

Are Low Wage Jobs for Life?

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Why worry about low wage jobs?

The English-speaking countries have seen a substantial growth in the proportion of jobs that are some combination of low paid, casual and part-time. There is a vital social and economic interest in knowing if these jobs are dead-end, such that the people who occupy them stay in the same sorts of jobs for lengthy periods of time, and leave them largely because they leave the workforce rather than because they find substantially better jobs. If this is the norm, then there is a serious danger that the growth of such jobs will generate an underclass of people and families who have to deal for long periods, possibly a lifetime, with poverty and insecurity.

The growth of low paid, and in other ways unrewarding, jobs is of less concern if they provide the first foot on the employment ladder for people who come to the labour force with few employable skills. We can envisage a situation in which low skill new entrants work for some period in low paid jobs and in doing so learn specific job skills and the general attributes of productive workers. Their low pay is in effect compensated for by the receipt of on-the-job learning, and after a period these workers move on to better paid and more secure employment. In one manifestation of this, people who take low paid and insecure jobs are doing so to earn an income while they study full-time. At the end of their study, they go on to satisfactory employment in better jobs. In either case, we can view the employment as providing a combination of current wage and skills development that will lead to decent future jobs.

There is clearly immense social and policy interest in which of these two scenarios is closest to the truth. In reality, both experiences occur and the main empirical task is to identify the relative size of each and who is in each group. A second important task is to understand the scope for policy to improve the outcomes for low wage workers. The outcomes at issue

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Clearly, governments cannot ensure that all people reach adulthood confident, motivated, intelligent, highly educated and with good peer relationships – the precursors to good job outcomes. But it can recognise that the prospects of being able to carve out an adequate adult worklife for oneself varies a great deal and that some of that variation, at least, is not reasonably seen as self-inflicted. One response could be to offer intensive assistance to people who come from the most unpropitious backgrounds. This is in contrast to a welfare system that treats everyone equally. The Jobs Network in Australia provides an example of how such a mechanism for intensive assistance might work.

A second response could be to provide particular support for the transition from school to work for young people who face unpromising prospects. The transition from school to work is reasonably smooth for the majority of young people. But in an increasingly complex world, it is a difficult and sometimes unsuccessful project for some. Tailored assistance in finding and keeping work, and finding and completing relevant training, could be targeted to those whom the research shows are likely to have the greatest difficulty in managing the transition on their own.

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