

The Interfaith Vision for Work:
Background Discussion 3

**EVERY STEP SEEMS DOWN:
THE CHAOS OF LABOR MARKET
ENTRY AND PROMOTION**

Version 2.1 of
August 29, 1993

Draft for comment only--Not for quotation or citation

© Texas Interfaith Education Fund
1106 Clayton Lane, Suite 120w
Austin, Texas

INTERFAITH VISION FOR WORK

**EVERY STEP SEEMS DOWN:
THE CHAOS OF LABOR MARKET
ENTRY AND PROMOTION**

Version 2.1 of August 29, 1993

Note to the Reader

This document especially needs your attention, as it puts forward a argument which will be new to many policy makers, researchers, elected officials, educators, and administrators.

The argument examines the labor market of today from the perspective of working families and argues that we must change dramatically how we think about "good jobs." It suggests that we are approaching the demands of the 21st century with the ideas and expectations of the mid-20th century. Its thesis is that we should abandon an old paradigm and shape, through efforts like Project QUEST, the rules of a new one.

Texas Interfaith would like to thank the many readers of the previous draft for their comments in helping shape this draft. Texas Interfaith appreciates especially the consideration and generosity of Vernon Briggs, Robert Glover, Norton Grubb, Frank Levy, Ray Marshall, Dan Morgan, Charles Sabel, Lou Stern, and Lester Thurow.

TABLE OF CONTENTS

Introduction: The Argument.....	2
Chapter I: "Good Jobs" and Families.....	5
A. "Ports of Entry" and "Job Ladders"	6
B. Growth of Structured Labor Markets	9
C. Family-to-Work Transition.....	12
D. Summary: Find the First Rung	18
Chapter II: Disruptions of Internal Labor Markets	20
A. Transformation of Large Organizations	23
B. Decline of Union-Structured Job Ladders	30
C. Expansion of the "Secondary" Labor Market	31
D. Summary: The Rungs Are Broken	32
Chapter III: Chaotic Patterns of Entry and Promotion	34
A. "Entry-Level" Jobs Today: The First Step Seems Down.....	35
B. Promotion in the Contemporary Labor Market: The Next Step also Seems Down.....	46
Chapter IV: Dilemmas of the Chaotic Patterns of Entry and Promotion.....	53
A. Entry-level Dilemmas	54
B. Advancement Chaotic.....	56
C. More Burdens on Individuals and Families.....	57
D. Dilemmas of Older Workers.....	58
E. Additional Dilemmas for Minorities and Inner Cities	58

F. Summary: The Frustration of the American Dream.....	59
Chapter V: The "Community-To-Work" Transition of Project QUEST.....	61
A. Background.....	62
B. The Roles of Project QUEST	65
C. The Future of Project QUEST	79
Chapter VI: Conclusion.....	81
A. What?	83
B. Who?	84

The Interfaith Vision for Work:

Background Discussion 3

**EVERY STEP SEEMS DOWN:
THE CHAOS OF LABOR MARKET
ENTRY AND PROMOTION**

Version 2.1 of August 29, 1993

Working families face bleak prospects in contemporary labor markets. Some of the changes of the last two decades are now widely recognized. It is clearly understood that all but the most-educated face declining real wages, a dramatic reversal of the American Dream's promise of increasing real incomes for all working families.¹ It also is becoming clear that employers are demanding higher skills and credentials even as they offer lower wages and benefits, adding insult to injury.²

A third phenomenon, which leaders and organizers of the Industrial Areas Foundation (IAF) are now bringing into focus, is an ongoing, dramatic disruption of entry and promotion into good jobs. Much has been made by widely-publicized studies such as *Workforce 2000* of the increasing share of higher skill, relatively-well paid jobs in the labor market.³ However, while the economy

¹ See, among many others, Frank Levy, *Dollars and Dreams: The Changing American Income Distribution*, (New York: Russell Sage Foundation, 1987; New York: Norton, 1990); U.S. Congress, Joint Economic Committee, "Families on a Treadmill: Work and Income in the 1980s," Washington, D.C., January 17, 1992, mimeo.; and U.S. Congress, Joint Economic Committee. "Men at Work: Signs of Trouble," Washington, D.C.: September 1992, mimeo.

² Maury Gittleman and David Howell, "Job Quality and Labor Market Segmentation in the 1980's: A New Perspective on the Effects of Employment Restructuring by Race and Gender," New School for Social Research, manuscript, March 24, 1993 and July 1992 drafts.

³ See William B. Johnston and Arnold H. Packer, *Workforce 2000: Work and Workers for the 21st Century*. (Indianapolis, Hudson Institute, 1987). For the counter-argument, see Lawrence Mishel and Ruy A. Teixeira, "The Myth of the Coming Labor

may be creating substantial numbers of good jobs, it is not clear that working families can gain access to them through the same paths that the previous generation relied upon. How does one find out about opportunities? What credentials and skills are needed for entry or promotion? How are workers chosen for entry or promotion? How does one acquire the capacities needed for entry and promotion?

This paper argues that paths to good jobs in contemporary labor markets have not only been disrupted, but are dramatically at odds with families' expectations. Whereas once families seeking good opportunities pursued a relatively straightforward strategy, now they find themselves frustrated and confused by disjointed and contradictory signals from employers and the labor market. This paper seeks to untangle the dynamics of entry and promotion in the contemporary labor market to give families and their organizations a deeper understanding of this additional source of their anxieties about work. Its hope is to give them, and their allies among employers, policy-makers, union leaders, and community leaders, the tools to re-shape labor market structures to re-create effective paths from their families to good jobs. Several organizations of the IAF in San Antonio, Houston, Fort Worth, and Dallas have already begun to do so.

INTRODUCTION: THE ARGUMENT

A generation ago, families seeking the American Dream had a relatively straightforward task: gain access to "good" jobs in "good" employers or occupations. One tried to join the union at the factory, land a white-collar job with a big corporation, get in at the Post Office, learn a trade, qualify for a civil service job on a military base, work for the phone company, or so forth. One gained access to good jobs in employers like these through "entry-level" jobs which themselves were often not well rewarded: their principal attraction was that they were attached to "ladders" which offered the prospects of incremental promotions. Over the course of one's work life, one could advance up a ladder to earn greater income, benefits, responsibility and security. In short, one "started at the bottom," "paid one's dues," and "worked one's way up."

Shortage: Jobs, Skills, and Incomes of America's Workforce 2000.")Washington, D.C.: Economic Policy Institute, 1991). See also John H. Bishop and Shani Carter, "Deskilling-Upskilling Debate," Cornell University, Working Paper 90-14, 1990 and Commission on the Skills of the American Workforce, *America's Choice: High Skills or Low Wages!* (Rochester, NY: National Center on Education and the Economy, 1990).

While non-minority males had more actual access to these opportunities than minorities, women, and the disadvantaged, this straightforward path nonetheless remained (and remains) important to the hopes of less privileged workers. Their strategies of advancement, like those of non-minority males, often depended (and depend) upon gaining access to good jobs in desirable employers. In fact, affirmative action policies are designed explicitly to open entry-level jobs and their attached job ladders to previously excluded groups.

The straightforwardness of this paradigm of entry-level jobs and attached ladders is important to understanding families' contemporary expectations of access to good opportunities. Families in the previous generation needed only hazy understandings about the variety of jobs in the labor market, and did not find it necessary to research them in depth. To advance, they needed only relatively limited and specific information about entry-level jobs into good employers or the next rung on a ladder. Or they needed information about how to advance a rung or two on a ladder of education credentials, which was presumed to lead to better career opportunities. This process might be compared to climbing a ladder in the fog. To start one's journey, one needed less to see all one's opportunities and more to grope one's way to the bottom of a promising ladder. To advance, one needed only to reach the next rung. Even though one could see only a few feet ahead, one could advance in confidence as one climbed rung by rung.

In the last twenty years, however, this straight-forward pattern seems less and less accessible. Workers entering entry-level jobs often cannot find ladders out of them. Employed workers discover that seniority does not necessarily give them increased opportunities for promotion. They cannot assume that they can stay within the same employer or even career throughout their work life, but must face "starting over" with another employer or career. They cannot count on seniority to protect them from layoffs. Education credentials do not seem to give reliable access to good jobs. For many working families, it thus seems that the fog remains but the ladders are gone.

Labor economist Norton Grubb, who is studying contemporary labor markets for mid-skilled jobs, has characterized the situation as "chaotic."⁴ Whereas once careers with good jobs seemed straightforward, now they seem arbitrary and disjointed. Many "entry-level" positions demand a level of experience that places them out of the reach of "entry-level" workers. Already-employed workers find that promotions depend less upon climbing the next rung of a ladder, and more upon leaping to a new opportunity or even new employer. To advance

⁴ Norton Grubb, presentation of November 7, 1992. See also W. Norton Grubb, Torry Dickinson, Lorraine Giordano, and Gail Kaplan, "Betwixt and Between: Education Skills, and Employment in Sub-Baccalaureate Labor Markets," (Berkeley: National Center for Research in Vocational Education, December 1992).

they need to understand not the next rung, but a much broader range of opportunities, both inside and outside their employers. Contemporary patterns of entry and promotion do indeed appear "chaotic" in the strict scientific sense of the word: "chaos" does not imply the complete lack of structure, but rather one in which change is discontinuous rather than incremental, sudden rather than gradual, and large rather than small.⁵

This paper outlines the changing patterns of entry and promotion into good jobs. Chapter I examines the experience of the previous generation, which has shaped the expectations of this generation. It discusses how a growing share of employment in the most desirable workplaces and occupations was structured into "ports of entry" and "job ladders," and had relatively straightforward links to families. It lays out how families relied upon an informal "family-to-work transition" which provided a good fit between the interests and capacities of both employers and families. Chapter II discusses the transformation of employment in large organizations and how it has disrupted these "structured labor markets." Chapter III looks at contemporary employment in medium-sized firms, arguing that families now encounter much more chaotic patterns of entry and promotion than before. Chapter IV then outlines the dilemmas these new patterns pose for families and their workers.

The implication of this discussion is that families may have to abandon old, relatively straightforward ideas of how their younger members enter work and their older workers advance. Families can no longer think of careers as finding an "entry-level" position or advancing up the next "rung" on a "ladder," but instead must cope with a broader and seemingly less structured set of prospects. Families and the mediating institutions they depend upon will have to learn, adapt to, and shape new patterns of entry and promotion.

Chapter V describes one such effort to shape new paths of access to good jobs. It discusses the early experience of Communities Organized for Public Service (COPS) and Metro Alliance, two IAF institution-based organizations in San Antonio, in a pilot project to link families, their communities, good employers, and training institutions. The paper then concludes with a discussion of the implications of this ongoing disruption and re-organization.

⁵ For a discussion of the concept of "chaos" as developed in scientific research, see James Gleick, *Chaos: Making a New Science*. (New York: Viking Penguin, 1987).

CHAPTER I.

"GOOD JOBS" AND FAMILIES

In the 1950s, 1960s, and 1970s, there were well-worn and widely-understood paths linking families and communities to "good jobs" – that is, jobs which offered career-long increases in income, security, benefits, and status.

- A worker's career often began with the older, working members of families and communities already employed by a "good" employer. Their referrals were the most important means of a young worker getting hired into an "entry-level" job with a good employer.
- Entry-level jobs themselves may not have been well-rewarded, but they provided access to "job ladders" which often offered opportunities for career-long promotions. Often these ladders were linked to entry-level jobs; sometimes they were elsewhere within the employer or occupation.
- An entry-level job most often required only general skills, even though it might require minimum educational credentials such as a high school diploma or a college degree. A young worker could expect to acquire slowly the skills needed for this first job and subsequent promotions through generally informal training by supervisors and more experienced workers.
- Once on a ladder, a worker could look forward to gradually acquiring the seniority which increasingly protected him or her from the ups and downs of the employer's hirings, firings, and lay-offs. Often, he or she could hope to stay with this employer for the rest of his work life.

It is important to understand the workings of this particular labor market structure because it continues to shape families' (and researchers') understandings of the demands and opportunities of contemporary labor markets. Many discussions of work continue take the structure of "entry-level jobs" and "job ladders" for granted -- even as change has been undermining it for two decades. While it was not the sole labor market structure for the previous generation, families found it to be an important component of the American Dream. Increasing numbers of jobs structured by its pattern of entry and promotion were what families perceived as the expanding opportunities of the era. Their labor unions fought for its expansion in the previous generation and are stubbornly fighting to preserve it in this.

This chapter examines the "structure" of entry and promotion into jobs as it existed and developed during the 1940s, 1950s, and 1960s. It first examines the structure of employment into "ports of entry" and "job ladders." It then discusses the growth of this particular structure of employment through the early to mid-1970s. It concludes with the discussion of the "family-to-work transition" of that era.

A. "PORTS OF ENTRY" AND "JOB LADDERS"

"Entry-level jobs" and "ladders" are features of what labor economists began to describe in the 1950s as "structured labor markets" or "institutional labor markets."⁶ These are places of employment, groups of jobs, and/or occupations in which relatively defined rules govern the terms of work. In these occupations and workplaces, employers and employees rely heavily upon rules to define fair (and unfair) hirings, firings, wages, hours, benefits, promotions, dispute resolution processes, and any number of other aspects important to the work relationship. These rules might be created by contracts negotiated between labor unions and employers. They might be established by legislative and government bodies through laws and civil service regulations. They might be set forth by personnel manuals and policies issued unilaterally by employers. They might be defined by customary understandings developed over time through informal interactions between employers and employees. In many cases, the "structure" of employment in an occupation or workplace will incorporate elements of all four types of rules.

This notion of "structure" can be understood by contrast with some types of employment that have almost no structure at all, such as that of day labor. Residents of urban areas are familiar with informally designated street corners where men seeking a day's work and employers seeking unskilled workers find each other and make short-term agreements. A moving company needing movers to unload a van or a lawn maintenance firm needing helpers for the day's jobs find them there. Wages will vary from day to day, depending on that day's balance of the supply of workers and the demand of employers. The relationship ends with payment at the close of the day – generally on the employer's terms. There are few rules outside of the day's agreement between worker and employer which establish wages, hours, or working conditions. There are certainly no "entry-level jobs" distinct from non-entry level jobs and no job "ladders."

⁶ See, for example, Lloyd G. Reynolds, *The Structure of Labor Markets: Wages and Labor Mobility in Theory and Practice*. (New York: Harper & Brothers, 1951); Clark Kerr, "The Balkanization of Labor Markets," in *Labor Mobility and Economic Opportunity*. (Cambridge: M.I.T. Press, 1954); Orme W. Phelps, "A Structural Model of the U.S. Labor Market," *Industrial and Labor Relations Review*, April 1957, pp. 402-423.

Labor economists Peter Doeringer and Michael Piore in the mid-1960s and early 1970s further elaborated the notion of structured or "institutional" labor markets, refining a concept of "internal labor markets."⁷ Doeringer and Piore pointed out that a critical feature of "structured" labor markets is that workers gain access to employment in a particular workplace, group of jobs, or occupation only through a limited number of entry-level jobs which define "ports of entry." These ports of entry separate an "internal" labor market of workers already employed within a firm (or occupation or group of jobs) from an "external" labor market of workers who may be interested in securing employment in the firm. Workers outside the firm must compete with each other for the entry-level jobs, but do not compete with workers within the firm for the non-entry level jobs. Workers inside the firm enjoy protection from competition with other workers and have privileged access to non-entry jobs. Most jobs within the firm are filled by the promotion or transfer of workers already employed.

A broad notion of job ladders, which Doeringer and Piore termed "job mobility clusters," was another critical feature of internal labor markets.⁸ Doeringer and Piore described how jobs inside an employer (or occupation or group of jobs) were linked in vertical and horizontal patterns which defined how workers were upgraded, downgraded, transferred, or laid off. These linkages might be based on different factors such as related skills or responsibilities, an organizational unit such as a department or plant, or a common focus of work such as writing software. The linkages would also vary depending upon the type of movement among jobs. Temporary movement, for example, might be more flexibly linked than permanent movement. Layoffs might be structured more rigidly than promotions.

The most common clusters were "lines of progression" in which jobs are linked hierarchically in order of nominally increasing responsibilities and demands.⁹ This type of cluster fits most closely the image of a "ladder." The linkages among these jobs defined a relatively rigid path of promotion, which they found was generally governed by a mix of seniority and ability. The linkages would also define an even more rigid path of demotion during lay-offs, granting "bumping rights" to workers higher up the line. A worker "higher up" would be protected from the lay-off by being permitted to take a lower-level job, displacing the worker in that job to a lower job and so forth on down the line. The workers at the bottom of the line would be most vulnerable to lay-off. Doeringer and

⁷ Peter B. Doeringer and Michael Piore, *Internal Labor Markets and Manpower Analysis*. (Lexington, MA: Heath Lexington Books, 1971).

⁸ Doeringer and Piore, *Internal Labor Markets*, pp. 50-56, 75.

⁹ Doeringer and Piore, *Internal Labor Markets*, pp. 3, 51, 58.

Piore described these as especially important for blue-collar manufacturing and white-collar managerial employment.¹⁰

It should be noted that the distinction between internal and external labor markets were not limited to the workforces of large employers. Doeringer and Piore described also how the structuring principles of ports of entry and job mobility clusters were important to many unionized craft occupations such as construction and printing, and even some unskilled occupations such as longshoring.¹¹ Workers in these occupations were in labor markets of many small or short-term employers and experienced frequent changes among jobs. However, mobility in these occupations was often structured by the agreements of craft unions with employers. These agreements created ports of entry -- often through apprentice programs -- and defined paths of promotion and demotion.

The boundaries between internal labor markets and external labor markets were not absolutes. Doeringer and Piore found that employers often relied upon a mix of hiring from internal and external labor markets, depending upon circumstances. The reservation of non-entry jobs for workers already within a firm or occupation predominated, but was not absolute in every case and did not necessarily apply to every job. Large employers often relied upon the external labor market for many professionals such as attorneys, or technical workers such as engineers. In circumstances of shortages of workers with the necessary preparation in the internal labor market, an employer might hire from the outside.

Nonetheless, the general principles of "entering at the bottom," "paying your dues," and "working your way up" defined the dominant structure which families expected to encounter in "good" workplaces and occupations over the previous 40 years. This structure was so important to employers and employees in the 1960s that Doeringer and Piore sometimes encountered job ladders linking relatively unrelated jobs. They described how technological change had eliminated some jobs in a ladder, "shortening" the line of progression. Employers would have preferred to merge these lines with related lines, but faced resistance from groups of workers who previously had been insulated from competition with each other. Rather than merging the lines, employers resorted to attaching unrelated jobs to the top of the short lines so as to create a longer promotion sequence.¹²

¹⁰ Doeringer and Piore, *Internal Labor Markets*, p. 3.

¹¹ Doeringer and Piore, *Internal Labor Markets*, pp. 3-4.

¹² Doeringer and Piore, *Internal Labor Markets*, p. 62.

B. GROWTH OF STRUCTURED LABOR MARKETS

Labor economists have argued that since the 1940s structured labor markets have accounted for an increasing percentage of the economy's jobs. Economists developed the concepts of "institutional," "structured," and "internal" labor markets in the 1950s after discovering in World War II manpower planning efforts that wage levels were set by a dynamic much different than the short-term interplay of supply and demand. They began studying more closely the institutionalized rules through which employers and employees negotiated the terms of their relationship and noted a trend towards increased scope and rigidity of structured labor markets. Some even debated whether institutional rules were supplanting market forces to such an extent that a new "industrial feudalism" was emerging.¹³

Labor economist Orme W. Phelps elaborated a notion of "structured labor markets" and outlined their shape in 1955.¹⁴ By his estimate, 34 million workers, amounting to 64 percent of the persons in the employed workforce, were in structured or partially structured labor markets in 1955.

- Approximately 36 percent of all workers were in labor markets governed by labor-management contracts, primarily in private companies. Employers and unions negotiated rates of pay, levels of benefits, the criteria for advancement, criteria for lay-off, criteria and procedures for dismissal, grievance procedures, and so forth.
- Another 16 percent were in labor markets structured by the personnel policies of large but non-union employers.
- Approximately 13 percent were in labor markets structured largely by legislation, primarily in public employers.

He considered unstructured labor markets to include non-union employees of small firms, farm laborers, domestic workers, and employees of non-profit organizations.¹⁵

Although structured labor markets were not limited to large employers, Phelps associated the growth in scope and rigidity of structured labor markets with the growth of large employers. He argued that employers with more than 300

¹³ See Arthur M. Ross, "Do We Have a New Industrial Feudalism?," *American Economic Review*, vol. XLVIII, no. 5, December 1958, p. 903.

¹⁴ Orme W. Phelps, "A Structural Model of the U.S. Labor Market," *Industrial and Labor Relations Review*, April 1957, pp. 402 - 423.

¹⁵ Orme Phelps, "A Structural Model of the U.S. Labor Market," Table II, p. 408.

employees would need to abandon practices dependent upon face-to-face, informal relationships and institute more formalized, more structured, relationships. He estimated in 1955 that 20.5 million workers, or 39 percent of the employed labor force, were in firms of 300 or more.¹⁶

Organizations of this size and larger remained important in the economy and as employers of the labor force in the 1950s, 1960s, and 1970s. While annual data on employment in workplaces of 300 or more are not available, the percentage of workers employed in workplaces with more than 250 workers, a somewhat comparable number, employed a relatively consistent 35 to 37 percent of the paid civilian labor force from the mid-1950s until the late 1960s. Workplaces with more than 500 workers employed between 25 and 28 percent of the workforce.¹⁷

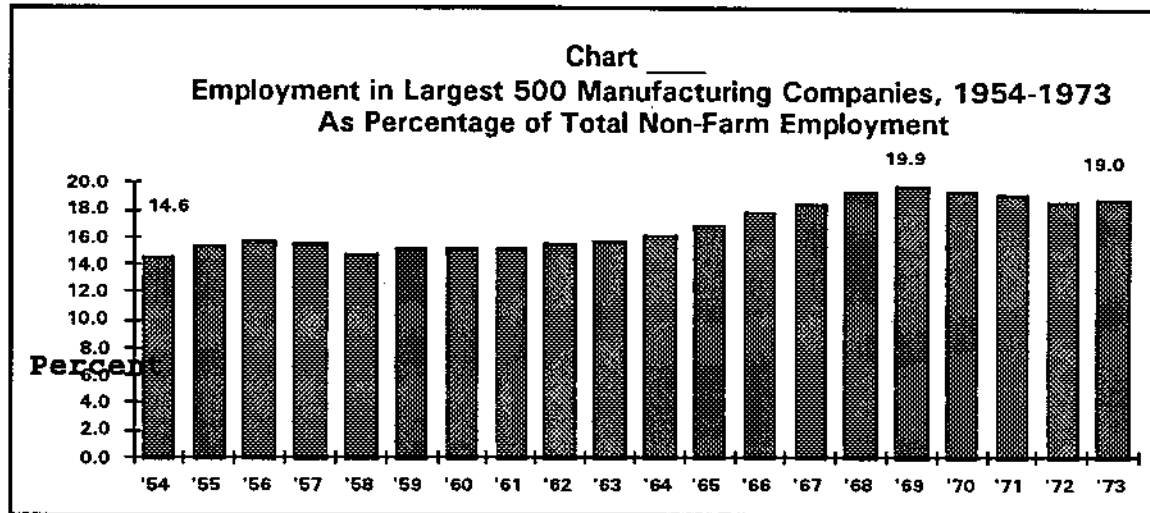
Moreover, employment in the largest firms in the American labor economy, for whom internal labor markets were the dominant form of employment structure, grew steadily during this period.¹⁸ In the private sector, the 500 largest manufacturing companies, known as the Fortune 500, increased their employment steadily from 7.9 million workers in 1954 to 15.5 million workers in

¹⁶ Orme Phelps, "A Structural Model of the U.S. Labor Market," pp. 404-405.

¹⁷ Data are from U.S. Department of the Census, *County Business Patterns*, various years. See chart, p. 28.

¹⁸ Paul Osterman, *Employment Futures: Reorganization, Dislocation, and Public Policy*. (New York: Oxford University Press, 1988), p. 64.

1973. Fortune 500 employment represented nearly 20 percent of all civilian, non-farm employment in the early 1970s, a steady increase from about 15 percent in the late 1950s.¹⁹



In addition to the 15.5 million people in the 500 largest manufacturing companies, another 2.3 million were in the U.S. armed services, the largest hierarchically-structured organization in the world and an important source of jobs for working families.²⁰ Many public employers were organized as large bureaucratic hierarchies.

Doeringer and Piore, writing in the early 1970s, argued for the continuing growth and importance of "internal labor markets." Extrapolating from Phelps' work, they estimated that 80 percent of the employed workforce in the late 1960s occupied jobs in internal labor markets.²¹ They also speculated that economic and social forces were promoting the growth in scope and rigidity of internal labor markets.²²

In addition to this growth in the concentration of employment in large firms and of their internal labor markets, other macro-economic forces were helping to increase the size and scope of internal labor markets and their attendant

¹⁹ *Fortune*, annual Fortune 500 issues, 1955 to 1992; Table 1, U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1985, p. 6; U.S. Congress, Joint Economic Committee, *Economic Indicators*, July 1992, p. 11.

²⁰ U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States*, 1992. Washington, D.C., 1992, Table 541.

²¹ Doeringer and Piore, *Internal Labor Markets*, p. 41.

²² Doeringer and Piore, *Internal Labor Markets*, note 4, p. 4 and pp. 38-39.

opportunities for advancement.²³ Steady growth in output and employment opened up opportunities at higher levels of job ladders in addition to those opened up by attrition and growing concentration as civilian, non-agricultural employment increased by over 50 percent in two decades. Workers advanced not only because those ahead of them advanced, but also because economic growth created new positions at all levels. Strong productivity growth throughout the period also boosted the rewards of jobs beyond that associated with rises on job ladders. As economist Frank Levy characterized families' experience in the 1950s, 1960s, and early 1970s, they thought they were climbing up a set of stairs, but in fact were riding an escalator.²⁴

Certainly for working families in Texas, large organizations offered prized opportunities for advancement during the 1950s, 1960s, and 1970s. The percentage of Texans employed in workplaces with more than 250 workers grew from 25.8 percent in 1965 to 30.0 percent in 1973.²⁵ For decades following World War II, large employers in Texas cities provided access to jobs which afforded many working families the American Dream. Kelly Air Force Base in San Antonio, with nearly 20,000 civilian jobs, offered West Side Mexican-American families avenues into the middle class. The oil refineries in Beaumont offered high wages and security to chemical workers. Airlines such as Braniff, Texas Air, and American Airlines employed workers in repair shops, at ticket counters, and in administrative back-offices in Dallas/Fort Worth and Houston. Texas Steel in Fort Worth employed fathers and their sons. Friedrich in San Antonio employed hundreds in the manufacture of refrigeration systems. Levi-Strauss hired tens of thousands of apparel workers in San Antonio, the Valley, and El Paso in unionized cut-and-sew operations. The Ports in Houston, Corpus Christi, and Brownsville provided steady employment for working families.

These organizations offered substantial numbers of good jobs, which offered incomes sufficient to support a family, entry-level paths for young workers, and job ladders. They offered workers relatively straightforward, coherent, widely-understood, and stable career paths.

C. FAMILY-TO-WORK TRANSITION

It is important to recognize that families a generation ago were part of a "family-to-work transition" for most blue-collar employment and lower-level white collar employment, and a mixed "family-to-college-to-work transition" for much other

²³ We are indebted to economist Lou Stern for this observation.

²⁴ See Frank Levy, *Dollars and Dreams: The Changing American Income Distribution*. (New York: Russell Sage Foundation, 1987), p. 192.

²⁵ U.S. Department of the Census, *County Business Patterns*, various years.

white-collar employment. Although each employer was different and there were exceptions to every rule, families and employers maintained an important and reciprocal relationship. The majority of blue-collar and routine white-collar jobs in employers generally had well-understood paths from families and communities. Employers found that family and community connections were effective means of screening and socializing the type of entry-level workers they were seeking. Consequently, they relied upon referrals from family, relatives, and friends heavily in choosing new hires, especially in blue-collar manufacturing occupations.

Families, for their part, found that the division of employment into entry-level jobs and non-entry jobs fit their interests and capacities well. The demands for general skills of entry-level jobs and the willingness of employers to train entry-level workers matched the abilities of families to prepare their younger workers with social skills. Since employers generally trained new hires with needed job-specific skills, families did not need to concern themselves with the type and quality of technical training demanded by the labor market. At most, they would have to ensure that their entry-level workers acquire required minimal education credentials, such as a high school diploma or a college degree.

This notion of a "family-to-work" transition is new to public discussion, but nonetheless important. As in education, where research has shown that students' performance depends more upon their experience in families than in classrooms, families have played a silent, generally little-recognized role in the preparation of their members for work.²⁶ Ray Marshall, former Secretary of Labor and professor at the Lyndon B. Johnson School of Public Affairs, has focused attention on the notion of families as "learning systems" important to preparing young people for work.²⁷ He traces many of the current frustrations with the school system's ability to prepare young people for the workplace less to the classroom and more to the contemporary difficulties of the family and changing demands of the workplace.

The notion of family-to-work transition adds a role in structuring paths into the workplace to this understanding of the family as a learning system. As the

²⁶ On the role of families in education performance, see James S. Coleman, *Equality of Educational Opportunity*. (Washington, D.C.: U.S. Department of Health, Education, and Welfare, 1966), and Anne Henderson, *The Evidence Continues to Grow: Parent Involvement Improves Student Achievement*. (Columbia, MD: National Committee for Citizens in Education, 1987). See also Texas Interfaith Education Fund, *The Texas Interfaith Vision for Public Schools: Communities of Learners*. (Austin, TX: Texas Interfaith Education Fund, 1990).

²⁷ Ray Marshall, *The State of Families, 3. Losing Direction: Families, Human Resource Development, and Economic Performance*. (Milwaukee, WI: Family Service America, 1991).

section below argues, families' ability to provide access to jobs depended upon the employment structure's reliance upon "entry-level" jobs demanding only general skills. As shall be discussed in Chapter III, the demands of entry-level jobs have changed. Consequently, families' capacities to prepare and refer their young workers have become less relevant to entry-level jobs and employers may be finding them less useful for screening workers.²⁸

The section below elaborates on the argument that the mutual interests, demands, and capacities of employers and families complemented each other well in the labor markets of a generation ago. It looks first at the role of families in referring new hires, the preference of good employers for entry-level workers in their late twenties without specific job experience, and the match of capacities between entry-level jobs and these entry-level workers. It then summarizes how families, based on this experience with entry-level employment, conceptualized the labor market.

1. Referrals from Parents, Relatives, and Friends

The connections of families and communities to employers have been the most important means of access to good jobs for the last generation -- particularly for blue-collar workers. Although these paths were largely informal, families have known and labor economists have consistently found that referrals from parents, relatives, and friends have been the primary means by which employers hired new workers and by which workers found jobs.²⁹ A study of survey data in the late 1970s found that a majority of all workers heard about their current job from friends and relatives, a majority knew someone at their current workplace before

²⁸ The breakdown of this relationship, while generally unheralded, helps explain the growing attention focused by policy-makers and researchers on the nation's "school-to-work transition." As in the case of classroom performance, the "school-to-work transition" of earlier periods escaped attention not because it performed so much better than today, but because it was largely unimportant. Families played a much more central role than classrooms in both education and job entry, but one that was informal and taken for granted. Consequently, researchers and policy-makers alarmed by current difficulties in the workplace have focused attention less on the changes in informal relations between families and employers and more on the formal institutions of the classroom and "school-to-work transition" policies.

²⁹ In fact, researchers took this dynamic so for granted that they often mention it only in passing, if at all. See, for example, Lloyd Reynolds, *The Structure of Labor Markets*. (New York: Harper & Brothers, 1951), p. 49; and Albert Rees, *The Economics of Work and Pay*. (New York: Harper & Row, 1973), p. 100; Charles P. Myers and George P. Schultz, *The Dynamics of a Labor Market*, (New York: Prentice-Hall, 1951), p. 45.

beginning to work there, and that more than a third received help in obtaining the job.³⁰

Studies consistently have found that a majority of blue-collar workers secured their jobs through families and friends. One study of a regional labor market in the late 1940s found that 54 percent of workers in a plant found their first job by referrals from "acquaintances or relatives" at the plant.³¹ A mid-1970s labor market study found that the majority of young workers were hired through referrals from parents, relatives, and friends already working for an employer.³² Referrals from parents and relatives accounted for 31 percent of how young workers were hired into good jobs, much more than any other source. Friends accounted for another 20 percent of referrals. Non-family and non-community sources accounted for less than 40 percent of all referrals, with advertisements and walk-ins accounting for 25 percent and employment agencies and schools for only 12 percent. The late 1970s study of survey data found that over 60 percent of blue-collar workers heard about their current job from friends and relatives and knew someone at their current workplace before beginning to work there, and that more than 40 percent received help in obtaining the job.³³

Informal referrals from families and friends are important for white-collar employment as well, seeming to account for about how one-third or more secure their jobs. The late 1970s study found that among white men in professional occupations, 31.9 percent heard about their job from contacts, 43.4 percent knew someone working there, and 32.5 percent received help in obtaining the job.³⁴ Among white men in managerial occupations, the respective percentages were higher, 48.1, 52.8, and 43.9 percent. Black men had roughly comparable experience, and white women and black women had somewhat lower use of informal information and contacts.

There were a variety of means by which employers sought referrals from families and families sought access to good jobs. Employers would often first distribute information about job openings through "word of mouth" among their employees. The foreman of a unit with a vacancy would often ask incumbent workers for referrals as well as notify the plant office. Sons of unionized skilled workers

³⁰ Mary Corcoran, Linda Datcher, and Greg J. Duncan, "Most Workers Find Jobs Though Word of Mouth," *Monthly Labor Review*, August 1980, pp. 33-35.

³¹ Myers and Schultz, *The Dynamics of a Labor Market*, pp. 52-53.

³² Paul Osterman, *Getting Started: The Youth Labor Market*. (Cambridge: M.I.T. Press, 1980), pp. 31-33.

³³ Corcoran et al, "Most Workers Find Jobs Though Word of Mouth," Table 1.

³⁴ Corcoran et al, "Most Workers Find Jobs Though Word of Mouth," Table 1.

often had preferential access to apprentice programs, which in turn controlled access to entry-level jobs. Workers sometimes had access to part-time or summer jobs for their children, which could turn into full-time employment upon graduation.

Families and employers benefited reciprocally from this practice of personal referrals. Employers used them as a screening mechanism which gave them information about prospective workers not available about applicants from other sources such as walk-ins or responses to newspaper ads. Hiring workers' relatives also gave them more control over new workers, as they could discipline not just the new workers, but the parents or relatives as well.³⁵ They could thus make new workers accountable not just to their supervisors, but also to family members working in the establishment. Families with members already employed in good jobs, for their part, enjoyed a form of non-money compensation by having privileged access to jobs for their younger, more inexperienced and unskilled members.

2. Entry-level Jobs Targeted to People in Mid-twenties

The ability of families to refer their young members to employers was dependent upon the demands of the previous era's entry-level hiring. Good employers generally tended to hire as entry-level workers young people in their mid- to late-twenties – after they were presumed to have "settled down."³⁶ They generally did not seek older workers or workers with substantive previous experience in other desirable employers. Nor did they seek people in their teens, who were presumed to be socially immature.

The practice of hiring new workers who were relatively young and without previous experience on a job ladder was important to large employers for several reasons. Organizations wanted to control the training and, as importantly, the socialization of new workers according to the firms' needs and culture; oftentimes, hiring a worker who had accumulated substantial experience elsewhere was seen as more trouble than it was worth, since the employer would first have to "break" him or her of bad habits.³⁷ Also, since firms generally provided on-the-job training for entry-level workers, hiring younger workers would give them a longer time to recoup their investment. Employers then expected that the young workers would likely stay with that company for a

³⁵ Osterman, *Getting Started*, p. 32.

³⁶ Osterman, *Getting Started*, p 27.

³⁷ Richard Lester, *Hiring Practices and Labor Competition*, (Princeton: Industrial Relations Section, 1954) p. 36.

relatively long time.³⁸ A study of turnover in the late 1940s found that very few workers voluntarily left firms after three years and almost none after 10 years.³⁹ One study of workers in the 1960s and 1970s found that the average 45-year-old man had been employed in the same job for 15 years.⁴⁰

In addition, firms in the 1950s and 1960s generally had a strategy to protect the jobs, seniority, and loyalty of older, more experienced workers. They would adjust to downturns in demand for the firms' products by reducing the number of new hires at points of entry or laying off the most recently-hired. Families benefited from this practice as well, since it protected the seniority and incomes of families' older, higher-paid breadwinners.

Older family members already employed by good employers thus had a valuable role for employers in providing access to a pool of potential new hires and information about them. Conversely, they and friends had a valuable role for families in providing paths into good employers for their younger members.

3. Entry-level Jobs Required General Skills

A further match of the demands of employers and the capacities of families was the non-specific nature of the requirements of entry-level positions. Employers sought entry-level workers with general rather than job-specific skills, and social more than vocational skills. Organizations preferred to recruit entry-level workers without specific skills, expecting them to acquire the skills through formal or informal training.⁴¹ The most important criterion for hiring entry-level workers was not experience or skills, but "attitude."⁴² By this firms meant maturity, responsibility, abilities to get along with others, and willingness to learn. An entry-level blue-collar job might require certain preparation and credentials, such as a high school education and diploma, vocational training, or completion of an apprentice program. A white-collar job might require a bachelor's degree. However, entry-level jobs in most good employers did not require that the new worker have the experience and familiarity with the job necessary to be fully productive immediately. New workers were expected to

³⁸ See Robert E. Hall, "The Importance of Lifetime Jobs in the U.S. Economy," *The American Economic Review*, Vol. 72, No. 4, September 1982, pp. 716-274.

³⁹ Reynolds, *The Structure of Labor Markets*, p. 21.

⁴⁰ George A. Akerloff and Brian G.M. Main, "An Experience Weighted Measure of Employment and Unemployment Durations," *American Economic Review*, vol. 71, December 1981, pp. 1003-1011, cited in Osterman, *Employment Futures*, p. 45.

⁴¹ Osterman, *Employment Futures*., pp. 44-46.

⁴² Osterman, *Getting Started*, p. 26.

learn the skills specific to their job slowly and often through informal on-the-job training from a supervisor. Beginning at an entry-level job, one could expect to acquire slowly the skills and seniority needed to advance in income and security. Even in the cases of some professional, craft, and technical occupations which required specific preparation, such as lawyers, welders, and engineers, employers would often expect to train workers in needed job-specific skills.

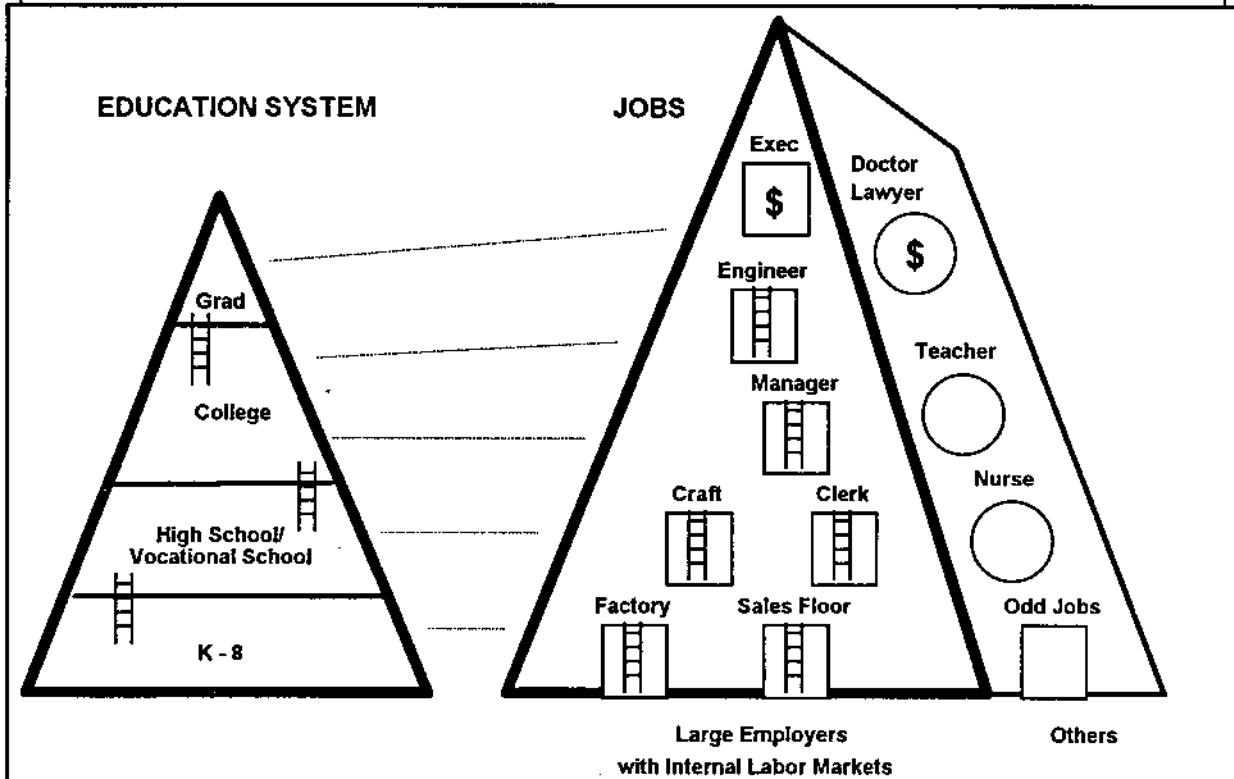
Employers' demand for new hires without substantive experience and with only non-specific, social skills matched well the capacities of families. The general socialization available in families could prepare family members with the maturity, responsibility, ability to work with others, and ability to learn demanded by employers. Employers' demands of entry level workers were general enough that families could thus prepare, credential, and refer their young people for a wide range of entry-level positions with an employer of an older family member. Employers could tap employees for referrals and rely upon them for a credential of a new hire's "attitude." They could also count on families to help to enforce discipline.

D. SUMMARY: FIND THE FIRST RUNG

Families in the 1950s, 1960s, and 1970s faced a labor market which appeared to them somewhat like the below diagram. They saw not all the employment opportunities in a labor market, but a defined set of "ports of entry." Many ports of entry were accessible to young workers with even less than a high school education. Others required workers first to climb an education ladder to earn the necessary credentials such as a high school diploma or a college degree. Some entry-level jobs, such as factory floor jobs, may themselves have been poorly-rewarded, but were desirable because they were attached to job ladders promising future advancement. Other ports of entry promised entry at a higher

level of reward, but offered limited future mobility – such as those for nurses and teachers.⁴³ Although families might not have understood clearly where a job or education ladder led or how far it reached, they could assume that it promised upward mobility.

**FIGURE 1:
HOW ENTRY LOOKED A GENERATION AGO**



Families struggling with the work careers of their members in this era thus faced a relatively stable and straightforward task: get members into promising ports of entry. While families might need to ensure that their members earned the appropriate education credentials, they did not need to be concerned that they enter the labor market with much more. Their primary role was to prepare them with social skills and general education credentials, and then use their connections to help members get their first jobs with good employers or in good occupations.

⁴³ Doeringer and Piore, *Internal Labor Markets*, p. 47.

CHAPTER II.

DISRUPTIONS OF INTERNAL LABOR MARKETS

Based on the experience of their older generation, many families today search for access to an employer (or occupation) which offers good jobs with gradual, career-long promotion. Yet they seem now to encounter few such opportunities.

- The large employers which once offered good jobs now simply have fewer jobs available. They have down-sized, "re-structured," or closed altogether. Texas Steel in Fort Worth has closed, replaced by mini-mills elsewhere. Kelly Air Force base is offering early retirement to trim its workforce. The oil refineries in Beaumont are replacing unionized workers with subcontractors.
- "Ports of entry" to the jobs remaining within large employers and other structured labor markets now seem closed. Large employers, such as Friedrich in San Antonio do not offer as many lower-skilled factory work which once provided entry for unskilled blue-collar workers. Lower-level white-collar and managerial jobs which once provided entry for educated workers also seem scarce.
- Opportunities available to workers in their mid- to late twenties seem increasingly unattached to job ladders. The unstructured work histories of many workers in their late teens and early twenties continue into their late twenties. Many seem stuck in what a young hero in a recent popular novel described as "McJobs:" "A low-pay, low-prestige, low dignity, low benefit, no-future job in the service sector. Frequently considered a satisfying career choice by people who have never held one."⁴⁴
- Advancing up the educational ladder seems less helpful. Education credentials are less helpful than 20 years ago in securing access to rewarding entry-level jobs. Jobs which once demanded lower credentials now demand higher credentials. Even new technical occupations, such as those in health care, value experience much more than a degree.

⁴⁴ Douglas Coupland, *Generation X*, (New York: St. Martin's Press, 1991), p. 5.

- Those without education credentials get left behind. Dropouts in particular face such bleak prospects that prominent labor economist recently suggested that crime should be considered the principal occupational option of disadvantaged youths.⁴⁵
- There seems to be little gradual, rung-by-rung advancement on job ladders. Workers find themselves in positions which have no clear promotion routes out of them. Those hoping to advance must be on alert for opportunities across a wide variety of jobs within the employer and even outside of it, rather than for opportunities associated with the next rung.
- Seniority is less helpful in gaining promotions or even protecting against lay-offs.

There is a growing sense among observers of the labor market, as well as among families, that employment has become more unstable and less secure. The business press now increasingly advise their readers to plan for more disjointed careers. One recent cover story characterizes the workplace as "Darwinian;" another feature suggested that ambitious career-climbers should abandon established job ladders within their employers and instead seek a "zigzag" fast track through different companies.⁴⁶ Labor economists characterize the current labor market as "turbulent."⁴⁷ Sociologists talk about "open labor markets" rather than internal labor markets.⁴⁸

What is happening? Do these instabilities and poor entry-level opportunities represent a short-term adjustment to the current recession of employers, who will return to the recognizable, stable structure of entry and promotion if and when the economy begins to grow vigorously again? Is it a period of dislocation as a new, but stable pattern of entry and promotion emerges? Or is it rather a trend toward permanent turmoil and instability in labor markets? Is this a broad change? Or is it confined to small portions of the overall labor market?

⁴⁵ Richard B. Freeman, "Crime and the Employment of Disadvantaged Youths," in George E. Peterson and Wayne Vroman, *Urban Labor Markets and Job Opportunity*. (Washington, DC: Urban Institute Press, 1992), pp. 201-238.

⁴⁶ see cover story of *Fortune*, March 8, 1993; also, "Path to Top Job Now Twists and Turns," *Wall Street Journal*, March 15, 1993.

⁴⁷ Peter B. Doeringer et al, *Turbulence in the American Workplace*. (New York: Oxford University Press, 1991).

⁴⁸ Charles Sabel, "Moebius-Strip Organizations and Open Labor Markets: Some Consequences of the Reintegration of Conception and Execution in a Volatile Economy," in Pierre Bourdieu and James S. Coleman, *Social Theory for an Advanced Society*. (Boulder, CO: Westview Press, Russell Sage Foundation, 1991).

Although there is much room for debate on these questions, this paper takes the position that the present turmoil marks a decline of the internal labor market. The labor market structure of a port of entry attached to a ladder with good jobs fitting the capacities of families is becoming increasingly rare. This paper argues that this structure's decline is the result of two changes of the last two decades. First, a greater percentage of jobs are now found in smaller organizations, which offer fewer job opportunities and generally less stable employment and are found in less structured labor markets. Second, the internal labor market structures of even large employers now tend less to utilize job ladders.

Whether or not this decline marks the emergence of a permanently unstable pattern, more or less costly to the economic and emotional security of families, remains an open question. How individuals and their institutions respond in the next few years will be important. Much of the business press urges workers to prepare personally -- jump from employer to employer to build up a resume, network with others who have information about opportunities, save more to survive periods of unemployment and job search, and so forth.

Others are pursuing more social responses. The IAF organizations in Texas and the Southwest are working hard to fashion new social institutions to re-structure labor markets.⁴⁹ The Communities Organized for Public Service (COPS) and Metro Alliance organizations in San Antonio have worked for three years to put together a demonstration job training strategy, now completing its first year of operation. Allied Communities of Tarrant is pursuing a commitment of one million dollars to plan and begin a similar effort. The Metropolitan Organization in Houston has leveraged the commitment of \$300,000 in City funds to begin the planning process. Other researchers, policy-makers, and business leaders are discussing more policy-oriented strategies, such as skills standards, formalized "school to work transitions," and youth apprenticeships.⁵⁰

This chapter marshals the evidence for the decline of internal labor markets from a number of indirect sources. While there has been no examination of recent internal labor market dynamics comparable to Doeringer and Piore's original study, there are substantial and widely-recognized trends in the

⁴⁹ See Southwest Industrial Areas Foundation Network, *Southwest IAF Vision for Work*, (Austin, Texas: Texas Interfaith Education Fund, forthcoming).

⁵⁰ See Commission on the Skills of the American Workforce, *America's Choice: High Skills or Low Wages!* (Rochester, NY: National Center on Education and the Economy, 1990); Robert W. Glover and Ray Marshall, "Improving the School-to-Work Transition of American Adolescents," *Teachers College Record*, Spring 1993; Lyndon B. Johnson School of Public Affairs, University of Texas, "Implementing the School-to-Work Transition in Austin, Texas," (Austin, Texas: Lyndon B. Johnson School of Public Affairs, 1993.)

economic and social conditions which underlay the traditional functioning of internal labor markets. This chapter outlines the ongoing disaggregation and down-sizing of large organizations, the declining influence of unions, and their impact on entry and job ladders. It discusses evidence of the expansion of the share of poorer quality jobs in the total labor market. Finally, it draws on a recent study of four regional labor markets to analyze how current patterns of entry and promotion of medium-size employers are much less accommodating to the needs and capacities of families.

A. TRANSFORMATION OF LARGE ORGANIZATIONS

As discussed earlier, the structure of employment of good jobs into ports of entry and job ladders was associated primarily though not exclusively with large employers. In the last 20 years or so, however, large employers in the private sector have been undergoing wrenching and dramatic transformations which are disrupting internal labor markets. Public employers, as they come under increasing budgetary and political pressure to reduce their costs, are similarly down-sizing and re-organizing themselves into much differently-structured organizations.

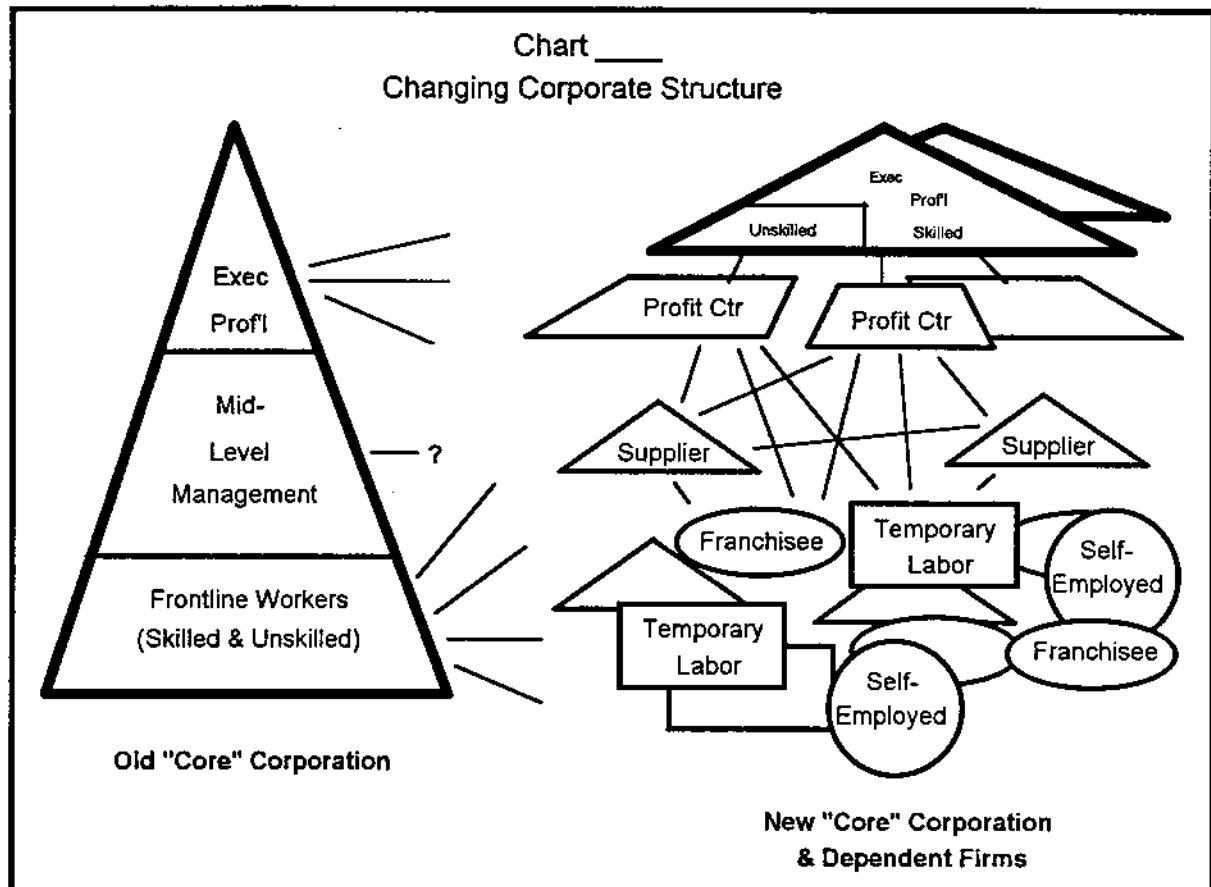
Robert Reich, the Clinton Administration's Secretary of Labor and a member of the faculty of Harvard University, outlined this transformation in his 1991 *The Work of Nations*.⁵¹ He describes how the "core corporations" of the U.S. economy are essentially de-structuring themselves into much different kinds of organizations. Up until the last 20 years, the leading corporations increased their success by becoming larger – building more facilities, acquiring more assets, and hiring more workers.

Now, he argues, these same core corporations become more successful by reducing their size. While they may maintain their influence in the economy by virtue of their control of trademarks, patents, expertise in particular markets, strategic physical assets, and immense financial assets, core corporations now attempt to minimize commitments to fixed expenses. Rather than building the parts of a new product in their own facilities, they may subcontract the parts out to a network of small- and medium-sized suppliers. A firm may contract with another company to assemble the parts. Rather than hiring new workers, it may subcontract with self-employed consultants or temporary labor agencies.

Many core corporations are now more likely to be structured as a number of independent units with varying horizontal relations than as tall, bureaucratic hierarchies within one organization. Whereas once a large organization would reserve almost all of its functions for its own direct employees organized

⁵¹ Robert B. Reich, *The Work of Nations: Preparing Ourselves for 21st Century Capitalism*. (New York: Alfred A. Knopf, 1991), ch. 8.

hierarchically into a chain of command, now it increasingly subcontracts many functions with a large network of other more independent partners, subsidiary profit centers, suppliers, franchisees, consultants, and temporary labor agencies. The executives of these transformed core corporations no longer serve as the commanding generals of an army of workers. They instead operate as what Reich calls "strategic brokers," who negotiate a variety of relationships within a "web of enterprise" linking the core firm, suppliers, other core corporations, temporary labor agencies, and so forth.



While this new type of corporate structure may (or may not) represent an advance in society's productivity, it has two consequences for the job ladder families used to seek in large organizations. First, although the core firms still control the commanding heights of the economy and have enormous resources, they simply have fewer jobs available. Second, they offer fewer of the tall job ladders which once offered steady and incremental advancement for both lower-level managerial employment and blue-collar employment.

1. Decline of employment

Large organizations now account for a decreasing percentage of the workforce. Hardly a day goes by without a major company announcing massive lay-offs.

General Motors will lay off at least 75,000 over the next few years. Sears is eliminating 50,000 jobs and its catalog sales.⁵² IBM has reduced its workforce by 100,000 since 1986 and will lay off 25,000 to 40,000 more employees this year.⁵³ Boeing may lay off 30,000, and McDonnell-Douglas will lay off over 10,000, including 1,500 white-collar workers at its corporate headquarters.⁵⁴ Aetna will cut 4,800 jobs and Travelers will cut 5,000.⁵⁵ Kodak is laying off 2,000.⁵⁶ United Airlines is laying off 2,800.⁵⁷ American Airlines will lay off 1,000. Texas Instruments is laying off nearly 1,000, in addition to the 6,000 it laid off in 1991.⁵⁸ General Dynamics in Fort Worth has laid off 7,000 in the last two years and is scheduled to lay off at least 6,000 more by 1994.⁵⁹

These dramatic announcements are just the superficial signs of a long-term, ongoing change in the employment practices of large employers. Many observers agree that the large corporations will not be re-hiring many of these laid-off employees, even if the economy begins to grow vigorously.⁶⁰ These layoffs do not represent temporary reductions of workforces to adjust to economic downturns as is common in recessions, but a twenty-year trend of down-sizing by large corporations. In 1969, the workforces of the 500 largest manufacturing companies represented nearly 20 percent of the non-farm workforce, a figure which had increased steadily since the 1950s. Since 1973, however, this figure has declined steadily, shrinking to only 10.5 percent in 1991. Whereas Fortune 500 firms employed a peak of 16.2 million workers in 1979, they employed only 12.0 million in 1991.⁶¹

⁵² *New York Times*, Jan. 26, 1993, p. 1.

⁵³ *New York Times*, Dec. 16, 1992, p. 1.

⁵⁴ *New York Times*, Jan. 27, 1993, p. 1.

⁵⁵ *Houston Post*, January 26, 1993.

⁵⁶ *New York Times*, Jan. 20, 1993, p. C1.

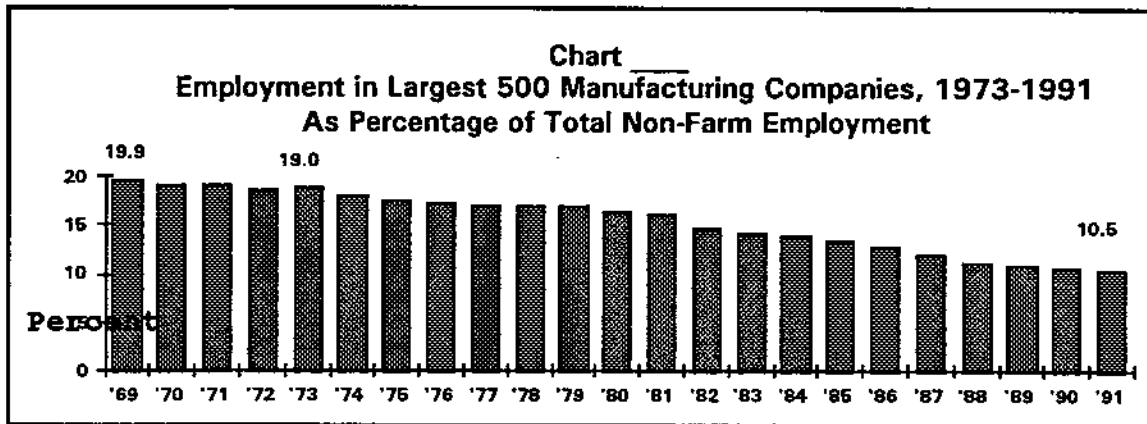
⁵⁷ *New York Times*, Jan. 7, 1993, p. C1.

⁵⁸ *Austin American-Statesman*, February 2, 1993, p. 1.

⁵⁹ Texas Comptroller of Public Accounts, "Texas Economic Quarterly," *Texas Economic Quarterly*, January 1993, p. 13

⁶⁰ *New York Times*, Dec. 17, 1992, p. 1.

⁶¹ *Fortune*, annual Fortune 500 issues; U.S. Department of Labor, Bureau of Labor Statistics, *Handbook of Labor Statistics*, 1985, Table 1, p. 6; U.S. Congress, Joint Economic Committee, *Economic Indicators*, July 1992, p. 11.

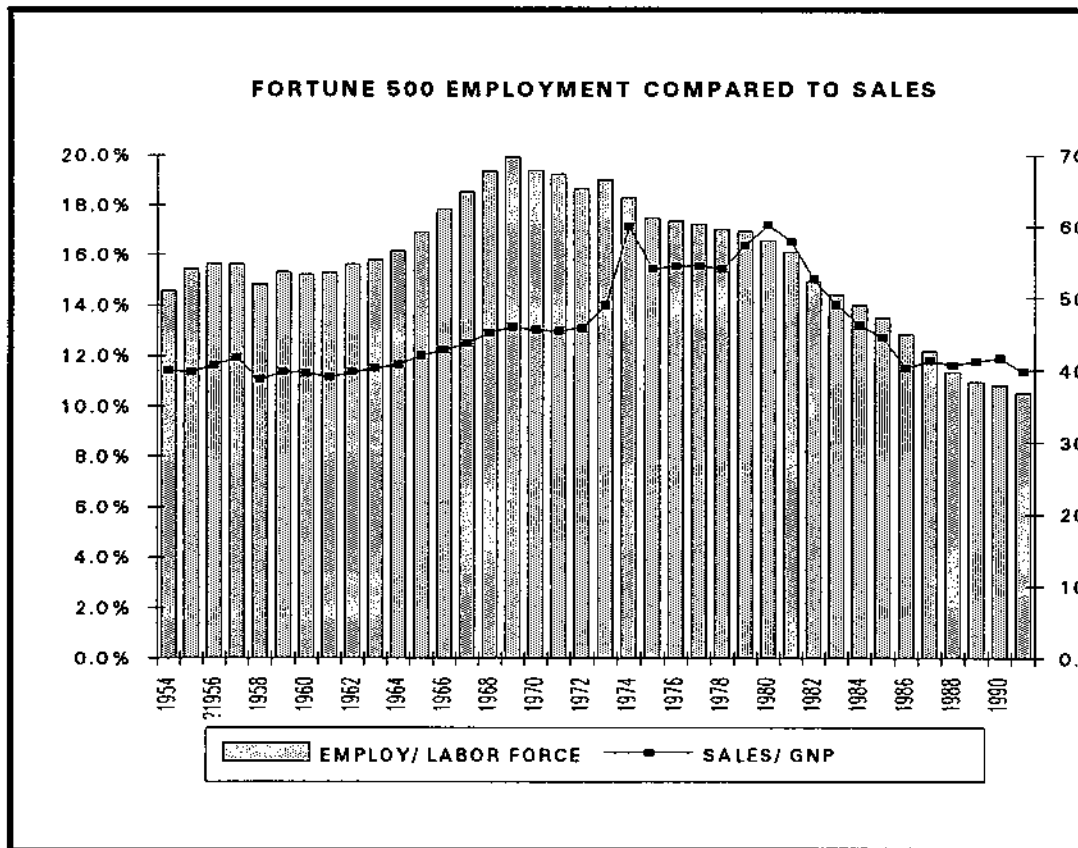


It is important to note that this decline of employment in both relative and absolute terms does not represent a decline in the importance in the economy of the Fortune 500: in the late 1980s, the Fortune 500 firms with barely 10 percent of the workforce still accounted for the same roughly 40 percent of Gross National Product as they did in the late 1950s, when they accounted for 15 percent of the workforce.⁶² These core corporations have adopted new

⁶² *Fortune*, annual Fortune 500 issues; U.S. Department of Commerce, *The National Income & Product Accounts, 1929-1976*, (Washington, DC: U.S. Government Printing Office, September, 1981) and *Business Statistics, 1963-1991* (Washington, DC: U.S. Government Printing Office, June 1992).

strategies which maintain their prominent role in the economy with much smaller workforces.

Other large organizations are following the trend of these Fortune 500 companies. Public employers, who offered an increasing share of the good jobs available during the 1980s, are coming under increasing pressure to down-size as well. For example, the U.S. Postal Service, which has traditionally afforded working families good civil service jobs, announced in August 1992 that it was eliminating 40,000 workers.⁶³ President Clinton during his campaign pledged to eliminate 100,000 federal positions. Texas Comptroller John Sharp has suggested a series of cost-saving measures which would eliminate 3,700 state jobs by 1995.⁶⁴ The military is projected by the Secretary of Defense Les Aspin to reduce uniformed personnel from 1.8 million to 1.4 million by 1997, about half



⁶³ *New York Times*, August 8, 1992, p. 9.

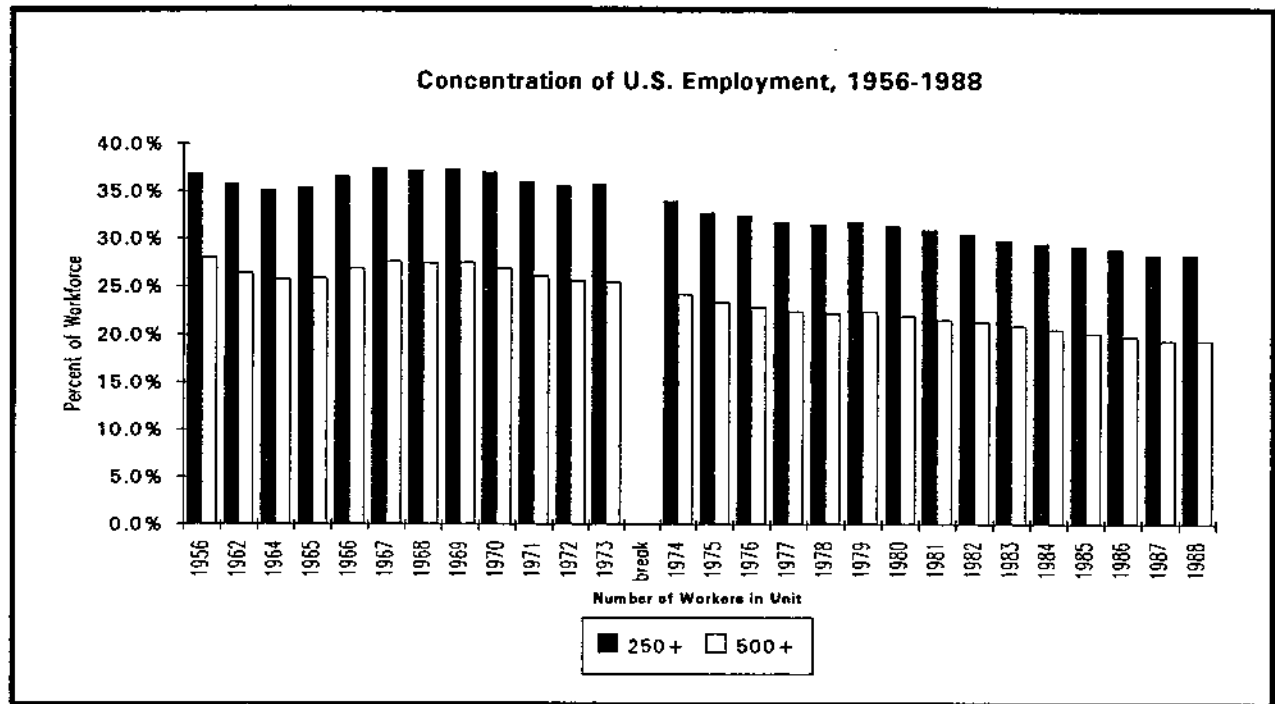
⁶⁴ *Austin American-Statesman*, Jan. 29, 1993, p. 1A.

of its peak of 3.5 million in 1968 and its still-substantial level of 2.3 million in 1973.⁶⁵

It is important to recognize that the dramatic decline of the large and strategically-important Fortune 500 firms parallels a less visible decline in overall employment in middle and large firms. Data from U.S. government records of employers liable for social security taxes, which represent approximately two-thirds of total paid civilian employment, demonstrate fluctuating levels of employment in the 1950s and 1960s, with a steady decline beginning in the late 1960s. (The largest group not included are government employees not included in social security.) Employment in establishments employing more than 250 workers -- comparable to the threshold of 300 workers suggested by Phelps in 1957 for structured labor markets -- fell steadily from

⁶⁵ *New York Times*, Feb. 9, 1993, p. 1; U.S. Department of Commerce, Bureau of the Census. *Statistical Abstract of the United States, 1992*. Washington, D.C., 1992, Table 541..

33.9 percent in 1974 to 28.3 percent in 1988. Employment in establishments with more than 500 workers fell from 24.2 percent to 19.4 percent.⁶⁶



2. Decline of "middle management" positions

These lay-offs and permanent restructurings have a disproportionate impact on the tall job ladders of the hierarchical, bureaucratic paradigm. Anecdotal evidence suggests that large employers are concentrating much of their downsizing on culling the large corps of mid-level managers, whose positions once offered job ladders to white-collar and college-educated workers. For example, IBM has concentrated its cuts in "indirect" staff such as managers, accountants, and secretaries, reducing such workers' percentage of the total workforce from 57 percent in 1986 to 43 percent in 1992.⁶⁷ IBM's circuit board plant in Austin reorganized its production to reduce the ratio of indirect to direct workers from

⁶⁶ Data are from U.S. Department of the Census, *County Business Patterns*, various years. The reader should also note that Census Bureau changed its reporting unit in 1974 to "establishments" from a reporting unit which drew data from individual "establishments" in manufacturing and county-aggregated "firms" in services, thus accounting statistically for much of the change noted in 1974; however, this statistical effect does not affect the overall trend from the late 1960s until 1988. (Data from 1989 and 1990 are drawn from yet a different reporting unit, creating another statistical effect and ambiguity in the data.)

⁶⁷ *New York Times*, July 5, 1992, III, p. 1.

three-to-one to less than one-to-one.⁶⁸ The U.S. Postal Service is focusing three-quarters of its lay-offs among mid-level personnel, eliminating 40 percent of its managers, planners, supervisors, and others while eliminating few of the front-line workers who actually handle the mail.⁶⁹

Among white-collar employees, these "indirect", "support," and "mid-level management" positions were the ones which rewarded seniority and offered increasing levels of pay and responsibility to workers with seniority. In the older, pyramidal model of the core corporation, these mid-level workers received broad orders from the executives, detailed and transmitted them to front-line personnel, monitored their performance, and reported information back to upper management. In the new, flatter model of the core corporation, top-level managers communicate more directly and in more general terms with front-line workers, trusting them with broader responsibility and discretion. Large organizations are increasingly moving away from styles of organization which rely on large corps of middle-level managers and support personnel.

B. DECLINE OF UNION-STRUCTURED JOB LADDERS

As the reader will recall, unions were the largest single factor structuring labor markets in the mid-1950s. According to Phelps, their contracts structured labor markets for approximately 36 percent of all employed workers. Unions negotiated and regulated elaborate hierarchies, job descriptions, seniority rules, promotion procedures and grievance procedures with employers in many large manufacturing industries, such as the automobile, steel, and rubber industries. Similarly, unions in the construction industries structured relatively rigid frequency of work and seniority criteria for hiring and laying off workers, as well as tightly-structured apprentice paths for prospective, young workers.

Unions' ability to structure job ladders have almost certainly declined as the unionized proportion in the workforce has declined. Union representation has fallen steadily from a peak of 32 percent of the non-agricultural workforce in 1953 to only 17 percent in 1989.⁷⁰ Union-management apprentice programs, never very significant, have declined from about 0.3 percent of the civilian labor force in 1970 to less than 0.2 percent in 1987.⁷¹ In some cases, union decline is

⁶⁸ Commission on the Skills of the American Workforce, *America's Choice: High Skills or Low Wages!*, pp. 33-36.

⁶⁹ *New York Times*, August 8, 1992, p. 9

⁷⁰ Gary Walton and Hugh Rockoff, *History of the American Economy*, San Diego: Harcourt Brace Jovanovich, 1990, p. 645.

⁷¹ U.S. Department of Labor, Employment and Training Administration, *Work-Based Learning: Training America's Workers*. Washington, D.C.: November, 1989, p. 8.

linked to the decline of employment in large organizations. In other cases, the union decline is linked to the growth of traditionally non-union employers at the expense of unionized competitors. In still other cases, the union decline represents derepresentation efforts by formerly unionized employers.

Even in those workplaces in which unions still represent workers, unions are less able to structure job ladders. Contracts negotiated with employers have come under pressure to dismantle rigidly-structured job ladders and substitute more flexible forms of organization. For example, traditional contracts between General Motors and the United Auto Workers prescribe elaborate rules governing seniority, job posting, bumping rights, and so on among dozens of job classifications, and run to thousands of pages. However, their contract in the NUMMI facility managed jointly with Toyota creates only two job classifications.⁷² In some cases, such contracts represent efforts to organize the workplace more efficiently and flexibly, while granting workers more shopfloor discretion. In other cases, they represent efforts simply to remove the rigidities which were once the protections of workers' discretion. In both cases, they result in the dismantling of job ladders in favor of more unstable relationships among jobs.

C. EXPANSION OF THE "SECONDARY" LABOR MARKET

The above discussion argues that internal labor market structures are in decline because of the deterioration of the organizational conditions which underlay workplaces' abilities to structure ports of entry and job ladders. More direct evidence of the decline of internal labor markets comes from a careful study of changes in job quality in the overall labor market in the 1980s. Economists Maury Gittleman and David Howell found that the share of poorer quality jobs in the labor market grew substantially, and that the quality of jobs presumably found in internal labor markets declined somewhat.

Doeringer and Piore outlined the relationship of unstable sub-markets with relatively poor quality jobs to more stable internal labor markets in a theory of the "dual" labor market.⁷³ They argued that jobs and workers could be analyzed as in either a "primary labor market" characterized by good pay, low unemployment, promotion opportunities, security, and/or stability or a "secondary labor market" characterized by low wages, poor chances of advancement, arbitrary supervision, high unemployment, and/or little training. They found that frequently the instability of work in the secondary market helped assure the stability of work in primary labor markets. For example, manufacturing companies could rely on subcontractors or temporary workers for

⁷² James P. Womack, Daniel T. Jones, and Daniel Roos, *The Machine that Changed the World: The Story of Lean Production*. (New York: HarperCollins, 1991), p. 83.

⁷³ Doeringer and Piore, *Internal Labor Markets*, Chap. 8, pp. 163 ff.

some of their production and thus protect the seniority of other workers during downturns in business by cutting back on the use of subcontracting or laying off temporary workers. Other labor economists have discussed a strategy that many large employers structure work between "core" workforces, who have a certain degree of security, and "peripheral" workforces or suppliers who have much less security.⁷⁴

This relationship between stable primary labor markets and unstable secondary labor markets is important because many of the contemporary patterns of entry and promotion seem to reflect a shift of work from primary to secondary labor markets, as well as the intrusion of more insecurity into primary labor markets. Gittleman and Howell found that in 1979, approximately 35.5 percent of jobs could be classified as poorer quality, which they argued corresponded to the secondary labor markets postulated by Doeringer, Piore and others.⁷⁵ By 1988, they found that the percent of jobs in the secondary labor market had grown to 37.9 percent. In addition, they found that the average earnings of the jobs and other measures of job quality, such as the levels of involuntary part-time employment and health care benefits dropped precipitously.

The growth of this secondary labor market came primarily at the expense of mid-quality jobs, encompassing good blue-collar and routine white-collar occupations. Those jobs declined from 33.7 to 29.2 percent. These jobs, which they termed "subordinate primary," were the semi-skilled jobs in factories and offices which were the backbone of access to the American Dream for working families. Not only did they decline precipitously as a percentage of all jobs, but their quality declined as well: earnings stagnated or declined, health insurance coverage declined, and involuntary part-time employment increased.

Even the quality of best jobs, which they termed "independent primary," stagnated somewhat, despite their share increasing from 30.9 to 32.8 percent of all jobs. Earnings rose slightly, but health insurance coverage declined.

D. SUMMARY: THE RUNGS ARE BROKEN

It is important to recognize that the daily news of down-sizings, lay-offs, re-structurings and so on is the continuation of a twenty-year trend in the shrinking

⁷⁴ Osterman, *Employment Futures*, pp. 85-89.

⁷⁵ Maury B. Gittleman and David R. Howell, "Job Quality and Labor Market Segmentation in the 1980's: A New Perspective on the Effects of Employment Restructuring by Race and Gender." mimeo, Graduate School of Management, New School for Social Research, March 24, 1993. See also the summary of their research in Texas Interfaith Education Fund, "Declining Middle: The Polarization of Job Quality," (Austin, Texas: Texas Interfaith Education Fund, April 20, 1993).

and disruption of internal labor markets. The lessening concentration of employment in large organizations, the disproportionate cuts in jobs in the middle of the corporate chain of command, the deterioration of union influence, and the growing percentage of poor quality jobs have combined to transform the labor market opportunities families placed their hopes in. They have increasing difficulties finding the first rungs on career ladders. Those already employed find the rungs above them missing or broken. Worse, they cannot count even on the security of the rung they are on.

CHAPTER III.

CHAOTIC PATTERNS OF ENTRY AND PROMOTION

The down-sizing of large organizations, the disproportionate cuts in middle-level management and support positions, and the loss of unionized blue-collar jobs have cut off expected paths of entry and promotion for many working families. Workers are less likely to find entry-level positions with large employers. They are also less likely to find job ladders which offer slow and steady promotion. Instead, workers are now more likely to find entry-level jobs in smaller organizations, such as temporary firms, small employers, self-employment, and the most menial and unskilled jobs with larger employers. Traditionally these jobs have had less stability, shorter job ladders, and fewer resources for training inexperienced workers.⁷⁶

Consequently, workers find themselves with access to entry-level opportunities much different than the traditional port of entry into a large organization. Entry level jobs now offer little training -- even if they demand skills. They offer little internal advancement, as workers find less access to job ladders that offer incremental promotion. In a certain sense, entry-level workers increasingly find only jobs that have the unstable, disconnected, dead-end characteristics of the secondary labor market.

In another sense, however, entry-level jobs in the contemporary labor market do seem to offer at least some avenues out of dead-end career paths -- though not through incremental advancement, and less through formal systems of information and seniority-based promotion than informal practices. Jobs in many smaller organizations have discontinuous links with better jobs and sometimes provide platforms for leaping to them. People in poor quality entry-level jobs often work side by side with regular employees of good firms, and have information and perhaps access to vacancies. Temporary workers may be hired into a full-time payroll position by the employer who contracted with a temporary agency. Employees in small firms may cooperate closely with employees of the large firms they supply and learn about openings. Large organizations hire some young workers for very unskilled, menial jobs, but may use those positions as try-outs for better jobs. In many ways, this path of discontinuous rather than

⁷⁶ Grubb et al, p. 33.

incremental promotions resembles that of professional labor sub-markets, such as those for of engineers, editors, and executives.

The below section looks at how "entry-level" work has come to be redefined, where young workers now likely find their first jobs, how they earn promotions, and the broadened range of capacities which these jobs demand. Much of the following analysis is drawn from the work of labor economist Norton Grubb and his colleagues, who studied the hiring patterns of 113 firms in four regional labor markets. Over 75 percent of the firms employed between 200 and 500 workers, the number at which labor economist Phelps a generation ago would have expected to find increasingly formal, structured patterns of entry and promotion. Grubb reported, in contrast, a striking confusion and seeming lack of structure.⁷⁷ His observations and conclusions are echoed by those of Project QUEST staff and IAF leaders as they struggle to secure good entry-level jobs in the contemporary San Antonio labor market.

The following section then examines changes in promotion practices. It concludes with how job mobility increasingly appears in today's labor markets.

A. "ENTRY-LEVEL" JOBS TODAY: THE FIRST STEP SEEMS DOWN

Employers now seem less likely to seek "blank slates" for entry level work -- workers who have relatively little experience and whom they wish to train and acculturate. Instead, employers are seeking entry-level workers who already demonstrate substantial job-related capacity, sometimes to the point of intimate knowledge of particular machines or procedures. Norton Grubb quoted one frustrated economic development official who described the transformation of what is meant by "entry-level:"⁷⁸

We've got to get employers to hire more people with *truly* entry-level skills.... [Employers] require more than entry-level. I've gone out to a metal fabrication shop and they say, "I want a welder who can weld to the code and a fabricator that knows how to do this and this." They say, "This is an entry-level job." I say, "No, this is not an entry-level job. An entry-level job is where people don't have this expertise already, but may have done some welding."

This pattern of "entry-level" work is the reverse of the practice characteristic of good employers of the 1970s, in which they sought inexperienced (though mature) workers for entry-level positions. Those employers considered previous

⁷⁷ Norton Grubb, personal communication, May 17, 1993.

⁷⁸ Grubb et al, p. 105.

experience in the labor market to represent "bad habits" which demanded time and energy to break, above and beyond that needed to equip new workers with the skills and attitudes needed for the particular workplace.

The below discussion elaborates on this shift in the demands of entry level work which families now encounter. One consequence is that entry level work no longer conforms the expectations formed by the experience of the previous generation. Entry level work no longer seems like the first step on a ladder. On the one hand, it seems that there are no first rungs onto good ladders: inexperienced workers enter the labor market and encounter an inherently insuperable requirement that they have experience. On the other hand, the entry level opportunities that remain seem to have no rungs above them: they seem to lead directly to the dead-end futures characteristic of the secondary labor market.

A second consequence is that employers' demands of entry level workers now inherently exceed the capacities of families and schools to prepare young people for work. Families in the previous generation were quite capable of equipping their younger workers with appropriate work habits and willingness to learn. They were able to assist their members in earning needed education credentials. They were able to credential the employability of friends, neighbors, and relatives, and to aid employers in disciplining them. Schools were able to equip them with the rudimentary basic skills, to which employers added needed job-specific skills.

Now, however, neither schools nor families can directly provide the credential which employers are currently seeking -- previous experience in the workforce. Employers and workers both consequently find families and schools less useful in creating pathways from the community to work.

1. Employers seek experience, not inexperience

Norton Grubb and his team found consistently that employers' first criterion for entry-level jobs was "experience." Grubb interviewed 113 employers of a broad range of occupations and found that "virtually all" employers hire workers for entry-level, mid-skilled positions on the basis of experience, particularly experience with the specific machines or procedures the company uses.⁷⁹ In several instances employers sought as much as five years experience with other employers. Employers seem less willing to invest time and resources in new workers. They seem less willing to risk trying out an inexperienced person. This is a significant departure from how employers with entry level jobs and internal labor markets tended to discount an applicant's previous experience

⁷⁹ Grubb et al, p. 77.

with other employers, seeking instead the abilities to learn the jobs skills specific to that workplace.⁸⁰

It is important to recognize what employers in Grubb's study both meant and did not mean by "experience." In almost all instances, employers did not mean education credentials, such as a high school diploma, associate's degree, or certificate from an education or job training program. They generally did not mean good "basic skills," such as reading and mathematics skills (though they often complained bitterly about their employees' lack of basic skills). They did not mean familiarity with general occupational tools or skills, such as familiarity with computers or office procedures.

By "experience," they generally meant one of two somewhat different capacities. For some employers, experience implied that a prospective employee had very job-specific skills, that is, intimate knowledge of a particular machine, process, or procedure the employer used. For other employers, experience implied that a prospective employee had a good track record with previous employers. Experience in this sense was a signal not that the employee had intimate knowledge of a job, but had demonstrated more diffuse skills, personal attributes, attitudes, maturity, initiative, and other general capacities. In the previous generation, employers looked to family references and connections to assure them that entry level workers had necessary personal capacities. Now, employers seem to demand the greater assurance of a proven work record. The following discussion examines these two different meanings of "experience."

A) SOME ENTRY-LEVEL WORK DEMANDS JOB SPECIFIC SKILLS, NOT GENERAL SKILLS

Grubb was struck by the extent to which many employers sought workers with experience with a specific machine, technology, or procedure.⁸¹ Production supervisors and smaller employers in particular, who hire for a narrower range of jobs and have fewer resources for training new employees, sought hirees with very job-specific experience and skills.⁸² Oftentimes, it was not sufficient for prospective hirees to have general familiarity with an industry, a general technique, or a family of machines. For example, he described an interview with a director of machining who hires experienced machinists, but only if they were familiar with castings: it was not sufficient for the machinists to have even four or five years experience if they had no more than a smattering of experience with

⁸⁰ Doeringer and Piore, *Internal Labor Markets*, p. 103.

⁸¹ Grubb et al, p. 77.

⁸² Grubb et al, pp. 75-76.

castings.⁸³ He described another employer of drafters who reported that it was not sufficient for a drafter in his locality to have experience with any other than one particular computer-aided-design program of the several commonly-used ones: the employer told Grubb, "You've got to know AutoCAD or you're out of the business."⁸⁴

Grubb suggests that much of this demand for experience in entry-level positions stems from the increased competitive pressures companies now feel themselves under, especially the smaller companies which now are the primary ports of entry for younger, less experienced workers. They feel that they have less time and resources to allow workers to acquire the skills they need through informal on-the-job training. Employers see prior experience as the only way in which their employees can have the particular skills they need. Additionally, some employers also report that the machines that entry-level workers now must master are so much more complex and expensive in the past that they will not risk assigning someone without prior experience.⁸⁵

B) OTHER "ENTRY-LEVEL" WORK DEMANDS EXTREMELY GENERAL CAPACITIES

Other employers, particularly larger employers, are not insistent on such job-specific skills among new hirees. Nonetheless, they still describe "experience" as the primary, almost exclusive criterion for hiring. In contrast to the employers described above, who are seeking the most specific of skills, these employers are seeking the most general of personal qualities. These qualities include the interpersonal skills necessary to communicate well with customers and co-workers, motivation, initiative, "common sense" problem-solving abilities, and abilities to conceptualize problems and solutions.⁸⁶ Grubb describes these as the qualities often important to hiring into the larger firms which offer positions with higher incomes and responsibilities.⁸⁷ For these employers, "experience" signals that a prospective employee has been successful, motivated, and responsible in other settings, and is likely to be so in the new position. Employers are seeking assurance less that a new hiree has mastered a particular process or machine, and more that he or she has the capacity to solve unanticipated problems.

⁸³ Grubb et al, p. 77.

⁸⁴ Grubb et al, p. 64.

⁸⁵ Grubb et al, pp. 77-78.

⁸⁶ cf. Grubb et al, pp. 75-83.

⁸⁷ Grubb et al, pp. 75-76.

C) EDUCATION AND JOB TRAINING ARE LARGELY UNIMPORTANT FOR ENTRY-LEVEL WORK

It is important to recognize that education credentials did not compensate for lack of experience on the part of prospective workers. Grubb came to a startling and disconcerting conclusion: the capacities learned in formal school were largely unimportant to employers.⁸⁸ Employers again and again tested for experience among candidates for entry-level work, and largely discounted education credentials such as associate degrees, certificates of course completion, or bachelor's degrees. In those cases in which employers valued particular education credentials, it was often when they had direct knowledge or influence on the training program.

In general, employers complained that what was taught in school was either too specific or too general to be useful for their entry-level work. Employers said that for those entry-level positions which required very job-specific skills, such as familiarity with a particular machine or process, most preparation from education institutions was too general. For example, one personnel manager of a manufacturer of carton-forming equipment reported that she thought there was only one community college -- over 1,000 miles away -- whose training program could supply adequately-trained workers.⁸⁹ A California firm manufacturing lasers had such specific needs that it hired not from local training institutions, but a community college in Iowa and a proprietary school in Phoenix who both set up programs tailored to the firm's needs.⁹⁰

Unless they have links to programs as specialized as these, most employers discount a prospective employee's education credentials. In some instances, employers are looking for familiarity with equipment so sophisticated and specific that community colleges find too expensive to provide for students. In other instances, employers assume that employees learn the skills that they need only after familiarity with a particular machine or process, as in the case of the machining of castings.

It is notable that employers do not even view higher levels of education credentials as a substitute for experience. While employers might require a minimum credential, such as a high school diploma or associate's degree, and while a higher degree might give an advantage to one of two candidates of equal experience, academic experience and credentials do not compensate for inexperience. Of the 113 employers surveyed, only two "traded off" education

⁸⁸ Grubb et al, p. 76.

⁸⁹ Grubb et al, pp. 79-80.

⁹⁰ Grubb et al, p. 81.

credentials for experience, treating, for example, one year of education as the equivalent of two years of experience; both, however, were recruiting workers for relatively new, high technology processes in which very few experienced workers were available.⁹¹

Staff of the Project QUEST effort in San Antonio have observed a similar phenomenon. Project QUEST is currently overseeing the training of 365 allied health workers for several health care employers; despite their interest in hiring even more workers in several skill areas, they have been reluctant to ask Project QUEST to train more. The employers instead intended to recruit experienced personnel away from current employers.⁹²

This is not to say that employers do not voice strong opinions about the education system. However, these seem to be limited largely to complaints rather than more defined demands that education institutions enter into a different relationship with them. While some employers complain that education is too general, others complain that education is not general enough. They are seeking not specific proficiencies so much as more general capacities to solve problems. These include conceptual capacities, the abilities to communicate, "common sense" aptitudes for solving problems, and others. For example, one employer of drafters complained that graduates of computer-aided design courses had the ability to draw technically correct drawings, but lacked the conceptual ability to visualize what they were drawing — an important capacity in the design of products and something which the previous generation of less computer-oriented drafters had.⁹³

Another employer of technical employees complained that his employees had the ability to manipulate mathematical concepts, but could not work effectively under the new demands without the capacity to verbalize and communicate to others not versed in mathematics. He complained of "one-sided" education preparation, even among graduates of four-year colleges. He and other employers criticized the local vocational schools for dropping humanities requirements in order to concentrate on technical proficiencies.⁹⁴

Yet another employer told the interviewers that he was looking for individuals with "common sense," which schools were not good at equipping students with.

⁹¹ Grubb et al, p. 81.

⁹² Jerry Barucky, Ph. D., Director of Occupational Analysis, Project QUEST, presentation, March 31, 1993.

⁹³ Grubb et al, p. 68.

⁹⁴ Grubb et al, p. 70.

He complained that new employees straight from an academic environment had the ability to solve textbook problems, but had trouble applying what they knew to problems which had no conclusive, right-or-wrong answer.⁹⁵

Grubb also found that many employers discounted education credentials because they found a lack of "basic skills" among high school graduates, including reading, mathematical, and writing skills. Some companies had ceased to hire high school graduates. Others had instituted remedial programs. Their complaints also went beyond basic proficiencies and extended also to the more diffuse "values" among graduates, by which they most often meant a perceived unwillingness of students to work hard.⁹⁶

Whether seeking either very specific or very general capacities, employers reported again and again that schools, colleges, and training institutions were ill-equipped to provide what they needed. Even in the case of schools' presumed basic mission to equip students with solid basic skills, employers told Grubb that they did not trust education credentials. Again and again, they said they were searching for what was learned or demonstrated by "experience" -- a capacity which schools are intrinsically no better equipped to provide than families.

As a consequence, families find that the one job training credential they are still relatively able to provide -- the ability of members to acquire specific education credentials such as a high school diploma or a bachelor's degree -- is now of relatively little use in gaining access to good jobs. While a credential might be necessary to meet the minimum requirements of an entry-level jobs, it does not compensate for lack of experience.

2. Entry and Re-Entry into Poor Quality Jobs.

Lacking experience, younger workers now must generally seek their first opportunities in poor quality jobs -- those associated with small firms, temporary agencies, and the menial positions of large employers.⁹⁷ These positions generally offer low pay, are unstable, provide little structured training, and have little access to structured job ladders. Anecdotal evidence suggests that even those with degrees find that credentials are less likely than in the previous generation to provide access to better entry-level jobs: the percentage of college graduates working in non-college-graduate level employment has

⁹⁵ Grubb et al, p. 68.

⁹⁶ see Grubb et al, pp 69-72.

⁹⁷ Grubb et al, p. 83..

doubled from 10 percent in the 1960s to 20 percent in 1991.⁹⁸ Northwestern University's 1993 survey of college recruiting found that half of companies planned to cut college recruiting.⁹⁹ One college reported in early 1993 that 30 percent of its graduates had to take "contingent," part-time, and temporary jobs, up from 10 percent three years earlier.¹⁰⁰

In addition to young workers entering the labor market for the first time, a substantial number of older workers must seek entry or, more likely, re-entry into entry-level work. A study of entry into jobs between 1987 and 1989 found that half of all men and nearly 60 percent of women entering a job were older than 25. Entering and re-entering older workers receive substantially lower wages and earnings than those remaining in their jobs. Depending on whether they entered hourly or salaried employment, middle-aged men entering work earned an average of 50 or 80 percent of the average weekly earnings of all men age 25 to 54; older women earned 53 or 66 percent of the average weekly earnings of all women age 25 to 54.¹⁰¹ Fully one-third entered what the study defined as "low-paying service industries," which offered an average hourly rate of pay of \$4.62.¹⁰²

The section below examines types of entry-level opportunity and the difficulties and opportunities each poses for workers seeking employment.

A) SMALL EMPLOYERS

Many entry jobs for workers without desirable experience are with small firms which generally offer much lower pay and poorer working conditions than larger firms. Since larger firms can afford higher wages, they are more able to hire the workers who already have experience and can demonstrate either job-specific skills or a proven track record elsewhere.¹⁰³ Smaller employers are less able to afford premium wages for experienced workers.

⁹⁸ Daniel E. Hecker, "Reconciling Conflicting Data on Jobs for College Graduates," *Monthly Labor Review*, July 1992, Table 1, p. 4.

⁹⁹ *Wall Street Journal*, February 15, 1993, p. 1.

¹⁰⁰ *New York Times*, March 15, 1993, p. 1.

¹⁰¹ Paul Ryscavage, U.S. Department of Commerce, Bureau of the Census, *Job Creation During the Late 1980's: Dynamic Aspects of Employment Growth*. Household Economic Studies, Series P-70, No. 27. Washington: U.S. Government Printing Office, January 1992, Table C, p. 4 and Table O, p. 12.

¹⁰² Ryscavage, *Job Creation During the Late 1980's*, pp. 9-10

¹⁰³ Grubb et al, p. 34.

These entry-level jobs in small firms offer much less than entry-level jobs in large firms. Small firms face extreme competitive pressures, to which they respond by keeping wages and benefits low. Often to get an increase in pay, an employee will have to jump to another firm.¹⁰⁴ Small firms are extremely unstable, going in and out of business much more frequently than larger employers, so their employees experience much more involuntary unemployment.¹⁰⁵ Small firms also are less able to develop links with training institutions or to provide structured training themselves.

B) TEMPORARY LABOR AGENCIES AND OTHER CONTINGENT ARRANGEMENTS

Many new entrants and re-entrants are finding employment not directly with employers, but indirectly through temporary labor agencies who subcontract their labor. Others find employment through other relatively insecure arrangements such as contract labor or self-employment. Increasingly, organizations which in the past might have hired workers directly are instead contracting for the services of temporary labor agencies, self-employed consultants, or the very smallest of businesses. Taken together, one researcher estimates that 10 percent of all workers are involved in such arrangements.¹⁰⁶ Temporary labor agencies now employ at least 1.5 percent of all workers, and the number grew at an annual rate of 11.5 percent from 1972 to 1986.¹⁰⁷ Profits of such agencies have continued to grow vigorously in recent years, despite the recession.¹⁰⁸ Business services such as janitorial services, copying, data processing services, and guard services account for another 4 percent of employment. The researcher estimated that subcontracting of production accounts for approximately an additional 4.5 percent of the workforce.

These temporary labor agencies and other contracting arrangements employ an increasingly broad array of workers, from the most unskilled operators to the most skilled professionals. Grubb reports that an increasing number of firms use

¹⁰⁴ Grubb et al, p. 34.

¹⁰⁵ Grubb et al, p. 34.

¹⁰⁶ Katharine G. Abraham, "Restructuring the Employment Relationship: The Growth of Market-Mediated Work Arrangements," in Katharine Abraham and Robert McKersie, *New Developments in the Labor Market: Toward a New Institutional Paradigm*. (Cambridge: M.I.T. Press, 1990), p. 114. See also Polly Callaghan and Heidi Hartmann, *Contingent Work: A Chart Book on Part-Time and Temporary Employment*, (Washington, D.C.: Economic Policy Institute, 1991).

¹⁰⁷ Abraham, "Restructuring the Employment Relationship," p. 87.

¹⁰⁸ *New York Times*, December 4, 1992.

temporary labor agencies for drafting.¹⁰⁹ In some cases, employers have laid off workers and then immediately subcontracted with the very same people as subcontractors and consultants. IBM in Austin, for example, reduced its payroll workforce by 1,000 workers through early retirement in 1992 and 800 in 1993, but now employs 2,100 "contract" workers -- many of whom were former IBM payroll employees.¹¹⁰ Grubb reported another case in which a firm laid off its highly skilled engineers, then re-organized them into a subordinate but independent contractor which consults with the original firm.¹¹¹

The use of temporary labor offers a number of advantages to employers. It reduces relatively fixed commitments to longer-term employment. It reduces commitments to long-term benefits, such as pensions, health insurance, and vacations. It allows firms to hire labor for highly variable short-term work, including clerical workers for peak loads and drafters for short-term projects. Oftentimes, employers will use temporary labor agencies to recruit and screen personnel, and then use a period of employment with the firm as a try-out.¹¹²

These forms of temporary labor may offer workers some advantages, such as easier job searches and part-time, flexible work schedules. For motivated and highly skilled workers, consultant arrangements might be highly lucrative. However, at the very least, such arrangements give employees much less work stability. Contingent arrangements have no job ladders as such, and shortens the remaining ladders within firms which employ contingent labor. There are often no assurances as to income, hours, or work. There is also substantial evidence that temporary employees have much lower legal protections against discrimination, health and safety violations, and procedural violations.¹¹³

C) TRYOUTS IN MENIAL JOBS WITH LARGER EMPLOYERS

Another path to entry-level employment is "the foot in the door" method with larger employers. Some firms may use menial jobs as informal try-out positions, hiring someone with little experience but perhaps education credentials and potential for a relatively unskilled and menial job. Grubb cited one example of an architectural firm which hired community college graduates as the office "go-fers." In addition to the routine responsibilities of making copies and running errands, the "go-fers" would occasionally receive drafting assignments; some

¹⁰⁹ Grubb et al, p. 13.

¹¹⁰ *Austin American-Statesman*, August 6, 1993.

¹¹¹ Grubb et al, pp. 103-104.

¹¹² Grubb et al, p. 103.

¹¹³ Grubb et al, p. 104.

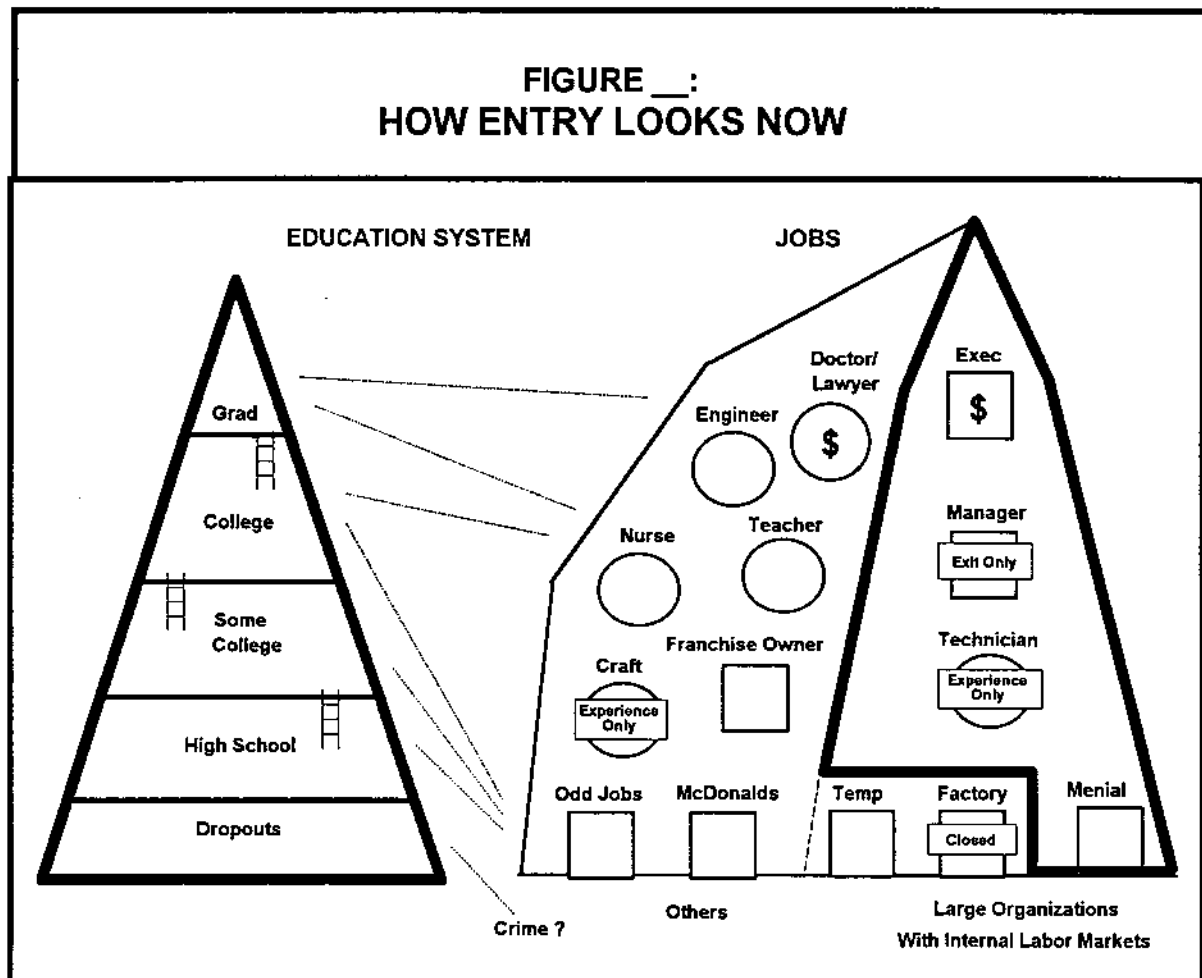
who showed proficiency were eventually able to become licensed architectural engineers with the firm.¹¹⁴

3. Summary: The First Step Seems Down

Families attempting to help their members secure entry into good jobs in the contemporary labor market face a daunting task. In contrast to the previous generation's paradigm of labor market entry, the emerging pattern is much less straightforward. In fact, the first step into the labor market for young workers seems a step down. Workers entering the labor market feel themselves channeled into relatively poor quality, dead-end jobs, with little regard for

¹¹⁴Grubb et al, p. 87.

credentials. The re-entry of experienced workers also often seems a step down. Those without credentials have almost no access to paths to good jobs.



B. PROMOTION IN THE CONTEMPORARY LABOR MARKET: THE NEXT STEP ALSO SEEMS DOWN

In addition to this disruption of entry level work, the patterns of incremental promotion formerly available seem also to have been disrupted. Whereas previously workers encountered job ladders which promised gradual, step-by-step advancement, now there seem to be fewer job ladders. Jobs increasingly seem not to be on ladders, but in more discontinuous relationships -- to the extent that jobs seem linked at all. Former expectations of incremental advancement with seniority no longer hold as true, yet alternative means of gaining promotions are often unclear.

The evidence for this disruption of established patterns of promotion is anecdotal and fragmentary. Grubb's work, which was concerned primarily with

the relationship of education institutions to labor markets, focused on entry-level employment. Nonetheless he noted a striking lack of job ladders: of the 113 firms in the study, Grubb found only one with rigidly-structured job ladders.¹¹⁵ This lack of job ladders is significant given the fact that 75 percent of the firms had the level of employment which Phelps argued made structured labor markets imperative.

This section discusses changes in promotion patterns away from job ladders which Grubb and other observers have noted among the small-to-medium employers who employ a greater share of the labor force. It then goes on to argue that families and workers can expect to find even less access to job ladders as large employers down-size and restructure.

1. Promotion more chaotic

Grubb noted several trends among the firms he studied, concluding that job ladders were "much more flexible and loosely defined."¹¹⁶ Although most firms still divided work between entry-level and non-entry level positions, and relied upon internal promotion to fill "above entry-level" openings, promotion appeared to be increasingly ad hoc. Promotion depended less upon widely-understood rules and more upon particular contingencies of openings, assessments by supervisors of the capacities of interested workers, and competition among workers.¹¹⁷ Codified rules defining promotion paths, credentials needed to advance, and criteria governing employers' decisions seemed less important than in the previous generation.

Grubb noted two changes in particular among the employers he studied, both of which mark a shift to promotion patterns other than that of jobs ladders. One was a trend toward "shorter job ladders" which simply linked fewer jobs in promotion sequences.¹¹⁸ He described how many internal job ladders seem truncated because they now have fewer formal links to the jobs which offer entry into the employer, as in the case of temporary jobs and "foot in the door" jobs.

¹¹⁵Grubb et al, note 81, p. 88.

¹¹⁶See Grubb et al, p. 98-102.

¹¹⁷Grubb's observations are an important indication that employers are still attempting to retain internal labor markets – presumably to reserve promotion opportunities as incentives for the existing workforce. Employers may be creating increasingly "open labor markets," in which incumbent workers must compete with workers outside the firm for desirable positions. However, it appears that at this point, at least, U.S. employers are shifting to open labor markets when they are unable to fill positions with internal promotion.

¹¹⁸Grubb et al, p. 106.

Also, forms of organization utilizing "flatter" hierarchies eliminate the middle management jobs which once formed important rungs in job ladders.

As a result, it becomes more difficult for any one worker to know how to advance. He or she has less immediate knowledge of the demands and rewards of other opportunities within the firm. In tall job ladders, a worker could feel that his or her opportunities were defined largely by the jobs above him or her and plan accordingly. He or she would have more direct knowledge of openings, the demands and rewards of opportunities, the credentials or capacities needed to compete for a promotion, and the circumstances governing who would secure a promotion.

Individuals seeking advancement in organizations with less structured promotion paths face greater challenges. They face more uncertainty about what kind of upgrading may lead to promotion, and therefore must bear more risk when they upgrade their skills.¹¹⁹ A worker who goes back to school has less ability to predict what credentials or skills future job openings will demand, and consequently may invest substantial time and energy in education which does not lead to promotion. Workers seeing no structured opportunities within a firm for advancement may decide to seek entry in another. Then he or she must face the costs of entry-level positions, such as lower wages, lost seniority, and the possibility of again ending in a seeming dead-end situation. Mobility is not "vertical" into a higher position, nor even "lateral" into an equivalent position, but downward into an entry-level position.

The second change Grubb noted was supervisors increasingly based their promotion decisions upon assessments of on-the-job performance and gave seniority little consideration. In fact, he stated that "seniority rarely counts in promotion decisions."¹²⁰ For example, he described one medium-sized employer who used to grant promotions with seniority routinely, even if workers had not substantially increased their skills.¹²¹ Now this employer no longer promotes anyone routinely, but insists that employees demonstrate increased competences.

Moreover, supervisors tend to rely more upon subjective evaluation of employees' on-the-job performances rather than more objective criteria such as seniority, education credentials, or specific job-related measures. They are increasingly evaluating the more diffuse personal characteristics discussed earlier – motivation, persistence, cooperation, initiative, flexibility, adaptability,

¹¹⁹ Grubb et al, p. 101.

¹²⁰ Grubb et al, p. 98.

¹²¹ Grubb et al, pp. 98-99.

communication skills, "common sense," and so on. Grubb points out that workers seeking advancement from entry-level positions may face confusion since in many cases these capacities were less important to securing entry than were more narrow, technical, job-specific skills.¹²²

In summary, if Grubb's observations hold true for larger shares of the workforce than in the previous generation, advancement now demands much more of individuals. Individuals can rely less on patience and knowledge of rules governing promotion, or, in other words, "paying your dues" and "working your way up." Mobility requires much more initiative, individual responsibility for upgrading, wider knowledge of opportunities, and judgment. For workers who choose to seek promotion by changing not just jobs but employers, mobility demands information and judgment of which entry-level jobs may lead to opportunities in the future. They must absorb the costs of a step down with only uncertain future opportunities.

Project QUEST staff report a similar dynamic in their conversations with employers. They find that the entry-level jobs they secure offer few job ladders with structured, codified advancement and that "a career ladders are not a guarantee in jobs these days." However, employers do promise advancement opportunities to employees who demonstrate initiative, talent, and an edge in technical skills. In the words of its staff, Project QUEST's participants will have to secure promotion by being the "faster rats."¹²³

2. Job Ladders Less Available

There is also indirect evidence that families will find fewer job ladders as the conditions underlying internal labor markets continue to change. In some settings, the dismantling of job ladders is an unintended but necessary consequence of the down-sizing of large employers. In other settings, the replacement of job ladder structures with other structures is an explicit intention of management. This section briefly reviews the two dynamics.

A) SHRINKING INTERNAL LABOR MARKETS

As noted above, the total employment of the Fortune 500 firms shrank by 25 percent from 1979 to 1991, from 16.2 to 12.0 million. This contraction from an average of 32,400 per firm to 24,000 has two important consequences for organizations still attempting to maintain job ladders. First, the total pool of jobs available to be structured in lines of progression is smaller, inherently reducing the opportunities to create job ladders. Second, the pool of jobs within each firm

¹²² Grubb et al, p. 99.

¹²³ Jerry Barucky, interview, April 16, 1993.

is shrinking, not growing. As discussed before, one of the phenomena which allowed firms to structure extensive job ladders was their rapidly-growing employment. Fortune 500 employment grew from an average of 15,700 in 1954 to a peak of 32,400 in 25 years, or an average of almost 700 new jobs per firm per year. Opportunities for advancement were thus created not simply by attrition and the upward mobility of others further along job ladders, but by the vigorous creation of new jobs, some of which represented advancement opportunities for many workers within the firm. Since 1971, however, average Fortune 500 employment has been shrinking by 700 per year and workers must often accept demotions simply to maintain a job within a firm.

B) RESTRUCTURED INTERNAL LABOR MARKETS

In addition to this dynamic of shrinking internal labor markets, some larger organizations are discarding job ladder forms of organization in favor of more "horizontally-structured" strategies. While they may rely upon internal mobility to fill positions, many are tending to de-link increases in pay, responsibility, and benefits from promotions in job titles. For example, researchers have noted a growing use by large corporations of a pay structure known as "broad-banding," in which increases in salary are tied less to a line of progression of specific jobs and more to other factors such as assignments. General Electric first developed the concept in the mid-1970s, and now over 70 Fortune 500 companies are considering converting their pay structures.¹²⁴ Some companies are restructuring blue-collar employment by linking increases not to jobs, but to skills acquired by workers even if their particular jobs do not immediately demand those skills. For example, Ford's most productive North American plant in Hermosillo, Mexico structures advancement for assembly and maintenance workers in ten promotional steps based on acquisition of new skills, job performance, and attendance. In contrast to traditional Ford plants, in which several dozen or more job classifications create job ladders, Ford's Hermosillo plant has just one job classification which includes even workers with maintenance responsibilities.¹²⁵ Given the growing use of non-job ladder-based work organizations among firms leading in global competition, it is likely that the use of job ladders will continue to contract as competition prompts firms to move to more flexible and presumably more efficient forms of organizations.¹²⁶

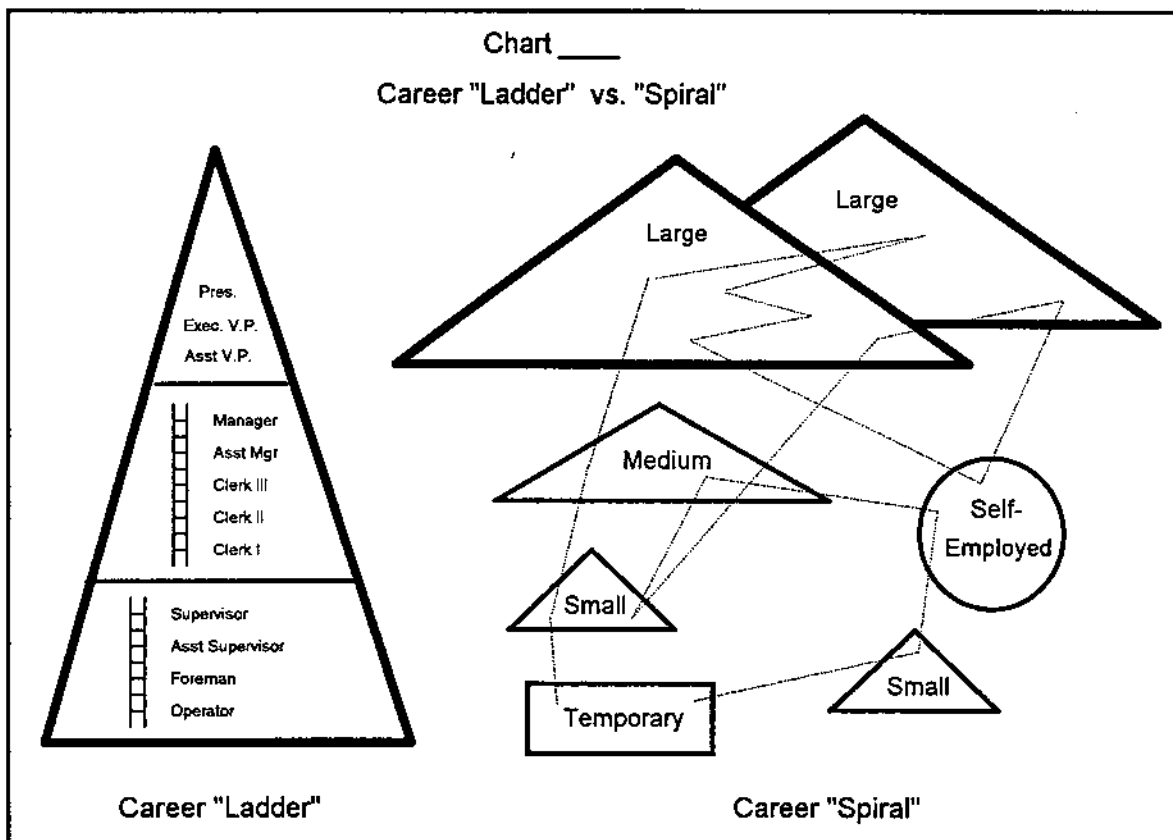
¹²⁴ Frank Swoboda, "Broad-banding' Concept Stresses Pay Over Promotion," *Washington Post*, July 12, 1992.

¹²⁵ Harley Shaiken, "Going Global: High Technology in Mexican Export Industry," (La Jolla, CA: University of California, San Diego, 1990?), mimeo., pp. 62-63.

¹²⁶ For a good discussion of the overall organization of such work organization in the Japanese economy, see Masahiko Aoki, *Information, Incentives, and Bargaining in the Japanese Economy*. (Cambridge: Cambridge University Press, 1988).

3. Summary: The Next Step is Down

Researchers have begun to chart and conceptualize these new patterns of advancement and promotion. Harvard Business School professor Rosabeth Moss Kanter writes of an emerging organization model in which "entrepreneurial" and "professional" careers are replacing "bureaucratic" careers.¹²⁷ In many ways advancement happens less as incremental progress up a career "ladder" and more as discontinuous movement along what researchers speak of as "career "spirals."¹²⁸



At a minimum, families and workers concerned with job advancement will encounter more confusion in the near term. Families will have fewer opportunities for advancement up job ladders as larger organizations continue to down-size and re-structure, and as employers continue to move away from

¹²⁷ Rosabeth Moss Kanter, "The Future of Bureaucracy and Hierarchy in Organizational Theory: A Report from the Field," in Pierre Bourdieu and James S. Coleman, *Social Theory for an Advanced Society*. (Boulder, CO: Westview Press, Russell Sage Foundation, 1991), pp. 79-82.

¹²⁸ Sabel, "Moebius-Strip Organizations and Open Labor Markets," p. 41.

promotion policies and procedures structured by widely-understood rules. Promotion is less likely to be through "vertical" movements and more likely to be "horizontal" or even downward movement. What to the previous generation was regression or stagnation, may be the means to advance in contemporary labor markets. In some cases, families will encounter new rules governing promotion. In others, however, it seems that they encounter no rules at all.

CHAPTER IV.

DILEMMAS OF THE CHAOTIC PATTERNS OF ENTRY AND PROMOTION

It is useful to pause and focus on the implications of contemporary patterns of entry and promotion for families seeking to help their members enter and advance in their work careers. Given the decline of structured jobs ladders, families now are caught in rather merciless dilemmas between their expectations and the realities of the contemporary labor markets. At every turn, their expectations of straightforward advancement promised by the old pattern seem frustrated by the chaotic realities of the new.

- Entry-level jobs seem dead-end.
- Employers and education institutions are now less supportive of smooth entry and promotion.
- Paths of advancement and promotion are uncharted.
- Individuals must bear a larger burden of the costs of training and job search.
- Older workers face re-entry into employer and education institutions which are even less friendly toward them than toward younger workers.
- The connections among education, hard work, and reward appear much weaker than 20 years before.

Families are keenly though inarticulately aware of these dilemmas. If they are to overcome their anxiety and desperation and work actively to re-organize labor markets, or at least to prepare their own members to cope with contemporary dynamics, it is important to understand these disjunctures between expectations and reality. The below section examines the broad range of dilemmas which families face today.

A. ENTRY-LEVEL DILEMMAS

Basing their expectations on the experience and idealized images of the previous generation, young workers seek entry-level work which offers the first rung on a long-term climb up a job or career ladder. Now, young workers can look forward to entry-level work as a step or two down from their expectations.

1. "Entry-level" work demands more than "entry-level" experience

Young workers entering the workforce for the first time face an insoluble Catch-22: How do they acquire the experience needed for a entry-level job into a good employer or occupation if entry-level jobs require experience? Lacking experience, younger workers must therefor seek initial employment in poorer quality, generally dead-end jobs. The small employers, temporary labor agencies, and menial jobs in large employers are the least able to provide young workers training and experience in any structured, coherent manner. These entry level job neither have structured job ladders out of them nor offer the types of experience employers seek.

2. College education brings access to better jobs -- but not at first and not as well as 10 years ago

College education probably matters more than ever -- yet college graduates have greater trouble than ever finding college-level entry jobs. As discussed earlier, fully 20 percent of college graduates now settle for jobs which do not require a college education and preparation, twice the level of 20 years ago.¹²⁹

This is not to say that college degrees are not important. First, while young workers find that much "entry-level" work does not reward college preparation, even poor quality jobs require them to have a degree.¹³⁰ That is to say, many jobs now may require the college *credential* but do not require (or reward) college *preparation*. Perhaps as a response to the perceived deterioration of basic skills among high school graduates, and the increased supply of college-educated workers, employers now are requiring two and even four year degrees for positions which formerly were accessible to high school graduates and those with some college experience. As Grubb reports, the best jobs in the mid-skilled, "sub-baccalaureate" labor market are beginning to require bachelors' degrees.¹³¹

¹²⁹Hecker, "Reconciling Conflicting Data on Jobs for College graduates," Table 1, p. 4.

¹³⁰Grubb et al, p. 105.

¹³¹Grubb et al, pp. 107-108.

Second, college educated men are finding that they need their degrees to keep from falling behind. Men with only high school diplomas saw their earnings fall dramatically over the last 10 years. College graduates without graduate degrees saw their earnings stagnate.¹³² Only those with graduate degrees saw their earnings increase.

Furthermore, a recent by study by economists Norman Bowers and Paul Swaim found college graduates relied on their degrees more for advancement in 1991 than in 1983 -- but only after the first five or six years of work experience.¹³³ Graduates found them less helpful during their initial work experience. It seems that the credentials and/or skills acquired through a college education are less important for entry into jobs, but more important for access to firm-sponsored training and subsequent promotion.

3. Skills for entry into poor jobs are specific, but skills for promotion into good jobs are general.

Young workers and older workers re-entering the labor market face a disjuncture between entry and promotion. Many entry-level jobs, especially in small employers, demand very specific skills and experience; yet promotion into better jobs is dependent upon broader skills and capacities. Grubb raises concern that this disjuncture creates mixed messages for entry-level workers and the institutions which prepare them, including education institutions and families: the skills which secure employment in the short run may be emphasized to the detriment of the skills and capacities which secure promotion over the long run.¹³⁴ Employers may press training and education institutions to provide workers equipped with job-specific skills, but then may find that the workers do not work out in the long run. As we saw above, several employers in the Ohio city complained that the technical school had dropped its liberal arts courses. Yet employers were not insisting on liberal arts courses as part of the qualifications for entry-level work.

¹³² See U.S. Congress, Joint Economic Committee, "Men at Work: Signs of Trouble." (Washington, DC: September, 1992), mimeo.

¹³³ Norman Bowers and Paul Swaim, "Probing (Some Of) the Issues of Employment-Related Training and Wages: Evidence from the CPS," presentation at Western Economic Association, mimeo., June 8, 1992, p.

¹³⁴ Grubb et al, p. 100.

4. Entry level workers are not clear about what employers are seeking -- nor are employers.

Furthermore, the capacities employers seek for promotion or entry into better jobs --especially larger employers -- are much less precise and harder to define than job-specific entry-level skills. Employers know that these competences are important for their better jobs, but cannot or do not articulate them clearly to workers or education institutions. Prospective entry-level workers find themselves being tested for capacities which were not explained to them and were not part of their education preparation. For example, Grubb reported that one employer in the plastics fabricating industry, seeking applicants with mechanical aptitudes, screened prospective employees on the basis of their hobbies. It would rule out candidates who reported that they enjoyed hobbies which did not demand mechanical aptitudes, such as "biking or fishing," in favor of candidates who had hobbies in which they worked with their hands.¹³⁵

In other cases, employers describe their screening of candidates much more as a "personality interview" in which they probe the candidates' motivation, initiative, work ethic, and compatibility with others.¹³⁶ Another employer sets up team interviews to test applicants' abilities to work with incumbent workers.¹³⁷ In each of these cases, the employers' criteria for hiring are obscure to prospective workers and their families, and unrelated to skills or credentials received in training programs.

B. ADVANCEMENT CHAOTIC

Once young workers have entered the labor market, it is less and less clear to them how they might advance. The experience of the previous generation prepared them to encounter ladders, not spirals. Promotions now require much more information and initiative, as opportunities are not simply one rung ahead but may be in many possible locations. For the employees of smaller firms, they are more likely with a different employer. For the employees of larger firms, opportunities might be anywhere in the firm. Such patterns of discontinuous promotion tax the information available to families and schools, which tends to be limited to very general understandings of entry-level opportunities.

¹³⁵ Grubb et al, p. 84.

¹³⁶ Grubb et al, p. 83.

¹³⁷ Grubb et al, p. 83.

C. MORE BURDENS ON INDIVIDUALS AND FAMILIES

Since employers now tend less to train people for the entry-level work they offer, the responsibility for training and other job preparation falls increasingly on other institutions. Given that most other labor market institutions, such as training institutions, the employment service, and others do not play this role well yet, the burden falls on individuals and their families. They must cast a broad net for information about openings, career opportunities, and criteria needed for employment. They must cope with coming to an understanding of the dilemmas of contemporary entry and promotion practices. They must also bear the burden of paying for initial and upgrade training.

Many positions take years of training and experience, yet the rewards early in these careers are so low and the employment so unstable that individuals cannot afford to invest in their training themselves. For example, employers complain about shortages of skilled workers, such as machinists, aircraft sheet metal workers, and tool-and-die workers. Yet because entry-level positions with such employers are poorly paid and very unstable, young people are not encouraged to acquire the background they need to enter them.¹³⁸

Consequently, employers complain of shortages as older workers retire, yet do little to structure training and employment friendly to the capacities of families.

The increased burdens falling on individuals and their families aggravate yet another Catch-22: In order to sustain their families, workers must take available, dead-end jobs; they may be interested and ambitious to upgrade their qualifications, but they cannot quit working long enough to complete long-term training for new careers. During the formation of Project QUEST, COPS and Metro Alliance leaders found that a two-year, half-time program of the Texas A & M University extension service placed almost all of its graduates quickly in high-paying positions as electronics technicians. In fact, its graduates were so highly sought that firms from Austin and Houston sent recruiters regularly. However, according to the program's director, 50 percent of its enrollees dropped out early, primarily because they cannot afford not to work.¹³⁹ For example, a trainee would have to leave school immediately to find work because another worker in the family had lost his or her job; or, a participant would have to postpone her studies if she could no longer count on a family member to look after her children during class.

¹³⁸Grubb et al, pp. 28-29.

¹³⁹Charles Duffy, Training Specialist, Texas A & M Extension Service, interview, November 17, 1992.

- **Job Training Reform.** There are a number of efforts to re-shape current public job training efforts to become more effective. Some involve entirely new strategies, such as Texas' \$50 million Smart Jobs Fund created by the Governor and Legislature in 1993 to support upgrade training, training of new hires in expansions and re-locations, and efforts like Project QUEST. Others involve greater re-organization and coordination of job training resources, such as "one-stop shopping" and more sophisticated performance standards for JTPA.

While this is not an exhaustive list, it is a fair representation of the broad strategies currently in public debate. Specific proposals for either policy reforms or local pilot projects often combine two or more in whole or part. Generally they do not discuss explicitly the task of creating paths from families to good jobs. Nonetheless, as Project QUEST has shown, the ability of any reform to perform better than the status quo in channeling workers into good careers will depend upon the ability of those who care about these changes to build new linkages among the institutions of local labor markets – families, communities, their organizations, employers, training institutions, cross-employer organizations, government, and others. Their ability will in turn depend upon their political capital and creativity, as they face significant inertia and resistance from those who benefit from the status quo.

B. WHO?

The more important question therefore is, Who will organize the constituencies necessary to change the status quo? Who will provide the vision for new relationships and forms of cooperation? Who will broker new relationships among families, employers, and training institutions? Who will leverage the collaboration of those with resources – government at all levels, employers, higher education institutions, job training programs, and others? Who will negotiate the compromises? Who will hold the stakeholders accountable to their commitments? Who among government leaders, employers, policy intellectuals, unions, broad-based organizations, and other stakeholders will emerge with the necessary vision, creativity, political savvy, and constituencies?

Every Step Seems Down is written from the perspective of the families of the congregations and organizations of the IAF. They have borne the brunt of the labor markets disruptions over the last two decades, and have found in their organizations the vision and power to respond. Hopefully this document equips them and others with a better understanding of the change they are immersed in and how they might lead their communities to re-build paths between families and good jobs.

D. DILEMMAS OF OLDER WORKERS.

Workers who change employers in mid-career either voluntarily or involuntarily find that they have little opportunity to move to an equivalent rung on a parallel ladder, but instead must re-enter the labor market at much poorer quality job. In many cases, they encounter entry-level jobs which appear to them to be even poorer than the entry-level job they encountered at the beginning of their work lives. They must absorb pay cuts and a loss of dignity and self-respect, and face the loss of pension and health insurance benefits which generally do not transfer from employer to employer.

E. ADDITIONAL DILEMMAS FOR MINORITIES AND INNER CITIES

Minorities and inner-city residents face additional hurdles in addition to the disorganization of the labor market for mid-skill workers. Given the desperate situations of these families, these specific dilemmas must be addressed as well in efforts to re-structure paths into the good opportunities of labor markets.

1. Job growth in suburbs

Much of the job growth has taken place in the suburbs of cities, away from the inner cities which were the traditional sites of manufacturing employment and opportunities for inner-city residents. Since World War II, jobs have increasingly moved to suburban locations.¹⁴⁰ An analysis of 24 metropolitan areas found that total employment in suburbs grew twice as fast as employment in the metropolitan areas as a whole during the 1960s, 1970s, and 1980s.¹⁴¹ Manufacturing employment actually fell in almost all central counties of the 24 metropolitan areas. Meanwhile, employment and wages for inner-city, unskilled residents -- particularly African-American males -- have fallen. While researchers are not sure of the overall link between this job growth in suburbs and declining labor market opportunities for inner-city residents (given other factors such as declining manufacturing employment, rising education levels, and rising skills and credentials demand), they are confident that such "spatial" shifts in employment have had heavy impact on particular communities where

¹⁴⁰ Frank Levy, *Dollars and Dreams*, pp. 111-118.

¹⁴¹ Harry J. Holzer and Wayne Vroman, "Mismatches and the Urban Labor Market," in George E. Peterson and Wayne Vroman, eds., *Urban Labor Markets and Job Opportunity*. (Washington, D.C.: Urban Institute Press, 1992), p. 92.

minority, inner-city residents are less likely to move or commute to relocated jobs.¹⁴²

2. Racism and skill levels

Unskilled, minority men suffer high levels of unemployment despite the heavy growth of unskilled jobs in recent years. A closer examination of the demands of "unskilled jobs" reveals that while they do not demand technical knowledge and expertise, they do require higher levels of language, math, and computer skills which place them out of the reach of many of the unskilled.¹⁴³ The importance of person-to-person communications and skills in many nominally unskilled service positions, such as fast food restaurant work, may make many employers less willing to hire unskilled minorities to serve white, suburban clientele.

Racism

Racial discrimination against African-Americans in particular and minorities in general continues to remain an important barrier to labor market opportunities.¹⁴⁴

F. SUMMARY: THE FRUSTRATION OF THE AMERICAN DREAM

These dilemmas, which are often illogical but very real, frustrate the American Dream for working families. The patterns of entry and promotion associated with internal labor markets promised the previous generation relatively straightforward, intelligible paths between families and good jobs. The white men who had preferential access to them followed a clear strategy of "starting at the bottom," "paying one's dues," and "working one's way up." The minorities and women who did not have preferential access sought it through affirmative action policies. Advancement in the labor market was expected to reward loyalty, honesty, and patience.

Now, few rewards accrue to loyalty, honesty, and patience. Since promotion requires entrepreneurialism and competitiveness, loyalty and patience actually

¹⁴² Jeffrey Zax and John Kain, "Moving to the Suburbs: Do Relocating Companies Leave Their Black Employees Behind?" Harvard University, Working Paper, 1991 and Robert Fernandez, "Race, Space, and Job Accessibility: Evidence from a Plant Relocation," Northeastern University, Department of Sociology, 1984; cited in Holzer and Vroman, "Mismatches and the Urban Labor Market," p. 91.

¹⁴³ David R. Howell and Edward N. Wolff, "Trends in the Growth and Distribution of Skills in the U.S. Workplace, 1960-1985," *Industrial and Labor Relations Review*, Vol. 44, No. 3, April 1991, pp. 500-501.

¹⁴⁴ Awaiting hiring audits from Urban Institute

are disadvantages for workers. Putting in one's time to earn an education credential such as a high school diploma or a college degree no longer rewards graduates with good jobs. Entry-level jobs instead require them to have work experience which neither schools nor jobs in the secondary labor market provide.

No institutions yet explain the labor market's chaos to families. Neither employers, unions, nor the government have told them that the rules have changed and no longer make sense. Entry-level workers still look for opportunities requiring inexperience and a general willingness to learn, but find fewer of them. Employed workers expect seniority to protect them from arbitrary lay-offs and job changes, but find their jobs less secure. College graduates look for college-level jobs, but must start much lower. Minorities and inner city residents lose hopes of access to the American Dream. In the words of one African-American Metro Alliance leader, "Not only didn't we get our share of the pie, but the pie is gone."

CHAPTER V.

THE "COMMUNITY-TO-WORK" TRANSITION OF PROJECT QUEST

COPS and the Metro Alliance, the two institution-based organizations of the Texas IAF Network in San Antonio, began in 1990 to organize an effort to prepare unemployed and underemployed workers for good jobs in demand occupations. Over a two-year period, they forged a collaboration of business community leaders, local employers, City and State government agencies, the Governor, the IAF organizations, and education and job training institutions to design an innovative job training and economic development strategy. Institutionalized in 1992 as Project QUEST (QUality Employment through Skills Training), the new collaboration has developed strategies to break through the many bottlenecks and barriers in the local labor market. Its fundamental mission is to connect participants from working communities to good jobs and appropriate training.

Although Project QUEST has been operational for less than a year, its experience has taught many lessons about the dynamics of a labor market. One lesson has been the importance to both employers and families of what the COPS/Metro lead organizer characterizes as "access to jobs."¹⁴⁵ Another has been the importance of an institution able to play the role of a "strategic broker" among local labor market institutions.¹⁴⁶ Although "access" and "brokering" were not as central to the stakeholders' original conception as skills training and support services, an important effect of Project QUEST has been to build new paths from families and their communities to employers. These paths create what can be characterized as a "community-to-work transition" which compensates for the declining "family-to-work transition."

¹⁴⁵ Pearl Ceasar, Lead Organizer, COPS and Metro Alliance, presentation, March 19, 1993.

¹⁴⁶ Jack Salvadore, Executive Director, Project QUEST, interview, August 27, 1993.

It should be emphasized that the success to date of Project QUEST lies less with the particular reforms it has instituted and more with the deep commitment of the IAF organizations, the business and government stakeholders supporting Project QUEST, and Project QUEST's professional staff. Those wishing to learn from Project QUEST's experience would be best advised to focus less on its technical details and more upon its demonstration of the flexibility, political capital, and creativity needed to overcome the labor market barriers which families, individuals, and employers cannot surmount alone.

This section describes briefly Project QUEST and its progress as of July 1993. It recounts experiences of the IAF leaders involved from neighborhood to City and state levels, its staff, and its participants, analyzing them from the perspective of how they are creating a new path of job entry for working families.

A. BACKGROUND

For nearly 20 years, COPS and the Metro Alliance have brought together San Antonio churches and congregations of diverse faiths and ethnic backgrounds to improve their families' quality of life and reshape San Antonio's political culture.¹⁴⁷ They have trained many thousands of ordinary citizens in the skills of public life and interjected them into the metropolitan decision-making forums. While the organizations neither endorse candidates for office nor support political parties, they have been successful at setting agendas for action by both public and private sector institutions. They have secured the commitments of other powerful institutions in San Antonio, including elected officials, government bureaucracies, banks, and large employers and held them accountable to their commitments. Over the last 18 years, they have re-directed over \$750 million in federal and City investment in physical infrastructure to the inner city. They have been credited by prominent San Antonio civic leaders with changing the political culture of the City.¹⁴⁸

The two organizations represent nearly 50 congregations and 90,000 families. COPS is the older organization, having begun its work nearly two decades ago. Reflecting the demographic composition of San Antonio's South and West Sides, it has a membership of 27 dues-paying Catholic churches with heavily Mexican-American congregations. Metro Alliance, reflecting the demographic composition of the rapidly-changing East and Near North Sides, brings together

¹⁴⁷ For more background on COPS, the Metro Alliance, and the Industrial Areas Foundation, see Texas IAF Network, *Vision, Values, Action*. (Austin, Texas: Texas IAF Network, 1990); Mary Beth Rogers, *Cold Anger. A Story of Faith and Power Politics*. (Denton, TX: University of North Texas Press, 1990).

¹⁴⁸ See, for example, Henry Cisneros, "Counter-Power in San Antonio: Poverty, Politics, and the Pastoral," *Commonweal*, 12 February 1988, p. 76.

Protestant and Catholic congregations representing Anglo, African-American, and Mexican-American communities. They organize in one of the poorer metropolitan areas in the United States.

COPS and the Metro Alliance began organizing a work strategy in 1990 in reaction to the closing of a cut-and-sew factory on the South Side of San Antonio. Levi-Strauss in January of that year announced that it was laying off the factory's 1,000 workers and moving the machinery to a Third World country. The factory, which was only the latest of a steady procession of plant closings throughout the 1980s, had provided a generation of San Antonio families with moderately-paid, low-skill employment. Most of the workers were Mexican-American women. Few had more than a grade-school education. The announcement panicked several COPS parishes, in which the lay-off affected a member or neighbor of almost every family.

In response to the announcement, COPS and Metro Alliance leaders spent two years developing an understanding of the local labor market from the perspective of their families and local employers.¹⁴⁹ In over 100 house meetings involving several hundred leaders, they heard again and again the stories of the loss of jobs offering decent opportunities for low-skilled workers. Workers who previously had held decently-rewarded jobs in manufacturing or construction were now working in the tourism, retail, and service industries of San Antonio for much lower salaries and without benefits.

They discovered that families in their communities constantly encountered a cruel Catch-22 which trapped them in low-wage employment: while they were eager to acquire the skills and credentials needed for better-paid work, they found it almost impossible to allow members to quit working in order to enroll in education or job training. Their families' immediate needs were too desperate and the wages of those in employment were too low. The COPS and Metro Alliance leaders heard many stories of adults starting courses at the community college and then quitting because they had to take another job. Many young people were delaying higher education in order to earn money for their families.

Making their situation crueler still were the poor quality and sometimes outright fraud of job training programs and many trade schools. Many who were able to finish training courses told stories of the failure of their training to lead to better jobs. One Levi Strauss employee enrolled in the public program for dislocated workers, only to be placed with another cut-and-sew firm; it received public subsidies to "train" her to sew, while paying her just over half of what she made before. The son of a COPS leader spent nine months and \$4,100 at a

¹⁴⁹Virginia Ramirez, "Testimony before U.S. Congress Joint Economic Committee, April 30, 1992," mimeo., (San Antonio, Texas: COPS, April 30, 1992)

proprietary school in a pharmacy technician course, only to find out later that its instructors were not certified and therefore he could not be credentialed.

After these conversations within their communities, COPS and Metro leaders set out to learn what constraints and opportunities the rapidly changing San Antonio economy posed. They initiated conversations with a broad range of stakeholders involved in the local economy, including employers, officials in job training institutions, academic researchers, business leaders, Chamber of Commerce officials, and educators. To the surprise of many business and civic leaders, they discovered that the labor market in San Antonio offered a number of good jobs which could be accessible if their family members could receive the needed technical training. They found in particular that the health care institutions in San Antonio offered many high-skilled, reasonably-paying jobs which they could not fill from the local labor pool. In fact the hospitals told them that they were ready to hire literally hundreds of nurses and technicians if they could be trained.

Equipped with this new knowledge of high-skill job opportunities in San Antonio and the interest of local hospitals in a new supply of trained workers, COPS and the Metro Alliance began organizing other stakeholders in the local labor market to collaborate to design a job training strategy to link their families to the opportunities. They secured the interest of influential business leaders, including Tom Frost, head of the largest and oldest San Antonio-based bank. They secured the commitment of other civic leaders, including former Mayor Henry Cisneros. They also secured the interest of State leaders, including Governor Ann Richards and Bill Grossenbacher, the head of the Texas Employment Commission. They secured commitments of \$2 million from the local Private Industry Council, the public-private institution controlling the spending of federal Job Training Partnership Act (JTPA) moneys. The City Council agreed to contribute \$2 million in general revenue funds. The Governor pledged \$2.5 million from her discretionary federal Wagner-Peyser funds. They also secured the commitments of local employers to hire successful trainees for several hundred specific, high-skill jobs which offered starting wages of at least \$7.50 an hour, benefits, and advancement.

With these commitments of funds and good jobs in hand, COPS and Metro Alliance organized a committee of their leaders, prominent business leaders, and City officials to oversee the design of the pilot strategy. The committee included at various times Tom Frost, Henry Cisneros, Mayor Nelson Wolff, Charles Cheever (president of the second-largest locally-owned bank), an executive of USAA Insurance Company (a nationally-prominent insurance company), an executive of H.E. Butt Grocery Company (Texas' largest independent grocery chain), representatives of the hospitals, and others. They oversaw a three month process in which two consultants with 40 years of combined job training policy experience designed an entirely new training strategy. The committee formally incorporated a non-profit organization to

implement the strategy and hired as executive director a retired U.S. Air Force brigadier general who was formerly head of Air Force recruiting. Operating under the continuing direction of a Board of Directors composed of business leaders and COPS and Metro Alliance leaders, he has built a staff of 27 charged with guiding the training of 650 participants during a two to three year pilot project.

B. THE ROLES OF PROJECT QUEST

Project QUEST and its stakeholders have a broad mission to connect participants from working communities with good jobs. Project QUEST has the flexibility and political capital to forge new linkages among the various public and private institutions important in the labor market – employers, training institutions, government financiers of training, social service providers, and families. In a strong partnership with the IAF organizations, Project QUEST operates as a broker of relationships among labor market institutions more than a training institution. It brings employers together to assess more clearly what they are seeking from potential employees and what commitments they are willing to make. It creates substantive linkages between training institutions and employers so that they better meet employers' needs. It operates as a mediating institution to bring families back into relationship with employers, training institutions, and social service providers, creating a more secure path from their communities to good jobs.

Project QUEST's strategy is driven by the requirements of jobs in actual demand in the labor market. It negotiates "partnership agreements," "statements of intent," and other commitments with local employers who agree to hire successful participants. Project QUEST insists upon commitments for jobs which minimally offer \$7 to \$8 an hour, full benefits, and opportunities for advancement. Currently it is training for nearly 500 jobs, most of which were secured by COPS and Metro Alliance leaders during their conversations with employers in 1991 and 1992. Twelve local hospitals have committed jobs in 13 allied health care occupations such as registered nurse, licensed vocational nurse, respiratory therapy technician, physical therapy assistant, and radiologic technologist. A money center bank opening a telephone service center has contracted for 20 customer service representatives. A local air force base has committed a number of aircraft maintenance technician positions. A manufacturer of computer modems will hire electronics technicians. Project QUEST is training chemical lab technicians for a consortium of a local Air Force base and small laboratories; hazardous materials technicians for a consortium of small companies; and dental hygienists for the local dentists' professional association. It is actively pursuing agreements with employers of diesel mechanics, heavy equipment repairers, facilities technicians, and other skilled workers.

Although employers have multiple motivations for committing good jobs to Project QUEST enrollees, Project QUEST staff report that most employers see it as a source of long-term employees better or at least as good as their traditional sources.¹⁵⁰ From employers' perspective, Project QUEST and the IAF organizations provide an important and unique means of not only training, but also screening, assessing, and socializing future employees. Employers tell Project QUEST staff that participants' "persistence" in overcoming the challenges of acquiring personal and technical capacities demonstrates qualities attractive to them.

In the previous generation employers found family connections very useful for recruiting and screening young workers for entry-level jobs with relatively low demands for skills and experience, creating the "family-to-work" transition. Now, given employers' higher demands of entry level workers, the family does not and cannot play as useful a role. As Norton Grubb's work demonstrates, employers now rely upon an assessment of the "experience" of entry level employees -- the prior demonstration of technical and/or personal capacities. Employers in San Antonio, including large employers who already have well-developed means of screening and training prospective employees, have found the capacities demanded by participation in Project QUEST compelling enough to commit to hire participants one or two years in the future.

The section below discusses in detail the strategy of Project QUEST and its IAF partner organizations in forging what is becoming a "community-to-work transition." It first discusses how Project QUEST creates reliable pathways between entry into Project QUEST and good jobs. It outlines how Project QUEST builds linkages between employers and training institutions to assure employers that training will be appropriate to their needs. It then discusses how COPS and the Metro Alliance leaders and Project QUEST professional staff recruit, screen, motivate, and hold accountable Project QUEST participants. It outlines Project QUEST's critical role of supporting and complementing traditional family resources in preparing people for employment. The section discusses finally the role of Project QUEST in creating consortia of employers to help overcome labor market obstacles.

1. Project QUEST as path to good jobs

From the perspective of families, entry into Project QUEST is the equivalent of entry into a good job, as each training slot is dependent upon an employer's certification that a job will be available at the end of training. Most applicants understand the program primarily as means of securing a good job, rather than

¹⁵⁰ Jerry Barucky, Ph. D., Director of Occupational Analysis, Project QUEST, interview, May 26, 1993

entry into a particular occupation, training for a long-term career, or general education. In fact, applicants are oftentimes surprised and frustrated to learn that they face one to two years of community college before beginning employment.¹⁵¹

It is unclear at this point how substantial a path to good jobs Project QUEST might eventually become. Project QUEST, which began with a target of 650 jobs, could expand to provide links to a much larger share of the 400,000 jobs in the San Antonio metropolitan area. However, several obstacles remain to be overcome if and when Project QUEST expands. Project QUEST is currently a pilot project and its expansion will depend upon disturbing the interests of many well-established labor market institutions. Project QUEST is also expensive, requiring about \$5,000 to \$6,000 per year per participant. Given the traditional tendency of U.S. employers ignore investment in their non-managerial employees, and their antipathy toward public job training programs, Project QUEST's stakeholders will need to establish the need for its role and not just its success. Moreover, many employers will still reserve many good jobs for internal mobility, as they did in the previous generation.¹⁵²

Nonetheless, Project QUEST promises to play an increasingly important role in the labor market, for several reasons.

- The technically-oriented occupations which Project QUEST has targeted are growing in number and sophistication. In fact, a recent article in the business press has characterized the "technician" as a new "worker elite."¹⁵³ These types of occupations require a higher amount of formal education than did many skilled jobs previously, and are harder to fill from traditional sources. Whereas before employers recruited largely inexperienced entry-level workers whom they assumed could acquire needed skills through informal, on-the-job training, the new technical occupations require backgrounds in theoretical issues more difficult to learn on the job, such electrical engineering, anatomy, molecular biology, organic chemistry, and so forth. Whereas once employers sought a credential of maturity, a willingness to learn, and accountability, now they must seek abstract, background knowledge as well. So far, employers have proven unable or unwilling to establish their own paths for the one to two years of classroom work, and perhaps remediation such background requires. As these types of occupations grow, and as employers encounter difficulties finding workers

¹⁵¹ Linda Bergeron, Program Coordinator, Project QUEST, interview, May 28, 1993

¹⁵² Jerry Barucky, interview, May 27, 1993.

¹⁵³ Walter Kiechel, "How We Will Work in the Year 2000," *Fortune*, May 17, 1993, p. 38.

with the specific experience they seek, Project QUEST will offer employers an important source of new hires.

- Employers are also unwittingly reducing the pool of potential family referrals as they down-size and lay off older workers. When they do need to recruit new employees, whether because of expansion or attrition, they will need to explore alternative sources of referrals such as Project QUEST.
- Project QUEST may also hold the potential to create paths to other, less sophisticated occupations. One large grocery chain, with already established training, screening, and recruiting mechanisms, approached Project QUEST to provide candidates for unskilled, but demanding and well-paying jobs as warehouse stock clerks for its distribution warehouse. The chain found Project QUEST interesting not because of its capacity to train people in technical skills, for there were none required, but for Project QUEST's pre-screening and motivational preparation.¹⁵⁴ Project QUEST considered the counter-offer of preparing workers in exchange for access to management and other career tracks; however, it eventually declined the offer, recommitting itself to prepare its participants for more professionally challenging and rewarding occupations. It is discussing other opportunities with the grocery chain.

Certainly families will find Project QUEST an increasingly attractive avenue, despite the demands it places on its participants. They are finding that employers are less willing to hire willing but inexperienced and unskilled young workers. They are also finding that their older workers, who were the source of information and contacts for access to entry-level jobs, experience more instability and unemployment and have less traditional access to good jobs.

2. Project QUEST as broker of training and jobs

Project QUEST has a staff of three whose roles go beyond the traditional "job development" function of more standard job training programs. Directed by the former head of graduate evaluation at the USAF Academy, they find themselves challenged to become very creative about securing commitments for good jobs. They probe a wide gamut of employer self-interests: access to motivated new hires, access to technically competent new hires, assistance in task analysis, public relations, assistance in securing appropriate training, etc.

Project QUEST and its stakeholders are also willing to tap ancillary motivations as well. Some employers who are concerned about their political place in the community are anxious to participate in a high-profile demonstration project -- especially after being approached directly by the IAF organizations. A few

¹⁵⁴ Jerry Barucky, interview, April 16, 1993

others view their commitment as a community relations contribution to the charitable cause of training disadvantaged people. Project QUEST also leverages the participation of other employers and the political capital of Project QUEST's stakeholders to interest prospective employers.

Once Project QUEST has negotiated commitments to hire completers of training, it structures an appropriate training program in close collaboration with employer representatives. The principal means is through "occupational advisory committees" which Project QUEST personnel build as they talk with employers about their occupational needs. They invite employer representatives whom they judge to have particularly useful insights, interest, resources, and/or potential to commit future openings. These representatives include a wide variety, from human resource directors to mid-level managers to front-line supervisors. They provide input into training design, resources, exposure to the workplace for trainees, and the potential for future jobs.

Project QUEST staff make their invitations strategically, depending upon the occupation and Project QUEST's needs. For example, in training for nursing positions, the advisory committees are careful to involve the participating hospitals' senior supervising nurses in addition to their human resource directors.¹⁵⁵ They are best able to outline the skills and personal qualities needed. Moreover, they are key to committing the clinical practica sites necessary for nurse training.

Project QUEST's occupational director reports that these committees represent a critical part of its multi-faceted effort to secure meaningful commitments from employers. He describes them as forums in which busy and strategically important managers discover a collegiality which becomes personally satisfying and motivating.¹⁵⁶ They exchange ideas and develop a sense that their involvement with Project QUEST makes a contribution to their professions, becoming more generous with their time and energy. Project QUEST cultivates their participation for a number of roles critical to the creation of meaningful linkages among employers, training institutions, and families.

- Through these occupational advisory committees, Project QUEST works to ensure that the curricula meets the needs of both employers and students, breaking through common labor market bottlenecks in a way not available to either individuals or firms. With the guidance and expertise of the committees, and on the basis of its control of training funds and the backing of politically influential institutions at both state and local levels, Project QUEST seeks to negotiate changes in how training institutions structure

¹⁵⁵ Jerry Barucky, presentation, March 31, 1993.

¹⁵⁶ Jerry Barucky, interview, June 1, 1993.

instruction. For example, Project QUEST worked with the employers of chemical laboratory technicians to make the community college's training program less academic and more technical in order to better meet the requirements of potential openings.¹⁵⁷ Project QUEST, its occupational advisory group, and the college's own occupational advisory group – whose membership overlapped with Project QUEST's committee – convinced the community college to replace a requirement for college algebra with one for technical math, to drop the requirement for two semesters of organic chemistry to one, and to add a semester of computer skills.

- Moreover, through these advisory committees Project QUEST works to secure and consolidate employers' commitments to Project QUEST participants. Employer representatives arrange site visits for trainees. They make presentations to occupational counselors' groups. Project QUEST hopes also to structure cooperative learning and apprentice-like programs for participants.
- Project QUEST staff sometimes use their relationships with employer representatives to expand the supply of training. For example, they are developing new sites for clinical practica with military hospitals which hitherto have been less accessible to the nurse training institutions. As practica are required by licensing and credentialing agencies, the tight supply of sites represents a central bottleneck in health care training in San Antonio. They also are arranging for participating hospitals to help fill teaching vacancies at the community colleges.
- Finally, Project QUEST uses the occupational advisory committees not only to help structure and support training, but to commit future openings to Project QUEST participants. On several committees, Project QUEST has recruited representatives of employers who have not yet committed jobs but are judged to be potential employers in the future.

Beyond these changes, Project QUEST has negotiated others important to individuals. Again leveraging its control of training dollars and its stakeholders' political capital, it has sponsored the creation of a "skills academy" within the community college for intensive remediation of participants.¹⁵⁸ Normally, the community college structures remediation around the traditional, less intensive academic schedule, which requires individuals to spend up to two years in remediation. In Project QUEST's skills academy over the summer of 1993, participants attended intensive remediation classes four hours a day, five days a week over a three month period, to reach the needed level. Project QUEST has

¹⁵⁷ Jerry Barucky, interview, May 27, 1993

¹⁵⁸ Linda Bergeron, interview, May 28, 1993

also successfully negotiated with the community college to streamline the registration process for its students so that enrollees can complete all necessary paperwork in the Project QUEST office under their counselors' supervision.

Project QUEST's flexible role in the local labor market is not played by any other institution. Its brokering function in structuring, arranging, and supporting appropriate job training and employment preparation is critical to effective job training for both families and employers. Not only is it new, but it is unavailable through other formal or informal institutions of the labor market, including the family, the Employment Service, community colleges, proprietary schools, and small businesses, among others. Even large employers would find it difficult to replicate Project QUEST's brokering cost-effectively.

3. Project QUEST as credentialer of employability

Although Project QUEST was conceived originally as a strategy to prepare working people with sophisticated technical skills, its staff report that employers are as interested in the role of Project QUEST in attesting to the social and personal capacities of trainees as in preparing them with technical qualifications. Employers seem impressed with the fact that Project QUEST participants receive the attention of leaders and professionals who screen, advocate, motivate, encourage, cajole, and hold accountable. Going through the experience is for employers a sign of careful selection, "persistence," and hard work.¹⁵⁹ Even large employers with their own screening and training resources have become interested in Project QUEST's unique capacities.

The testing and bolstering of participants' personal and social capacities begins with their recruitment. COPS and the Metro Alliance leaders, as their contribution of sweat equity, are responsible for recruiting and pre-screening applicants. Interested applicants are channeled to one of 15 neighborhood-level interview teams for pre-screening. Over 140 leaders participate in these teams, which meet in a neighborhood setting at least once a week and sometimes two or three times. Three leaders spend over half an hour with each applicant individually, explaining the eligibility, requirements of the program, and the demands it makes on participants. (The program eligibility are relatively general, requiring that an applicant hold a GED or high school diploma and demonstrate that he or she is disadvantaged. As of April 23, 1993, only 9 percent of applicants were found to be ineligible at this point in the process.¹⁶⁰) Most importantly, the leaders assess interested applicants' willingness to commit to the training process. In the words of one key COPS leader, they want to find

¹⁵⁹ Jerry Barucky, interview, May 26, 1993.

¹⁶⁰ Project QUEST staff presentation, April 23, 1993.

out about an applicant's "ganas" -- a particularly meaningful COPS colloquialism connoting his or her personal drive.

The interview teams do not make any decisions, but help applicants choose whether or not to advance to the next step, which is an interview with a Project QUEST intake counselor. The interview teams' assessments then form part of the intake counselors' evaluations. From October 1992 to April 1993, the teams interviewed nearly 2,000 applicants, and slightly over half chose to advance to the evaluation for enrollment by Project QUEST. Many potential applicants decided that they could not or did not want to make the personal investment of one to two years of school and deferred income, or that the available occupations were not attractive to them.

For those who advance to evaluation, a staff of three intake counselors administer several tests designed to determine eligibility and to provide information for a conversation with the applicant about his or her decision. They then use the results to personalize an "employment development plan." Advancing participants spend one to three weeks in an intensive assessment of their skills, capacities, and interests.

- Participants take the Test of Adult Basic Education (TABE), which assesses applicants' basic English and math skills. Project QUEST generally refers those with lower than ninth grade skills to one of San Antonio's 116 adult basic education or English as a Second Language programs. As of April 23, 1993, Project QUEST referred 36 percent of applicants who underwent evaluation to basic education remediation.¹⁶¹ Applicants who remain interested in Project QUEST can and do improve their basic skills so as to reapply in later rounds of admissions.
- Project QUEST then administers the System for Assessment and Group Evaluation (SAGE) battery of tests, which is a comprehensive employability assessment. The tests take three-and-a-half hours over and survey the applicant's general aptitudes, dexterity, eye-hand coordination, spatial sense, form perception, mathematical reasoning skills, and verbal skills, among other capacities. They also probe the applicant's interests, temperament, and work preferences to help the counselor assess his or her aptitude for various occupations. (For example, an applicant who is uncomfortable in social situations may not prove a good candidate for nursing.)
- Finally, Project QUEST administers the local public community colleges' ASSET test which determines the level of course work the applicant is ready for. As most training is currently contracted through the community college system, the ASSET test provides information necessary for designing the

¹⁶¹ Project QUEST staff presentation, April 23, 1993.

course plan. Currently, 95 percent of applicants must take at least one semester's equivalent of remediation -- primarily in mathematics.

After an applicant finishes the battery of tests, she or he works with the intake counselor to choose an occupation from available opportunities. The counselor and applicant jointly make the decision. Fifty-seven percent of applicants who underwent evaluation with an intake counselor as of April 23, 1993 were enrolled in the program. Another seven percent who were interested in shorter-term training were referred to the JTPA program.

For Project QUEST enrollees and staff, the one to three weeks of evaluation represent much more than the passive collection of data. Even in testing, according to the director of counseling, Project QUEST counselors already find themselves challenged to re-shape applicants' attitudes.¹⁶² She reports in particular that applicants at this stage will often be anxious about the final determination of their eligibility and access to the good jobs promised by Project QUEST. Repeating the lessons learned in years of experience in traditional education institutions, many feel that they can secure their admission by telling their intake counselors what they think they want to hear.¹⁶³ Oftentimes, applicants will attempt to choose an occupation quickly on the assumption that their choice will finalize their admission into the program.

She reported that counselors had to learn to slow down the intake and assessment process and concentrate less on seeking a decision from applicants, and more on "holding a mirror up" to participants to ensure that applicants devote sufficient time and energy to make appropriate decisions. Counselors must learn to resist applicants' efforts so as not to start a participant on a training course or occupation he or she is likely to abandon later. For example, counselors had to learn to get applicants to understand the results of the SAGE assessment of employment preferences not as a final decision about their occupation, but merely as information which they could use to make their decision. Counselors learned to insist that applicants take the results of the test home and spend a day or more in making their decision about occupations. The process demands of counselors that they learn to channel applicants' frustrations into constructive processes. Learning that the intake counselor provides access not immediately to the rewards of the promised job but to one to two years of hard work is just the first of the challenges participants will face.

¹⁶²Linda Bergeron, interview, May 28, 1993.

¹⁶³On the structuring of expectations in traditionally-structured education, see TheodoreSizer, *Horace's Compromise: The Dilemma of the American High School*. (Boston: Houghton Mifflin Company, 1985).

Once the applicant has reached a decision about occupation, he or she is then assigned to an "occupational counselor," who then has responsibility for his or her progress through training and into the first several months of employment. The counselor works with one or more groups in specific occupations, comprising a total of about 70 enrollees in occupational groups of from 12 to 45. He or she structures individual and group counseling to meet the varying and changing needs of his or her charges. He or she assesses the applicant's personal and familial needs, and ensures that they are met. She or he develops the specific training plan, including services and classes needed and their availability. He or she helps expedite the applicant through the community college's procedural requirements, oftentimes serving as an advocate to negotiate various bureaucratic obstacles.

Trainees then participate in weekly mandatory group counseling. Counselors convene the groups by occupation, conduct workshops on motivation, and discuss occupation-related topics. They discuss the demands of coursework, study habits, and work behaviors. They also discuss personal issues such as self-esteem and coping with family and life crises. Project QUEST structures other occupation-related activities, such as study groups, speakers, site visits to workplaces, and group events during college breaks, among others. Project QUEST also attempts to build a Project QUEST *esprit d'corps* through group events and public identification. The initial group of enrollees matriculated at a public action of 2,000 IAF leaders with the Governor. Project QUEST attempts to raise its enrollees' profiles in the community college through Project QUEST bookbags and other badges of identity.

To date, Project QUEST has succeeded in maintaining a high level of morale and motivation. Of the 448 applicants who had enrolled by July, 1993, only 12 have dropped out. Over one-third attained the dean's list. Community college instructors report that Project QUEST students are easily identifiable in class by their enthusiasm and participation. They have formed study groups which meet in enrollee's homes and in designated rooms on the community college campuses.

Project QUEST's director of occupational analysis reports that these demonstrations of motivation which are attractive to prospective employers, including large corporate employers who themselves have the sophistication and resources to administer their own employability tests.¹⁶⁴ For example, one large money center bank is building a new telephone-based customer service center in San Antonio, which will employ several hundred service representatives. It has tentatively committed 20 positions to Project QUEST enrollees, with the hopes that they will experience a lower attrition rate than those it recruits from

¹⁶⁴ Jerry Barucky, interview, May 26, 1993

other sources. Project QUEST will move its enrollees through an eight-month course designed with the American Institute of Banking to ensure that representatives have knowledge of basic banking terms and procedures. The money center bank sees this less as a demonstration of their technical skill and more a demonstration of their motivation. It plans to put the Project QUEST graduates through the same seven-week course as its regular new employees.

4. Project QUEST as family support.

Project QUEST supports individuals in two important ways which families are now less able to sustain and generally not available through the other institutions of the labor market. First, it organizes and finances the one or two years of technical training and interim family support required by better-paying, technically-oriented occupations. As seen above, employers are less willing to hire and train the entry-level workers which in the previous generation families and the public school system could competently socialize and prepare. Project QUEST assists those families who otherwise would be unable to finance additional education from their own resources or who lack information about, and access to, financial aid.

Second and equally important, Project QUEST complements families' resources to ensure that trainees can defer the need to earn income for the period of training and still secure needed support. As more of the burden of training falls on individuals and their families, and as family incomes continue to drop, families encounter increasingly difficult problems preparing their members for the labor market. One of the most important lessons of the two years of research and the first year of operation of Project QUEST has been the essential role to the success of training of seemingly ancillary social services such as child care, income support, and counseling. In fact, Project QUEST has found that the direct training costs of tuition and books represent only slightly more than one-quarter of its total costs. Its largest single expense is child care, amounting to almost as much as tuition and books combined. Transportation amounts to another seven percent, a five-dollar-a-day lunch allowance comprises sixteen percent, and one-time support services such as medical care and clothing account for one percent. The indirect costs of counseling, much of which is focused on the socialization of participants, absorbs 13 percent of total expenditures.¹⁶⁵ Given that Project QUEST is careful to leverage substantial in-kind social services from social service providers, the actual costs of social services are even higher. For example, nearly one-quarter of Project QUEST participants receive food stamps and over 10 percent receive Aid to Families

¹⁶⁵ Project QUEST spends another eight percent on administration and four percent on job development.

with Dependent Children.¹⁶⁶ Forty-five percent of all participants receive some type of public assistance.¹⁶⁷

Project QUEST's recognition of these needs was a product of the early experience of its backers and originators, and the continuing political commitment of its stakeholders. COPS and Metro Alliance discovered early in their research actions with job training managers how family and income support was becoming increasingly important to completion of training. In particular, they found in discussions with Texas A & M University Extension Service officials that half of the enrollees in a highly successful training program were unable to graduate because of family crises and routine needs.

COPS and Metro Alliance leaders overcame substantial resistance from many business leaders and policy-makers to ensure that Project QUEST could meet participants' family needs during training. Perceived abuses of income maintenance, "stipends," and work study programs, particularly those associated with the federal Comprehensive Employment and Training Act programs of the late 1970s, made many skeptical and wary. Restrictions on job training funds, such as the JTPA program's 10 percent cap on funds for "other" uses, also made it imperative to secure moneys with the needed flexibility. Drawing upon the precedent of the G.I. Bill, which provided small living stipends, and the concept of the Individual Training Account, which tailors resources to individuals' needs, COPS and Metro Alliance worked hard to justify the provisions for support. They organized several major actions with the Mayor and City Council to secure their support for two million dollars in City funds for family needs.

Project QUEST began operations with a mission to do whatever it had to do to meet its participants' social needs, but limited funds, a skeptical public, and only a limited idea of just what resources would be demanded. Project QUEST's policy emerged during its staff's case-by-case analysis of the needs of the first participants accepted for training. It hired seasoned social service workers who had knowledge of the community's provider networks and their eligibility requirements, and could quickly secure access. It approached the need to provide family support with the general strategy of maximizing access to family resources and social services while committing a minimum of its own funds. It secured inter-agency agreements with 18 local social service providers to provide speedy access to their services for eligible Project QUEST trainees.

¹⁶⁶Project QUEST, presentation, April 23, 1993. The total costs to all societal institutions of Project QUEST's training are also larger, given that Project QUEST currently enrolls all its participants in the community college system, which receives extensive public subsidies from other state, local, and federal funds.

¹⁶⁷Jack Salvadore, interview, August 27, 1993.

Once applicants have been accepted and have decided upon a course of occupational training, their occupational counselors draw up comprehensive, individualized assessments of what they needed to successfully complete training. They also work with applicants to draw up a budget of recurring needs and a strategy for meeting them. The counselors seek to mobilize every possible family and community resource before committing Project QUEST funds. They insist that participants exhaust family resources, such as help from parents and relatives, particularly for housing and food. They ensure that participants and their families receive all services and income support they are eligible for, such as food stamps and AFDC. They arrange housing, if needed, through arrangements with the local housing authority or a small shelter which provides housing for the homeless if they are going through job training. They will go as far as to finance the use of informal providers of child care.

Counselors found that participants already possessed substantial survival skills and access to family and government resources, and needed assistance in meeting specific gaps more often than general support. For example, Project QUEST found that it needs to invest approximately \$100 to \$150 up front for each applicant to help him or her meet miscellaneous one-time needs to prepare for college, including glasses, medical and dental care, clothes, clearing of back utility bills and rent, and uniforms, among other needs. Through its careful analyses of each participant's needs and capacities, creative mobilization of resources, and sufficient political capital to enlist the speedy cooperation of other social service providers, Project QUEST has so far been successful at meeting the family needs of its participants. Through careful accounting of its expenses, and the limitation of cash allowances to the \$5 per day for lunch for students in full-time coursework, Project QUEST has so far assured its stakeholders and potential critics that it has avoided abuses of income maintenance.

Project QUEST staff must continue to mobilize resources to deal with the life crises of their participants throughout their two years of training. For example, the program coordinator estimates that Project QUEST will need to assist as many as one-third of its participants in finding housing at some point in their training.¹⁶⁸ It is important to keep in mind that Project QUEST's participants bring with them not only their own family and social needs, but the continuing challenges of living in severely stressed communities. The program coordinator relates that coping with violence is a central topic of occupational group meetings. At least one member of each group has been affected by community violence: in the first four months of the program, one participant has had a foster child murdered in gang violence and two others have suffered home

¹⁶⁸Linda Bergeron, interview, July 22, 1993.

invasions. "Many" have suffered family abuse -- sometimes as a result of their growing independence through participation in Project QUEST.¹⁶⁹

5. Project QUEST as organizer of small businesses

Project QUEST plays an important role in helping employers -- especially small employers -- to collectively overcome several labor markets dilemmas. One dilemma is a persistent fear of "pirating" of trained employees: employers consistently report that they hesitate to invest in job training for fear that another employer will hire away trained, experienced workers. Project QUEST moves this up-front cost from individual employers to the public sector and cross-employer institutions, such as the occupational advisory committees, thus reducing employers' costs to the time and investment of key managers.

As described earlier, another dilemma is that small businesses have fewer resources than large employers for training new employees despite their growing importance as entry-level employers. They face intense competition which leaves little time and energy to assess their long-term personnel needs, much less prepare for them. Project QUEST helps overstretched managers share some of these pressures with others.

Project QUEST plays an aggressive role in helping employers recognize and overcome these dilemmas and other barriers of the local labor market. Its staff reach out to San Antonio employers to initiate conversations concerning their needs for trained workers. When they identify common needs among a number of employers, Project QUEST staff invite them together to broker a commitment to training and hiring of Project QUEST participants. It has found in particular that small employers, although recognizing that they will need trained workers, are reluctant to commit to hiring a Project QUEST participant after he or she has completed training because of their fears of uncertainty in their markets. Project QUEST has found that individual small firms in even growing markets are reluctant to make a commitment one or two years in the future. Project QUEST personnel help organize employers in an industry to assess collectively their personnel needs and commit to hiring Project QUEST participants as a consortium.

One such labor sub-market which illustrates this dilemma is that of chemical lab technicians.¹⁷⁰ A number of employers, both large and small, feel confident that the need for technicians in San Antonio will grow. Several small, private labs expect to need technicians. The municipal water supply entity will need one or two a year to meet the needs of growth and turnover. Moreover, a major Air

¹⁶⁹Linda Bergeron, interview, May 28, 1993 and July 22, 1993.

¹⁷⁰Jerry Barucky, interview, April 16, 1993.

Force base in San Antonio, itself an employer of 30 technicians, expects to double its responsibilities for testing as the result of the consolidation of functions of military bases closed across the country. However, the employers are unsure about how particular firms will benefit from growth, and about the timing of their needs. The Air Force base and the small private labs are not sure if the Air Force's increased demand will ultimately increase business for subcontractors or for the lab's civil service staff. The base is unwilling to commit to a future hiring commitment, since it is currently under a civil service hiring freeze. The small labs are unwilling to commit to hiring commitments, as they cannot be sure of whether they will receive contracts. However, all the labs agree that they will collectively have a demand two years in the future for at least 12 chemical lab technicians. Project QUEST, although unable to secure individual commitments, was thus able to broker a collective commitment that some member of the consortium would hire each of the 12 Project QUEST trainees once they finish training in one or two years.

Project QUEST is attempting to catalyze similar consortia among employers of facilities technicians, diesel mechanics, and others.

C. THE FUTURE OF PROJECT QUEST

It is likely that the opportunities for Project QUEST will continue to grow as the conditions underlying the family-to-work transition continue to deteriorate. As large employers continue to down-size, families will have fewer employed workers in positions to provide access to jobs for younger workers. Large employers will be less able to offer entry-level opportunities to workers with only general skills. The smaller employers who replace them as principal ports of entry into the labor market are less friendly to the capacities of families, having fewer resources for screening and training than large employers did in the previous generation. They by and large are not independently creating new institutions to replace the family-to-work transition. Their consequent reliance on "experience" as the principal criteria for hiring creates a fundamental dilemma for both families and employers: If the only way to get a job is through experience, how does one ever acquire experience in the first place? Project QUEST offers both families and employers an alternative path out of this dilemma.

Despite this likely growing need and opportunity, Project QUEST will expand only through the continuing commitment and exertions of its stakeholders. Project QUEST began from a story familiar to families in many communities: loss of the middle-wage, mid-skilled blue- and white-collar positions in large employers. Unlike in most communities, however, families in San Antonio were able through their mediating institutions of COPS, the Metro Alliance, and the IAF to build new institutions and linkages to employers and training institutions. It has created a community-to-work transition linking families, training institutions, and employers in ways which no one stakeholder was inclined

toward or perhaps even capable of. The effort to build on Project QUEST's preliminary success will continue to demand substantial commitment, creativity, and political capital.

CHAPTER VI.

CONCLUSION

Families daily confront confusions, anxieties, and traumas in their work lives. They receive steady news of lay-offs, down-sizings, workers losing their health insurance, early retirements, pension bankruptcies, and job cuts. Some entire communities suffer devastation as large employers lay off thousands of workers. Most families suffer the slow, almost imperceptible loss of their hopes for the future: Entry level jobs seem to lead nowhere rather than to the first rungs of a job ladder. Seniority counts for little instead of providing increased security and opportunity for promotions. Education credentials seem to give little access to better jobs.

This paper argues that these traumas are more than temporary consequences of a cyclical economic slowdown. They are an enduring, structural disruption in how most labor markets operate. The internal labor markets that structured entry and promotion for a large and growing percentage of jobs in the 1940s, 1950s, and 1960s are now in decline. The decline of employment in the Fortune 500 firms from nearly 20 percent of all jobs in 1969 to barely over 10 percent in 1991 is merely the most visible decline of employment in internal labor markets. Beyond the decline of employment in large organizations – the underlying precondition of the era's internal labor market structure – many of the jobs that remain are less likely to provide access to rungs up job ladders. Some of the disruption has been the unintentional consequence of organizational downsizing. Other disruptions have been the intentional consequences of efforts to replace hierarchical organizational structures with new patterns of incentives, access to jobs, and paths of mobility among jobs. Families now encounter patterns of entry and promotion much less friendly to their capacities and interests.

These disruptions confront families with not simply insecurity and anxiety, but irresolvable dilemmas:

- If entry level jobs demand substantial experience, how do families get their younger members appropriate job experience? Whereas employers of the previous generation sought families' assurances of a young worker's

willingness to learn and perhaps a degree or diploma, now they demand a prior work record and, often, job-specific skills.

- Indeed, how can families and relatives refer younger members for jobs when employers are not hiring new workers and are even laying off the older workers who are the source of referrals?
- How does it make sense that upward mobility increasingly consists of a cut in pay and starting all over in a new job in a new employer? Promotion previously consisted of climbing a ladder rung by rung, not leaping from opportunity to opportunity in the dark.
- How can families take on more burdens of acquiring training, experience, and education credentials when the rewards are much less certain? Whereas the entry-level requirements and job ladders of internal labor markets of a generation ago clearly outlined the credentials and experience required to advance, now more chaotic paths of entry and promotion offer little guidance as to what one must do to advance. They offer less assurance that one will advance even if one does upgrade one's capacities.
- Indeed, how can families take on the burdens of upgrading their capacities when they are less able to maintain their standards of living?

The disruptions in the paths of entry and promotion have confronted employers as well with dilemmas they have proven ill-equipped to resolve. While employers increasingly rely on experience to screen new hires, they have reduced meaningful entry-level employment and training for inexperienced workers. They have nearly strangled their labor supply in some labor markets, such as that for machinists. If employers are to assure themselves of adequate supplies of workers with increasingly sophisticated capacities, they must find ways of collaborating with each other and the other stakeholders in the labor market. Yet they generally have not created, supported, or trusted cross-employer institutions which could structure more effective labor markets. American employers generally express extreme hostility toward worker organizations, ambivalence towards government regulators, indifference toward training institutions, and suspicion of fellow employers.

These dilemmas and the costs they impose on families and employers will not ease until effective labor market structures fill the vacuum left by the decline of internal labor markets. Without new structures which can create new linkages and relationships among the stakeholders of the labor market -- families and their communities, employers, government, and training institutions -- we can expect increasing fragmentation, dysfunction, and trauma.

This raises two questions: What alternative structures might effectively create new paths between families and good jobs? More importantly, who will organize the stakeholders to create these new structures?

A. WHAT?

There are a growing number of policy proposals and local projects which intentionally or unintentionally address the need to create new paths between families and jobs. Much of the public debate over the last several years has been couched in terms of anxieties about the skills of the American workforce. However, as the experience of the IAF organizations and Project QUEST demonstrate, such strategies must pay at least equal attention to paths of entry and promotion. The most prominent strategies in discussion include:

- **Skill standards.** The Commission on the Skills of the American Workforce's *America's Choice* drew significant public attention to the growing gap between the traditional demands of employers for workers with routine skills and the needs of "high performance" workplaces for more sophisticated capacities.¹⁷¹ Inspired by German and other European models, it proposed a comprehensive system of skill standards and training to ensure that students could acquire more specific skills and credentials than currently. Federal legislation was proposed in 1991 to advance the Commission's reforms. Several states -- most notably Oregon -- have passed legislation incorporating many of its recommendations.
- **"School-to-Work" Transition.** A wide variety of local projects across the country create opportunities for young people still in high school or the first years of higher education to combine classroom study with on-the-job experience. These include so-called "tech-prep" programs, "academies," "occupational high schools," "youth apprenticeships," and "cooperative programs," among others.¹⁷² Some are longstanding, such as the Cincinnati cooperative program between toolmakers and local training institutions.¹⁷³ Others are much more recent. Several proposals have been advanced for state and federal encouragement of more such efforts.

¹⁷¹ See National Commission on Skills of the American Workforce, *America's Choice: high skills or low wages!*

¹⁷² For a good summary, see LBJ School of Public Affairs, *Bridging the Gap*.

¹⁷³ See Grubb, *Betwixt and Between*, pp. 51-55.

- **Job Training Reform.** There are a number of efforts to re-shape current public job training efforts to become more effective. Some involve entirely new strategies, such as Texas' \$50 million Smart Jobs Fund created by the Governor and Legislature in 1993 to support upgrade training, training of new hires in expansions and re-locations, and efforts like Project QUEST. Others involve greater re-organization and coordination of job training resources, such as "one-stop shopping" and more sophisticated performance standards for JTPA.

While this is not an exhaustive list, it is a fair representation of the broad strategies currently in public debate. Specific proposals for either policy reforms or local pilot projects often combine two or more in whole or part. Generally they do not discuss explicitly the task of creating paths from families to good jobs. Nonetheless, as Project QUEST has shown, the ability of any reform to perform better than the status quo in channeling workers into good careers will depend upon the ability of those who care about these changes to build new linkages among the institutions of local labor markets -- families, communities, their organizations, employers, training institutions, cross-employer organizations, government, and others. Their ability will in turn depend upon their political capital and creativity, as they face significant inertia and resistance from those who benefit from the status quo.

B. WHO?

The more important question therefore is, Who will organize the constituencies necessary to change the status quo? Who will provide the vision for new relationships and forms of cooperation? Who will broker new relationships among families, employers, and training institutions? Who will leverage the collaboration of those with resources -- government at all levels, employers, higher education institutions, job training programs, and others? Who will negotiate the compromises? Who will hold the stakeholders accountable to their commitments? Who among government leaders, employers, policy intellectuals, unions, broad-based organizations, and other stakeholders will emerge with the necessary vision, creativity, political savvy, and constituencies?

Every Step Seems Down is written from the perspective of the families of the congregations and organizations of the IAF. They have borne the brunt of the labor markets disruptions over the last two decades, and have found in their organizations the vision and power to respond. Hopefully this document equips them and others with a better understanding of the change they are immersed in and how they might lead their communities to re-build paths between families and good jobs.