

## : Low-Wage Workers in the United States

### INTRODUCTION

The role of low-wage work and low-wage workers in the U.S. economy is a topic that is currently not widely addressed in the MBA curriculum. Although coursework that looks at topics relevant to low-wage workers internationally (such as outsourcing, labor conditions, and base-of-the-pyramid strategies) is somewhat more common, few classes focus on those workers' American counterparts.

Nonetheless, low-wage workers—also known as the working poor—represent a significant portion of America's workforce. According to the results of a survey issued jointly in August, 2008 by *The Washington Post*, the Henry J. Kaiser Family Foundation and Harvard University, low-wage workers—defined as adults between the ages of 18 and 64, who work 30 or more hours a week, are not self-employed and earned no more than \$27,000 in 2007—comprise approximately 22 percent of the U.S. adult population.<sup>1</sup>

Low-wage workers perform functions that are essential to the larger economy: for example, they pick crops and check out groceries, allow for the presence of parents in the workplace by staffing day care centers, and keep the offices of *Fortune 500* corporations clean. Still, many lack benefits like health insurance and sick leave that more highly-paid professionals often take for granted, and their job performance can be affected by life challenges—such as the threat of eviction, lack of access to adequate child care, and immigration concerns—that are quite different from those that professional workers typically face.

Many experts on the issues and strategies surrounding low-wage work and workers believe that business has an important role to play in helping to improve conditions for this sector of the workforce and that such actions are ultimately beneficial to business itself. “As an organization that is committed to developing solutions that create real opportunity for low-wage workers, we at the [Ford Foundation](#) believe it's extremely important that business adopt strategies that both address their bottom line and, at the same time, help meet the needs of this large and growing sector of the workforce,” says Helen Neuborne, Director of the Ford Foundation's initiatives on securing equity for working families and next-generation workforce strategies.

Barbara Dyer, President and CEO of [The Hitachi Foundation](#), agrees and stresses business schools' potential to contribute to this process. “American businesses depend on low-wage workers, and our businesses must confront both the opportunities and challenges this presents. Other sectors, in particular government, have a role. However, businesses are finding effective approaches that pay off for employees and the bottom line alike. In preparing the next generation of leaders, business schools can help many more find the keys to unlocking the potential, productivity, and profit from innovative engagement, skill building, and career advancement for these workers.”

### Low-Wage Workers and the Business Curriculum

The presence of low-wage workers in the American economy raises a number of provocative questions and problems for the business school classroom. Does the fact that millions of Americans can work full-time but still live below the poverty line call into question the American ideal that with hard work comes material success? Are low-wage jobs really a critical component of corporate advantage in our globalized economy? How can companies and managers structure low-wage jobs so that they will truly lead to

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<sup>1</sup> See the *Post's* multi-part series “Hardest Hit: Hurt and Hope Among Low Wage Workers” at <http://www.washingtonpost.com/wp-srv/business/hardesthit/>, and the survey itself at <http://www.hsph.harvard.edu/news/press-releases/2008-releases/survey-on-low-wage-workers.html>

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higher productivity and better opportunities for low-wage workers? What are the arguments for and against raising the minimum wage?

Thinking through these questions and confronting the problems and contradictions that are inherent in some business practices and in aspects of the broader system of business at large can hone students' critical thinking skills, improve their ability as future managers to empathize with employees of any wage group, and help them to form a more sophisticated picture both of business's power as a social force and of their own capacity as managers to influence vulnerable workers' lives. The teaching module that accompanies this paper, entitled "[Low-Wage Work in the Coming Economy](#)," expands on these issues, offering reading materials and ways of framing these questions in the classroom.<sup>2</sup>

Below, three professors offer their perspectives on teaching about low-wage workers in the business curriculum. Although none of them teaches a course exclusively on low-wage workers, they discuss the ways in which they incorporate relevant topics and materials into their courses, explain why they believe teaching on low-wage workers is critical to business and business education, and suggest some ways in which other faculty can address low-wage workers in their own teaching.<sup>3</sup>

## THE BOTTOM LINE

- Low-wage workers make up 22% of the U.S. population, but their role in the economy and experience in the workplace is not widely addressed in the business curriculum.
- The topic of low-wage workers can raise questions in the business school classroom that are fundamental to a nuanced understanding of issues related to labor, demographics, diversity, and business's role in society—and so to business's long-term success.

## LOW-WAGE WORKERS IN THE CLASSROOM

Topics related to low-wage workers cut across a number of different industries and are relevant to a variety of disciplines. They can be taught in conjunction with concepts from the areas of business and society, innovation, human resource management, strategy, public policy, and operations. Below, the three faculty interviewed for this paper discuss the lenses through which they frame their teaching on low wage work and workers.

### The Lens of Difference

[Stacy Blake-Beard](#), Associate Professor of Management at the Simmons School of Management, integrates topics around low-wage work and workers into two of her courses—an introduction to Organizational Behavior and a course on women and leadership. Both courses emphasize managers' need for awareness and understanding around issues of diversity and difference, and place a particular focus on gender. Professor Blake-Beard says "We look at gender in all its complexity, and we talk about the idea that not all women workers are the same. A female employee who is white and a professional, for example, may have different needs as a worker than women of other educational levels, classes and races."

To illuminate this idea, the class uses the case study "[Donna Klein and Marriott International](#)" which describes a senior manager's realization that the resources and supports that the company is offering to its low-wage front-line and cleaning staff does not match those workers' actual needs, and follows her decision to create a new system of more useful supports for those workers. Says Professor Blake-Beard, "The Donna Klein case is particularly compelling because it gives statistics that show what Marriott's

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<sup>2</sup> See "Low-Wage Work in the Coming Economy" at <http://www.caseplace.org/d.asp?d=4130>

<sup>3</sup> Thanks also to Maureen Conway, Mary Gentile, Jennifer Johnson, Maureen Scully and Andrew Spicer for their input on this paper.

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workforce looks like demographically and how many of them live in poverty. It also shows very clearly how because of cultural differences the supports that Marriott was offering to its low-wage workers were inaccessible and unattractive to the very people they were intended to benefit—and it underscores that this mismatch is unacceptable. I stress to my students that we can't afford to focus only on the top 25 percent who are managers of an organization, and ignore the rest who make up the bulk of the workforce.”

Professor Blake-Beard also broaches the topic of low-wage workers through the lens of power relationships. She says, “I have the students do a power exercise in which they are divided into a ‘top’ group with lots of resources, a ‘bottom’ group with none, and a ‘middle’ group with some resources. The simulation gets at what happens when some people have power and other people don't. You can extrapolate from there to think about who is in the driver's seat of an organization, and who is not. Even though they know it's only a simulation, students consistently feel a real sense of injustice in the arrangement, and can become quite angry at the ways they see the same dynamics play out in our society.”

[Ellen Kossek](#), University Distinguished Professor of Human Resource Management and Organizational Behavior at Michigan State University's Graduate School of Labor & Industrial Relations, takes a similar approach, tying her teaching on low-wage workers to issues of privilege and oppression, and to class as a category of workplace diversity. She says, “I encourage my students to think about the idea of class in relation to other issues of workplace inclusion. Some of my students are the first in their family to go to college, so they can relate to the notion of class. For the students who can't necessarily relate, I ask them to think of times that they themselves may have been made to feel excluded or not part of the mainstream. I talk about classism as a system of oppression and damage, and about how there are ways to interrupt oppressive behaviors. Particularly in Organizational Behavior, many of the issues that you talk about in conjunction with racism and sexism can be used in talking about the working poor.”

### **The Lens of Demographics**

[John Kasarda](#), Kenan Distinguished Professor of Strategy and Entrepreneurship at the University of North Carolina's Kenan-Flagler Business School, teaches about low-wage work and workers in his “[Business Demographics](#)” course. While the course is primarily focused on the macro forces that are shaping business development in the U.S. and abroad, it touches on the topic of low-wage workers through a unit on demographic change. Professor Kasarda says “We take a very good look at the distribution of wages that are paid in various occupations and industries, and then break that down further by different racial and ethnic groups. We also look at the impact of low-wage labor around the world, particularly as it affects offshoring in different industries. Then we look at job changes by income level over time, and how these changes in different regions and states and metropolitan areas.”

The demographics unit places a particular focus on the workforce changes brought about by Latino immigration to the United States and in particular the presence of Mexican immigrants in North Carolina. Says Professor Kasarda “In North Carolina, new Latino immigrants are mostly low-wage workers, and many work in the construction industry. There's data that shows that because they are willing to work for very low wages, they have saved the construction industry a great deal of money. On the other hand, many of the jobs they take are difficult and dangerous, which is part of why you see labor rights groups active in this area. We look at some controversial issues surrounding immigration, and what it means for wages and cost savings in different industries, and the overall impact on the economy. I try to give the students reading materials that give them a clear picture of the facts, and that make a strong case on all sides of the debate. It's a complex and multifaceted question, and the role of immigrants in the low-wage sector is not yet well-understood. I try to provide as much data as I can.”

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## A CALL FOR MORE TEACHING

All three of the faculty interviewed believe that teaching on low-wage work and workers is a relatively neglected but nonetheless critical aspect of the business school curriculum.

Professor Kasarda asserts that an understanding of low-wage work and workers is critical to understanding the ways that demographic changes are affecting the U.S. economy, and will continue to do so for years to come. “The point I often make to students is that every economy needs low-wage jobs. They’re the foundation of our economy, and you cannot demean them. In the case of new immigrants doing low-wage work, they are becoming integrated into the fabric of the U.S. economy, and there are many companies that might have gone offshore were it not for them. They are probably helping to keep many manufacturing establishments afloat.”

Stacy Blake-Beard believes that more research and teaching on low-wage workers in the business school world are critical to helping business overcome biased assumptions about what work and which workers are valuable. She says, “Low-wage workers are currently not widely studied among business academics because many of the communities that engage in low-wage work are undervalued by society. The study of management is influenced by gender, race, and class. In many cases, if workers are not members of the professional managerial class then they are not considered worthy of attention and study.”

Nonetheless, Professor Blake-Beard believes that businesses can derive great benefits from understanding low-wage workers’ experience, and managing to their particular needs. “These are the people on the front lines of the organization, and they are the people that customers see. When workers are empowered, it decreases turnover, which decreases costs for the organization, and it empowers employees to take excellent care of the customer.”

## INTEGRATING LOW-WAGE WORK INTO THE CURRICULUM

Despite their agreement that more teaching on low-wage work would be a positive addition to the business school curriculum, the three professors interviewed nonetheless concede that some faculty may feel at a loss for how to approach the issue. The [teaching module](#) that accompanies this paper offers some class readings and framing questions that faculty can use to integrate topics around low-wage work and workers into their teaching. Below, the faculty interviewed give their thoughts on how to engage students with these topics.

### Emerging Markets

John Kasarda suggests that in framing the issue to their students, faculty can tie low-wage work in the U.S. to the broader trend in business education toward an international focus that sees emerging markets as areas for new business innovations. He says “We have tremendous emerging markets right here in this country. Low-income people and low-wage workers have tremendous purchasing power. People’s wages may be low but they still need to buy, for example, food and clothes and birthday cards. It’s important for businesses to understand the needs and desires of these demographic groups.” Ellen Kossek concurs. “It’s important for business students to think about growth and global strategy, and low-wage work in the U.S. fits very much into that context—the service industry, which encompasses many low-wage jobs, is growing.”

### Leadership

Stacy Blake-Beard believes that a focus on low-wage workers can be tied productively to discussions of effective leadership. “Faculty can assign readings and guide class discussions in a way that encourages students to look beyond just the top twenty-five percent of the organization. If you’re going to school to be an organizational leader but you’re only being trained to look at a quarter of the organization’s workers, that is not a sustainable approach.”

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## Hands-On Experience

Ellen Kossek suggests that involving students in consulting projects with organizations that serve low-income populations, or in research projects looking at low-wage workers can help to open students' eyes and to pique their interest. Professor Kossek has conducted research among workers at a supermarket, among unlicensed childcare workers, and among nursing home assistants. She says "I've involved a number of graduate students in data collection and interviewing, and that has definitely gotten some of the students interested in low-wage workers' experience."

## Research

Finally, all three of the faculty interviewed believe that in order for teaching on low-wage work and workers to be better represented in the business curriculum that more faculty must take low-wage workers as their research subjects. According to Ellen Kossek, "Scholars are motivated to teach on the topics they understand well, which very often are the topics they research. Research on low-wage workers will drive teaching on low-wage workers." Stacy Blake-Beard agrees. "To teach effectively about low-wage workers, we need to have a really good understanding of their experiences, which means more study and more research that can help us to move beyond our existing assumptions toward a more nuanced picture."

## CONCLUSION

Although low-wage work and workers are currently underrepresented in business school teaching and research, these topics offer an opportunity for faculty and students to explore new ways that business can be more effective and more equitable. Social science research has already laid much of the groundwork for understanding low-wage workers' experiences and motivations, and business scholars can build on this base of knowledge and help to apply it to a managerial context. With an awareness of how best to engage with low-wage workers, managers can take action to provide supports that can help improve worker performance, and fashion jobs to provide real opportunity for this important segment of the workforce.

## ONGOING QUESTIONS

- What existing conceptual frameworks can faculty use to engage their students on issues related to low-wage workers?
- How can businesses best structure jobs and the workplace experience so as to provide genuine opportunity for low-wage workers?
- What questions around low-wage work offer avenues for faculty to break new ground in research?

## RESOURCES:

[BeyondGreyPinstripes.org](http://BeyondGreyPinstripes.org) – World's biggest MBA database, including detailed records on thousands of courses and information on extracurriculars, university centers, and more, for 128 schools on six continents.

[CasePlace.org](http://CasePlace.org) – A free and practical on-line resource for up-to-date case studies, syllabi, and innovative teaching materials on business and sustainability. Created for the educators who will shape our next generation of business leaders!

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→ Contact [Rachel.Shattuck@aspeninstitute.org](mailto:Rachel.Shattuck@aspeninstitute.org) to order reprints or to offer feedback.