

Turnover Among Low-Income Workers in the Firelands Region

Low-income workers—defined as earning a household income of \$60,000 a year or less—are changing jobs more frequently. Twelve percent of lower-wage workers moved to new jobs in July of 2020, the highest level recorded since July 2014, according to a New York Fed survey.¹ The cost of this turnover: \$223 billion over the past five years.²

Reliable transportation. Medical challenges. Child-care gaps. Access to social capital and networks. These are some of the barriers that separate low-income workers from opportunities to move forward in career paths and ultimately increase their incomes. Among U.S. adults 25 years or older who are not self-employed, 16 percent earn less than \$12 per hour.³

What does it mean for employers? Rampant turnover by this workforce population gets expensive — and quickly, to the tune of \$3,400 or more per position. The challenges posed by this group of workers, nicknamed ALICE (for "asset-limited, income-constrained, employed"), even have caused some companies to rethink their recruitment and retention strategies. In some cases, employers are offering community resource-type services, all part of an effort to reduce turnover rates.⁴

Though named for a woman, ALICE is a composite of women and men, young adults and seniors, single households and families. The acronym was coined in 2009 by a United Way organization in New Jersey, which sought to identify barriers to employment that hold back low-income workers from achieving career success.⁵

More often, they're referred to as the working poor, with incomes above the federal poverty limit but still too small to be financially stable. Many have limited education or skills, small family support systems or little savings. ALICE advocates say some of today's low-skilled workers grew up without role models who could demonstrate what it means to work full time or teach "soft skills" such as communication and problem-solving. Common industries that employ ALICE workers include manufacturing, hospitality, customer service and construction — some of the largest industries in the Firelands region.

ALICE workers have jobs, but their existence is fragile. One flat tire, an unexpected doctor's visit or a sick babysitter could mean a missed shift and paycheck. Due to the barriers of little savings, low social capital, and limited networks, these workers often don't have the safety net of credit or family and friends to turn to. That, in turn, could cost them their jobs: Absenteeism is one of the most common reasons ALICE workers are fired.⁶

¹ <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/more-low-wage-workers-are-job-hopping.aspx>

² Ibid.

³ "Meet the Low-Wage Workforce." Brookings Institute, 2019. https://www.brookings.edu/wp-content/uploads/2019/11/201911_Brookings-Metro_low-wage-workforce_Ross-Bateman.pdf

⁴ <https://www.crainsdetroit.com/article/20151213/NEWS/312139982/making-it-work-for-workers-employers-aim-to-retain-low-income>

⁵ Ibid.

⁶ <https://www.crainsdetroit.com/article/20151213/NEWS/312139982/making-it-work-for-workers-employers-aim-to-retain-low-income>

Employers who successfully boost retention don't focus just on raising wages – because wages alone don't solve the issue of precariousness. Instead, they have perfected a system of employment practices, from scheduling to skills training. One tactic the best employers use, according to a paper from the MIT Sloan School of Management, is to offer workers paths to develop new skills and move up the ranks.⁷ Employment programs offering a mix of supportive services, work experience, education and training, stipends or wages, and a focus on mentoring or building other supportive relationships with adults can also help to reduce vulnerability and keep people in jobs. At an organizational level, customized training for employers, particularly small to midsized businesses that may lack the scale or resources to design and run their own training programs, can do a lot to move the needle on turnover.⁸

⁷ <https://mitsloan.mit.edu/ideas-made-to-matter/get-ready-low-wage-worker-revolution>

⁸ “Meet the Low-Wage Workforce.” Brookings Institute, 2019. https://www.brookings.edu/wp-content/uploads/2019/11/201911_Brookings-Metro_low-wage-workforce_Ross-Bateman.pdf