

# WORKING AND POOR

## Employer strategies that align business needs with workforce dynamics



### HARD FACTS

The experiences of the middle class and the working poor are substantially different. Those hiring are often the former, and those employed are often the latter. Employers in manufacturing need to understand the extent of in-work poverty and the challenges it poses to their workforce.

### HOW BIG IS THE PROBLEM?

According to the most recent U.S. Census Bureau statistics, about 40.6 million people are living below the poverty line in the United States. While many of those in poverty are children, the elderly and other people not participating in the workforce, about 7.6 million people in America make up the "working poor." A third of working families have inadequate benefits and little chance of advancement, according to The Working Poor Families Project. This figure was corroborated by the United Way's ALICE project which indicated that the federal threshold for poverty may be placed too high. For example, it identified only about half of the 29% of families in New York who were "asset limited, income constrained, employed."

### HOW DOES IT RELATE TO EMPLOYERS?

In the past, manufacturing wages supported a middle-class lifestyle. However, the National Employment Law Project reported that by 2013, manufacturing wages had fallen to the bottom half of all U.S. jobs, with wages 7.7 percent below the median for all occupations. The working poor are among those employed in manufacturing, logistics, and in similar light industrial environments.

*"Manufacturing employers are advised to recognize fundamental challenges experienced by their workforce, which often includes the working poor. Employers that address these challenges combine awareness and empathy with the opportunity for increased recruitment, attendance, retention, and productivity."*

**"Being in poverty is rarely about a lack of intelligence or ability."**

*Bridges Out of Poverty*  
by Ruby Payne

### WHAT IS IT LIKE TO BE WORKING AND POOR?

The working poor and their families often have difficulties finding affordable housing, managing transportation, buying necessities, and obtaining childcare. They can struggle to manage unpredictable work schedules and multiple jobs. There are further psychological and social costs of having low-status work and feeling undervalued by society. Because of these challenges, the working poor may seek more work despite exhaustion, pit rent against food, be unable to pay for unexpected car repairs or health costs, go hungry, and fear for their children's future.

### WHO ARE THE WORKING POOR?

According to the Bureau of Labor Statistics, the working poor tend to be under 25, work part time, have only a high school education, live in the Mid-West and South, have children, be black or Hispanic, and be female. No matter their demographic, the working poor share the difficulties of living on low incomes.

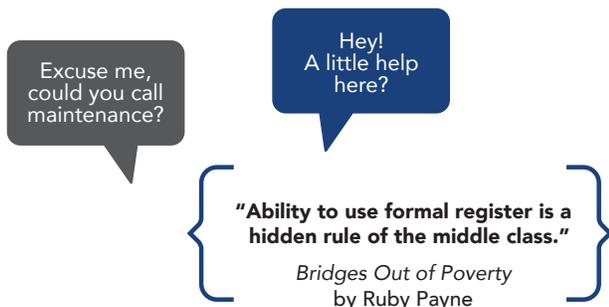
**BRIDGING THE GAP**

Many think of poverty as a personal or government problem, but employers have a role in supporting the professional and personal successes of their workforce. When employers help employees rise out of poverty, it is a win-win situation, as these workers become more satisfied, more productive and less prone to attrition or absenteeism.

**WHAT ARE WORKPLACE BARRIERS?**

The BLS lists the three major problems of the working poor as low earnings, unemployment, and involuntary part-time work. In addition, informal workplace practices negatively affect hiring and progression, as found in the academic study, "In-work poverty, ethnicity and workplace cultures," by Hudson, Netto, et al. For example, the working poor were hindered by inconsistent feedback, recognition, and training practices, or managers simply "seeing" certain types of people in certain jobs.

Language can also be a barrier. Poor employees are less likely to have the education or experience to follow the unstated rules of the workplace, such as formal language with complete sentences and precise vocabulary (also referred to as formal register). Understanding the unique challenges of the working poor is a good starting point for creative workplace solutions.



**LIVING WAGE EXAMPLES**

Sourced from the MIT Living Wage Calculator

	 1 Working Adult	 1 Working Adult with 2 Children	 2 Working Adults with 2 Children
<b>Alabama</b>	\$11.14	\$26.77	\$14.94
<b>Texas</b>	\$11.05	\$26.33	\$14.66
<b>California</b>	\$14.01	\$35.02	\$19.22

(Minimum wage comparison: Alabama and Texas \$7.25; California \$11)

**HOW CAN EMPLOYERS REDUCE BARRIERS AND BRIDGE GAPS?**

Employers can have a positive impact on the work and lives of the working poor, and of all their employees, by establishing these workplace features:

- Adequate pay and other benefits
- Formal and informal training
- Professional development opportunities
- Regular constructive and positive feedback
- Clear communications and expectations
- Increased job autonomy
- Workplace flexibility to meet personal needs
- Culture of respect, trust, and relationships
- Supervisor support
- Tracking of recruitment and development activities

The most recent "National Study of Employers" by the Families and Work Institute sums up the employer's rationale for addressing the needs of the working poor: "By creating effective workplaces whose processes and infrastructures address stressors and add enhancements for employee performance and well-being, employers will be able to continuously reinvent their workplaces so that their people and their organization can thrive."

 <p><b>WORKING POOR:</b> people with incomes below the poverty threshold that are working or are searching for work at least 27 weeks per year</p>	 <p><b>POVERTY THRESHOLD:</b> approximately \$12K for a person under 65, or about \$25K for a family of four with two kids under 18</p>	 <p><b>LIVING WAGE:</b> wage necessary for sustaining households of various configurations, covering minimum costs for food, housing, transportation, child care, health, and basic necessities such as clothing</p>
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Presented by Keith Wisner, Vice President, Customer & Workforce Insights.



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