

Employers and Marginalized Workers' Experience of Tight Labor Markets

Moving the Needle: What Tight Labor Markets Do for the Poor, by **Katherine S. Newman** and **Elisabeth S. Jacobs**. Berkeley: University of California Press, 2023. 376 pp. \$29.95 cloth. ISBN: 9780520379107.

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In *Moving the Needle: What Tight Labor Markets Do for the Poor*, Katherine Newman and Elisabeth Jacobs seek to highlight and contextualize for a general policy audience the implications of the tight labor market in the second half of the 2010s for the economic mobility of workers at the bottom of the economic hierarchy. *Moving the Needle* is timely in drawing attention to the important topic of the role of labor demand and associated policies for economic mobility. The book is reminiscent in style and approach to Newman's classics, including *Falling from Grace* (1999), on the experience of downward mobility in the 1980s, and *Chutes and Ladders* (2006), on the paths out of low-wage work in the tight labor market of the 1990s, in centering the experiences of the workers under study.

A primary argument of *Moving the Needle* is that strong labor demand leads employers to find new labor sources, gain experience with stigmatized workers, and develop training programs that will persist even after additional slack is added to the labor market. This is a difficult argument to test with quantitative data because of the general lack of longitudinal surveys of

employers and their practices from the perspectives of managers and workers. The qualitative analysis naturally sets up a follow-up study to return to the same employers to understand how durable the changes in hiring and retention practices reported by employers are in the face of the next economic downturn.

The core of the book comes in Chapters Three to Five and provides the authors' analysis of interviews and observations with job-seekers, employers, and labor market intermediaries in the low-wage labor market. These chapters are organized around carefully chosen vignettes that demonstrate labor market concepts in an accessible manner. This structure makes the book a valuable teaching tool and an approachable entry point to the study of the low-wage labor market ecosystem.

The following two vignettes highlight the rich material in the book on this topic:

Meet Randy Stefanski, an employer in the recycling business [Chapter 3]. Like many employers, Stefanski finds it harder to hold onto workers as the labor market heated up. As a result, Stefanski reports that he has changed his hiring practices to focus on inexperienced workers who “want to grow” (p. 54) and then providing more resources to train them, including pairing inexperienced workers with experienced ones.

Meet Melanie Abbott, a jobseeker in her mid-20s with an incarceration record [Chapter 5]. She navigates the labor market by starting to attend college after release. This allows her to gain experience on her resume and shift the narrative about herself from her criminal record to being a college student. Abbott also gained experience on community advisory boards and landed a job as a customer service representative at a home security company before moving to an administrative role at a local college.

The key conceptual contribution of the book is a focus on how extended periods of tight labor markets shift employer hiring practices with potential longer-term implications. Chapters One and Two set up this contribution by providing stylized facts using quantitative data. Both chapters stand well alone. Chapters Six and Seven provide a focus on changes in the experience of marginalized households in two high-poverty neighborhoods in Boston from the early 2000s to the late 2010s. These chapters further shift the focus from economic mobility to a larger array of social outcomes, including family and the impacts of the COVID-19 pandemic.

In Chapter One, the authors provide a primer on the multiple measures of unemployment and labor market slack across time. A contribution of this chapter is the focus on racial inequality and presentation of descriptive statistics over time by race. Chapter Two summarizes the results of a quantitative analysis of labor market expansions on economic mobility since the 1980s using the Panel Study of Income Dynamics (PSID). The methodological details are included in the Appendixes. The analysis uses state variation in the intensity and duration of employment expansions across time to predict worker economic mobility a decade later. The analysis finds that economic expansions with greater intensity and duration have stronger effects on upward mobility.

A theme that runs through the whole book is a focus on racial inequality. The primary entry points to the discussion of racial inequality in economic mobility come through the nexus of residential racial segregation and poverty following the classic work of William Julius Wilson in his book *The Truly Disadvantaged* (1987). In Chapter Four, the authors report on interviews with a labor market intermediary seeking to connect workers from high-poverty, predominantly Black neighborhoods in Boston. These same neighborhoods are the focus of Chapters Six and Seven. The second entry point to the study of racial inequality in the book is through a focus on

the economic mobility of workers with a criminal record, who are disproportionately Black workers (Chapters 4 and 5).¹

Moving the Needle provides a promising avenue for future work on how we think about the intersection of economic mobility, low-wage work, poverty, and racial inequality in the context of economic conditions and policies. The book reveals the gap between, on the one hand, standard quantitative analyses of mobility that typically abstract away from the process of mobility and the structural features of labor markets that promote mobility and, on the other hand, the rich experiences of workers and employers situated in neighborhoods, industries, and occupations as they navigate the labor market. The challenge for future work is to move toward further connecting these two traditions to identify policy levers.²

One promising direction is to focus on the mechanisms that facilitate economic mobility during economic expansions and contractions. A recent review points toward the role of internal labor markets within firms and occupations in shaping mobility across workers' careers (Kalleberg and Mouw 2018). Occupation and firm internal labor markets work in conjunction with social networks, training programs, licensing, unions, and other labor market institutions to facilitate mobility. The evidence in *Moving the Needle* indicates that labor market intermediaries may be particularly important during economic expansions and for marginalized workers. This is an important direction for future research.

Another promising direction is to study variation in local labor markets. As the PSID analysis in Chapter Two highlights, the United States does not have one national labor market, but multiple labor markets that are bound geographically and are further segmented across occupations and firms. Building on the concepts demonstrated in *Moving the Needle*, future work

¹ See, for example, the recent longitudinal study of workers post-incarceration in Western (2018).

² See Bartik (2001) for a now-dated study of policy levers to spur labor demand.

should consider how access to job ladders and on-the-job training changes in the context of occupation and firm labor markets in a particular locality. In addition, studying the mobility process allows for investigating how racial and gender inequality is produced through contextual and institutional features of the local labor market. An example would be to study how access to and persistence across occupation and firm labor markets vary by race and gender and shape mobility outcomes in the context of labor markets that are differently racialized and gendered.³

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³ See, for example, the study of racial inequality in the low-wage labor market in Waldinger and Lichter (2003).

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