total compensation (e.g., pay ranges and benefits) for different roles on the career pathways on the company website
- Describe total compensation (e.g., pay ranges and benefits) for different roles on the career pathways in job postings
- Describe total compensation (e.g., pay ranges and benefits) for different roles on the career pathways in job interviews

Hiring

- Relax degree requirements
- Relax criminal background checks
- Relax English language fluency requirements
- Practice skills-based (e.g., using skills and competencies as the requirements for the job rather than a degree or credential) job descriptions
- Practice name-blind resume review
- Work with trusted community organizations to recruit candidates

Onboarding

- Communicate upward mobility opportunities and pathways during onboarding
- Communicate to low-wage employees the pay ranges at different levels of progression
- Communicate expectations for soft skills required to move up
- Communicate expectations for technical skills (e.g., knowledge of certain equipment, systems, or tools) required to move up
- Communicate expectations for qualifications or credentials (e.g., a certain certificate or diploma) required to move up
- Communicate how low-wage employees can obtain the skills, training, certifications, and experience required for progression
- Communicate how low-wage employees can request help when needed (e.g., providing a method to swap shifts in the event of an emergency)
- Pair new low-wage employees with a buddy or mentor in the initial phase of employment
- Speak with new low-wage employees to understand what personal circumstances might affect the employee's ability to perform as required for success at work (e.g., reliable transportation to work, reliable childcare, a household's financial circumstances)
- Discuss challenges that low-wage employees may have in moving up (e.g., skill deficiencies, care responsibilities, transportation needs, schedule concerns)

On-the-Job Support: Benefits

- Provide adequate notice of upcoming shifts
- Provide stability in scheduling (e.g., consistent start time for shifts, consistent hours week-to-week, and advance notice of working days)
- Provide caregiving assistance (e.g., time off for

appointments, an Employee Assistance Program, or care concierge access) to low-wage employees for looking after family members

- Provide a flexible sick time policy for personal sick time (e.g., low-wage employees allowed to take advances on sick leave that would be accrued in later months)
- Provide a flexible sick time policy for caring for a sick family member (e.g., low-wage employees permitted to stay home to take care of sick family member)
- Provide transportation assistance
- Provide tuition benefits
- Provide employee stock options program or other employee ownership structure

On-the-Job Support: Mentor and Supervisor Support

- Provide a mentorship program for low-wage employees
- Hold supervisors or mentors accountable for low-wage employees' upward mobility
- Empower supervisors or mentors to make judgment calls to help low-wage employees balance life demands outside of work (e.g., giving the afternoon off for a care appointment)
- Supervisors or mentors communicate the impact of low-wage employees' work on the company's success
- Supervisors or mentors communicate benefits and how low-wage employees can access them
- Supervisors or mentors coach low-wage employees on how to move up
- Supervisors or mentors hold performance review conversations with low-wage employees at regular intervals

On-the-Job Support: Learning and Development

- Offer training programs that teach English language skills
- Offer training programs that teach basic adult education or GED
- Offer training programs that teach soft skills required to move up
- Offer training programs that teach technical skills (e.g., knowledge of certain equipment, systems, or tools) required to move up
- Offer training programs that teach digital literacy
- Offer training programs for qualifications or credentials (e.g., a certain certificate or diploma) required to move up
- Offer training programs that teach financial literacy (e.g., how to save money, how to avoid debt)

Pathways for Advancement

- Create career pathways for low-wage employees
- Describe career pathways and skills progression on an ongoing basis in company communications
- Describe how total compensation (e.g., pay ranges and benefits) will change for the next role level in performance reviews
- Describe the skills, training, certifications, and experience needed to get to the next role level in performance reviews
- Describe how to obtain the skills, training, and certifications needed to get to the next role level in performance reviews
- Rewards (e.g., increase in wages, change in job title, or offer of a bonus) to low-wage employees for reaching milestones of skills, training, credentials, or experience
- Publicly recognize low-wage employees for reaching milestones of skills, training. credentials, or experience
- Communicate examples of worker success stories to current low-wage employees
- Provide opportunities for low-wage employees to interact with successful role models who progressed from the low-wage job

Offboarding and Post-exit

- Track why low-wage employees quit or take jobs with other employers
- Track which companies or industries your low-wage employees move to when they quit your company
- Ask low-wage employees leaving the company if they felt valued while in their job
- Hold exit interviews when low-wage employees leave
- (Employer survey only) Identify and track root causes of turnover for low-wage employees
- (Employer survey only) Create a plan to address root causes of turnover for low-wage employees

Notes

[1] Porter, Michael E. and Jan W. Rivkin, "Prosperity at Risk: Findings of Harvard Business School's Survey on U.S. Competitiveness." Report, U.S. Competitiveness Project, Harvard Business School, January 2012.

[2] Porter, Michael E. and Jan W. Rivkin, "Prosperity at Risk: Findings of Harvard Business School's Survey on U.S. Competitiveness." Report, U.S. Competitiveness Project, Harvard Business School, January 2012.

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[7] This approach is similar to that followed by other researchers. See for example, "Framework of Indicators and Source Data for WPFP 2017." Report, Working Poor Families Project, 2017. Retrieved December 2021 from http://www.workingpoorfamilies.org/wp-content/uploads/2012/03/Framework-of-Indicators-2017-4-28-17.docx.pdf

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[13] "An Overview of America's Working Poor." Blog, PolicyLink. Retrieved December 2021 from https://www.policylink.org/data-in-action/overview-america-working-poor

[14] "The Employment Situation, News Release." U.S. Department of Labor, Bureau of Labor Statistics, December 2021. Retrieved January 2022 from https://www.bls.gov/news.release/archives/empsit_01072022.pdf

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[16] Adapted from National Equity Atlas "Working Poor." Analysis of 2019 IPUMS data. Retrieved December 2021 from https://nationalequityatlas.org/indicators/Working_poor

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[20] Escobari, Marcela, Ian Seyal, and Michael Meany. "Realism About Reskilling: Upgrading the Career Prospects of America's Low-Wage Workers." Report, Brookings Institute Workforce of the Future Initiative, December 2019.

[21] Fuller, Joseph B., Judith K. Wallenstein, Manjari Raman, and Alice de Chalendar. "Future Positive: How Companies Can Tap into Employee Optimism to Navigate Tomorrow's Workplace." Report, May 2019.

[22] Fuller, Joseph B., Manjari Raman, Eva Sage-Gavin, and Kristen Hines. "Hidden Workers: Untapped Talent." Report, Harvard Business School Project on Managing the Future of Work, Boston, MA, September 2021. (Published by Harvard Business School Project on Managing the Future of Work and Accenture.)

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