

employees' salaries well above their "market wage" and the difficulty the firm might have in attracting capital from skeptical investors.⁵

A number of other large firms are encouraging their employees to pursue lifelong learning. A 2015 blog post cited nine large, well-known firms that offer attractive education benefits. Deloitte, for example, offers employees who have been with the company for two years free tuition toward an MBA and full support for classes that strengthen computing skills. UPS offers free tuition at local community colleges and technical schools to employees at its major hub in Louisville, Kentucky. Others on the list such as General Mills, Exxon Mobil, Proctor and Gamble, EMC Corporation, and Genentech provide similarly generous tuition reimbursement benefits. Clearly these and other large firms like them recognize the value of investing in their employees. Judging from the number of employees who have taken advantage of these benefits, the concept that lifelong learning is crucial in today's economy has taken hold.⁶

These examples suggest a good deal of innovation is under way in both start-up and mature companies. Among start-ups, the focus appears to start with mission-driven organizations that also want to improve job opportunities for low-income workers. Among mature companies, the current focus appears to be education benefits, and among some of the lower-wage firms, the focus seems to be on increasing starting wages somewhat in response to pressure from labor groups.

The question is how to build on this momentum to make it the norm across industries and to extend the innovative spirit to address (1) all workers and contractors who contribute to the success of the business; and (2) the full range of workplace practices that need to come together to achieve and sustain the productivity and fair wage outcomes of truly high-road firms. Perhaps a rebuilding of worker bargaining power, either in new or traditional ways, is what is needed to keep the momentum going. I turn to where things stand on this front below.

⁵ Tom Duening, "Gravity's \$70,000 Minimum Wage," *Forbes*, April 28, 2015, <http://www.forbes.com/sites/tomduening/2015/04/28/gravitys-70000-minimum-wage/>.

⁶ Chris Couch, "9 Companies That Offer Fabulous Education Benefits," *Schools.com*, April, 17, 2014, <http://www.schools.com/articles/companies-offering-educational-benefits.html>.

Innovations in Unions and Worker Advocacy

A 2015 Pew Research survey found that young workers are more supportive of unions than any other demographic group. Fifty-eight percent of those aged 18 to 29 years have a favorable view of unions compared to the overall average of 48 percent. While this is a significant differential, it is still far from a ringing endorsement of unions by young workers, much less the overall population. Students in the online class expressed mixed views of unions. Some recalled bad experiences with unions that did little for them, some recognized the contributions unions have made in the past and their needed role in advocating for improved conditions for low-wage workers today, and some saw the need for new ways for workers' voices to be heard. Here is a sampling of what class participants had to say:

I am surprised that you choose to include the story of the tear-jerker Milwaukee day care owner but fail to talk about the reasons a previously pro-union town like Milwaukee has elected officials that are obviously not "pro-union." Why not some discussion of the greed and corruption unions experienced in the 70s and 80s, the huge wage discrepancies between the union and nonunion jobs, the nepotism involved in trying to get a union job in Milwaukee, the concessions granted union workers which made union jobs the butt of many jokes around the dinner table? My brother-in-law had a union job at [a unionized company] during that time and he lived high on the hog, did very little work and generally enjoyed the good life while the rest of his family actually worked for a living. The pendulum had to swing back because unions took advantage of their collective bargaining power and were seen as being the demise of many good enterprising companies. This was after the generation of war veterans' kids began moving into the workplace[,] taking over the jobs their fathers held. They were entitled, fat[,] and happy. Yes they made up a great middle class in Milwaukee[,] but they met their demise because of greed. Not every job was a union job[,] and those that couldn't get in agreed with management that unions were a bad thing. Let's talk about the human nature of

greed, and what doing nothing for your salary does to those around you who have to put in sweat for their pay.

I believe low wage [workers] are still struggling and unable to get their voices heard without fear of losing out. I think one reason for this is the low number of jobs that still have a union standing by them and protecting them. Unions were an important role that allowed people to fight for what they want and I believe they should still be utilized today in many jobs because workers['] voices are important and workers are the backbone of every company.

Worker advocacy is something that is crucial in the workplace today. Today's workers have more rights than any other of the workers of past generations. This is largely due to workers using their voices[,] whether it be through social media or even through unions. It is very necessary and it is because of past workers advocating for rights, that current workers have as many rights as they do today.

I reckon that unions have to adapt to the changing work environment. I believe that in the past they focused too much on negotiations to get the best conditions to workers, but now I think that it's collaboration what is needed, how unions could spread the company's strategies and goals, so that everyone works to reach the same objectives, and in return how benefits would be spread across workers.

I think that there needs to be a balance between unions and companies. Obviously unions do a lot of positive work towards protecting the rights of workers and making sure they are not discriminated against by their employers. At the same time companies do need to protect themselves and not be bullied by unions looking for more and more benefits that might hurt the shareholders of the company. I believe there needs to be a mutual give and take between unions and companies that work towards benefiting the major needs of all parties involved.

Almost all union leaders now recognize that the labor movement is in severe crisis. Union membership in the private-sector workforce has fallen to 7 percent, a level not seen since the years before the New Deal legislation of the 1930s. Like other crises, this one is spurring considerable efforts within the labor movement and by new worker advocacy groups outside of or only loosely allied with existing unions.

One of the early innovators is Freelancers Union,⁷ formed in the 1990s by Sara Horowitz after she found out that her employer was classifying her as an independent contractor who was not entitled to the same rights and benefits as her colleagues. Today, Freelancers Union has over 250,000 members from a variety of occupations, including consultants, writers, nannies, and software developers. While it can't negotiate a collective bargaining agreement, Freelancers Union functions like a union in many ways. For example, it makes health care accessible for members and engages in political and policy activism.

Traditional unions are also looking for new ways to build their membership and establish relationships with employers that can benefit both workers and firms. The United Steelworkers Union, for example, promotes alternative corporate forms that involve employee ownership or worker cooperatives. In Portland and elsewhere, the Laborers' International Union has played a key role in training workers in skills needed for green jobs, such as brownfield remediation and weatherization of buildings. And the umbrella organization of labor unions—the AFL-CIO—has enrolled over two million nonunion workers through an affiliate called Working America⁸ that does not engage in collective bargaining but provides information and mobilizes members in support of local and national policy issues and political initiatives.

A number of unions are also targeting some of the largest employers in low-wage sectors that heretofore have vigorously opposed employee efforts to organize. In 2012, a few hundred fast-food workers went on a day-long strike in New York City to protest low wages, irregular schedules, and poor working conditions. In 2015, this grew into organized one-day protests in 150 cities organized by the Service Employees International

⁷ <https://www.freelancersunion.org/>.

⁸ <http://www.workingamerica.org/>.

Union. Similarly, the United Food & Commercial Workers International Union, which organizes employees in grocery and retail stores and in the food-processing and meat-packing industries, created OUR Walmart, an organization of nonunionized Walmart employees who are working toward establishing higher wages, regular schedules, health care benefits, and respect on the job.

The AFL-CIO has created a young workers' group that meets at local levels across the country. In 2015 over 1,500 of these young activists came together in a national conference. The group also developed its own economic policy strategy called Common Sense Economics.⁹

Perhaps the biggest organizing efforts outside the formal labor movement are the worker centers now found in 225 different localities that support immigrant and other low-wage workers by providing training in job skills and English and legal assistance for workers who are injured on the job or are not being paid their full wages and, in some cases, helping establish baseline wage standards in their communities.¹⁰

Another visible and innovative new organization is the Restaurant Opportunities Centers United (ROC). ROC was created in New York City after the Windows on the World Restaurant in the World Trade Center was destroyed on September 11, 2001.¹¹ Its model of training, raising wages, improving working conditions, and promoting sustainable food standards has expanded to numerous cities nationwide. Through these activities, ROC aims to change industry-wide standards. Importantly, it also conducts research on the industry that becomes incorporated into consumer education campaigns that seek to make customers aware of working conditions in the restaurants they frequent and thereby serve as allies for food-service employees who are seeking better wages and conditions in this industry.

⁹ "About 'Common Sense Economics,'" Common Sense Economics: What Everyone Should Know about Wealth and Prosperity, <http://commonsenseeconomics.com/about-common-sense-economics/>.

¹⁰ Janice Fine, *Worker Centers: Organizing Communities at the Edge of the Dream* (Ithaca, NY: Cornell University/ILR Press, 2006).

¹¹ Saru Jayaraman, *Behind the Kitchen Door* (Ithaca, NY: Cornell University/ILR Press, 2013).

The National Domestic Workers Alliance is another example of a new and growing organization. The alliance brings together organizations that represent over 10,000 nannies, home health care workers, and housekeepers. Its local affiliates have made significant inroads into improving standards in domestic work. In states such as New York and California, for instance, their efforts have brought about the passage of a Domestic Workers' Bill of Rights, which provides for overtime pay, protection from discrimination, and paid leave days—what we usually think of as fairly typical or normal rights on the job.

Another area where labor-related organizing has flourished pertains to local efforts to transform employment policy in specific localities where public funds are used in economic development projects. These campaigns often tie provisions for wage standards, training, and hiring policies to development projects that are funded through taxes or public subsidies. Another strategy is to embed improvement in city-held contracts for services such as trash removal or recycling. The overarching goal of many of these campaigns, similar to what we see with worker centers, is to transform jobs in particular sectors or a local economy into high-road jobs.

Other worker advocates have negotiated with elected officials and in some cases with representatives of the business community to increase minimum wages, establish living wage targets, or provide community benefit agreements (agreements negotiated with private developers to hire local residents and contribute to other community improvements). Currently, over 140 cities and counties have living wage laws that bring local wages above the federal minimum of \$7.25 per hour and tailor them to the local cost of living. One of the largest community benefit agreements was formed in 2004 between a broad coalition of community and labor organizations and the Los Angeles International Airport, which was undergoing an \$11 billion modernization project. The agreement provided for \$15 million in training funds, addressed environmental and health concerns related to airport traffic, and created increased opportunities for minority- and women-owned businesses. The LAX Community Benefit Agreement also contained provisions for training and hiring local residents, thereby ensuring that the economic gains from development are distributed throughout the community.

Perhaps the most ambitious new effort of this sort is The Workers Lab, an “accelerator” for new worker advocacy organizations that is modeled after similar accelerators for business start-ups. As conceived by David Rolf, the president of the SEIU local in Seattle, The Workers Lab provides seed funding to initiatives that show promise for rebuilding worker bargaining power in new ways, have the potential to grow to a scale large enough to generate improvements in working conditions for significant numbers of people, and have financial models that eventually can be sustainable without outside subsidies. In its first year, The Workers Lab funded four projects.¹² One of these is the Restaurant Opportunities Centers mentioned earlier. Another is CoWorker.org, an organization that helps individuals and groups organize campaigns to fight injustices at work through online petitions and other information-based strategies. A third is the Workers Defense Project, which educates immigrant workers and contractors about their rights and advocates for them about issues such as wages owed, improvements in safety and health conditions, and other basic labor standards. The fourth is WorkAmerica, an online recruiting network that links apprentices, vocational/technical schools, and employers in order to streamline the talent development and placement processes for those with critical skills in construction and health care.

This sampling of new forms of worker advocacy springing up today signals a growing realization that the decline of traditional unions is leaving a void that has taken a significant toll on workers, the economy, and society. Indeed, a growing body of econometric research is demonstrating that the decline of union membership is a significant cause of the increases in income inequality experienced in the past three decades in the United States and elsewhere.¹³

Despite all of this activity, three central questions loom large. Most of these efforts are resource intensive and there are questions about whether they can be replicated and expanded to reach large numbers of workers. Second, all of them have yet to figure out a business model that

¹² <http://theworkerslab.com/>.

¹³ Bruce Western and Joseph Rosenfeld, “Unions, Norms, and the Rise in U.S. Wage Inequality,” *American Sociological Review* 76, no. 4 (2011): 513–537.

MIT OpenCourseWare
<https://ocw.mit.edu>

Resource: Shaping the Future of Work (15.662x)
Thomas A. Kochan

The following may not correspond to a particular course on MIT OpenCourseWare, but has been provided by the author as an individual learning resource.

For information about citing these materials or our Terms of Use, visit: <https://ocw.mit.edu/terms>.