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# Women, Minorities, and Non-Union Workers Continue to Dominate Low-Wage Markets, and Experience Job Insecurity and Limited Upward Mobility

Ken-Hou Lin, Carolina Aragão, J. Adam Cobb

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## INTRODUCTION

Work plays a central role in American life and forms the core of most adults' identity. Yet, since the 1970s, employment conditions for a large segment of population has deteriorated (Kalleberg 2011) and low-wage work has expanded significantly (Autor et al. 2013). These trends are not solely driven by business cycles: precarious employment that offers few benefits and low wages grew in the economic booms of 1990s and continued during the recovery from the Great Recession. The unprecedented economic and public health crises due to COVID-19 has only worsened the economic prospect of low-wage workers, as many are concentrated in sectors that are most affected by shrinking demand.

As part of an on-going research project exploring the relationship between work, job quality and upward mobility, this research brief provides an overview of the low-wage labor market in the United States. The authors describe the composition of low-wage workers, the sectors that employ them, and the employment contexts (e.g., unionization, firm size) of low-wage work. They then examine how the characteristics of low-wage employees and their employers are associated with job insecurity and upward mobility.

## DATA SOURCES AND DEFINITIONS

The analysis uses data from the Current Population Survey Annual Social and Economic Supplement (CPS-ASEC) 2014-19 and the Survey of Income and Program Participation (SIPP) 2014 Panel. The CPS-ASEC provides a larger and population representative sample for describing the low-wage labor market. SIPP allows researchers to follow a cohort of low-wage workers from 2014 and 2017 and examine the factors associated with employment insecurity and mobility.

The authors define low-wage workers as those who earn below two-thirds of the median male wage in a given state/district, year, and by metropolitan status; they also use a relative threshold because cost of living varies substantially across the United States (*see Appendix A*). In addition, they restrict the sample to respondents aged 18-65 who earned at least 1,000 2019 dollars in either the public or the private sector.

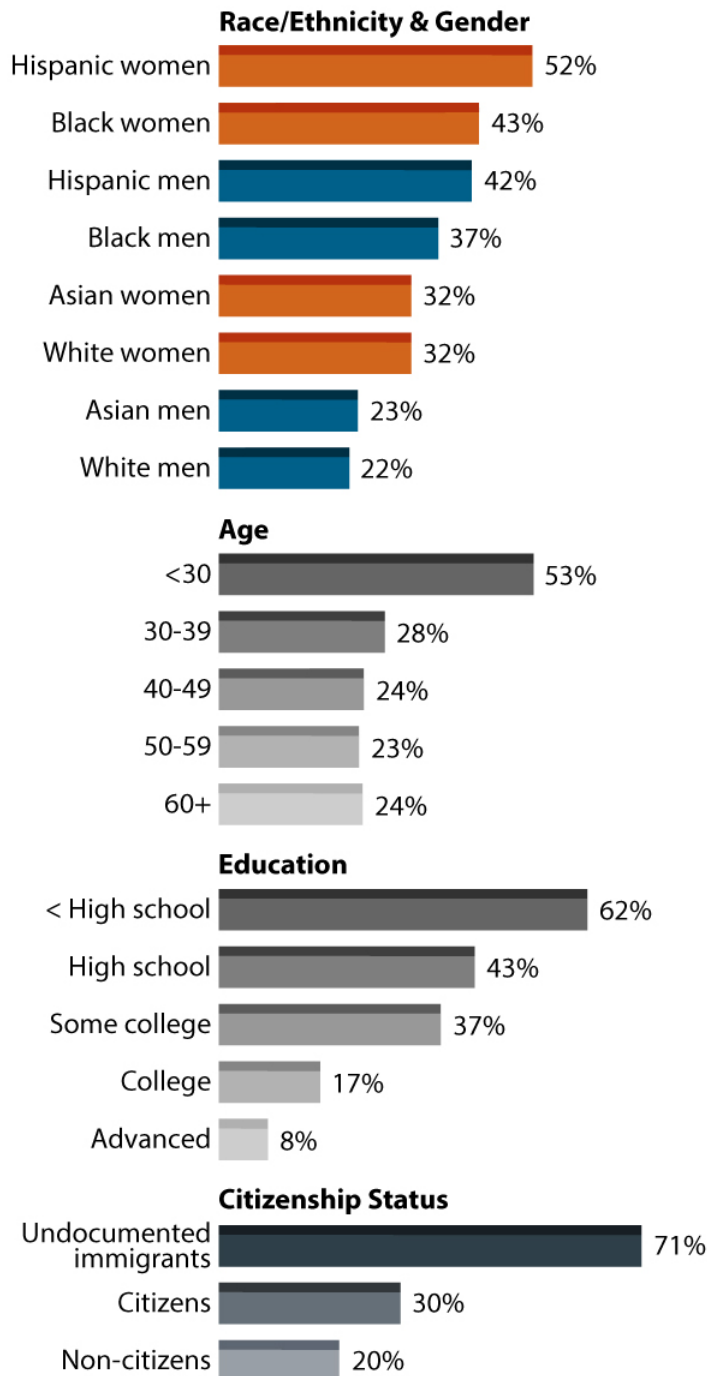
## KEY FINDINGS

- ▶ Hispanic women, young people, people with the lowest levels of education, and undocumented immigrants are the most likely to perform low-wage work. *See Figure 1a.*
  - ▶ Hispanic women are the most likely to perform low-wage work in every educational category from less than high school to advanced degrees while Asian, Black and White women with some college or less are more likely than men in those groups to be in low-wage jobs. *See Figure 1b.*
  - ▶ For people with advanced degrees, Hispanic men are just behind Hispanic women in performing disproportionately more low-wage work than all other groups. *See Figure 1b.*
- ▶ The personal services, retail and professional services sectors employ over half of the low-wage workers in the U.S., while the healthcare, manufacturing and construction sectors employ another quarter of low-wage workers. *See Figure 2.*
- ▶ Women, young people, those with less than a high school education, and non-union workers are the most likely to experience job insecurity.
- ▶ Men (except for Black men), the better educated, those in middle age, citizens, union workers, and those working for large firms are the most likely to experience upward mobility.

## Who is more likely to be a low-wage worker?

*Hispanic women, young people, people with the lowest levels of education, and undocumented immigrants are the most likely to be low-wage workers.*

**Figure 1a. Hispanic women, young people, people with the lowest levels of education, and undocumented immigrants are the most likely to perform low-wage work**



**Figure 1a** shows that while Hispanic women are the most likely to perform low-wage work, the next three spots are held by Black women, Hispanic men, and Black men. Asian men and White men are the least likely to perform low-wage work.

Within each racial/ethnic group, women are more likely than men to perform low-wage work. For example, 31% of Asian women are low-wage workers compared to 23% of Asian men.

Over half of all people under age 30 hold low-wage jobs, compared to about a quarter of those in older age groups.

Less education is also associated with less pay. For example, 61% of workers without a high school diploma perform low-wage work compared to only 8% of people with an advanced degree.

Finally, undocumented immigrants are the most likely of all these demographic groups to perform low-wage work, with over 70% of them earning less than two-thirds of the local male median wage.

Figure 1b (*next page*) presents the percentage of workers performing low-wage work by educational attainment. It shows that, in every educational category, Hispanic women are the most likely to perform low-wage work and White men are least likely to perform low-wage work.

In addition, women in every racial/ethnic group who have attained some college or less are more likely than men in those groups to be in low-wage jobs.

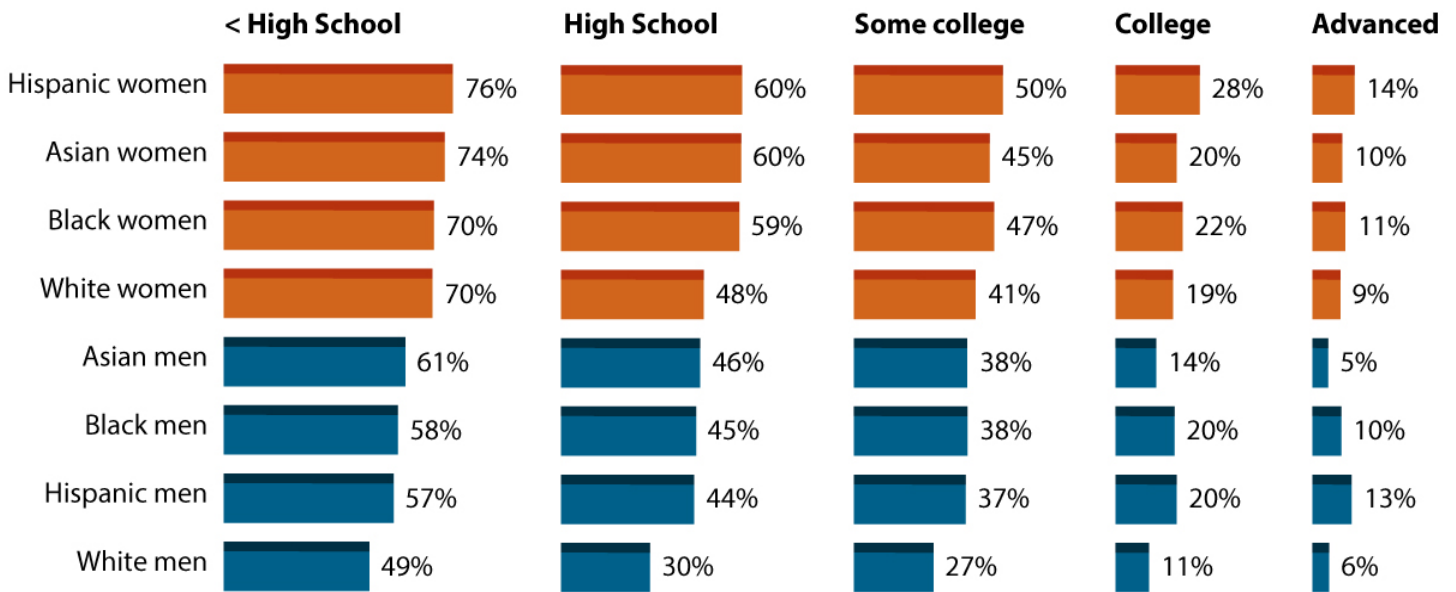
While workers with higher education are less likely to hold low-wage jobs, college-educated women and minority workers (except for Asian men) are still more likely than White men to be at the bottom of the labor market.

Finally, a disproportionately high percentage of Hispanic men with advanced degrees are in low-wage jobs.

Source: Current Population Survey, 2014-2019

**Figure 1b. While all women with some college or less are more likely than men in those groups to be in low-wage jobs, Hispanic women are the most likely to perform low-wage work in every educational category**

For people with advanced degrees, Hispanic men are just behind Hispanic women in performing disproportionately more low-wage work than all other groups



Source: Current Population Survey, 2014-2019

**Which Industries Have the Most Low-Wage Workers?**

*The personal services, retail and professional services sectors employ over half of low-wage workers in the U.S.*

**Figure 2** (next page) shows the distribution of low-wage workers across sectors and firm sizes. Together, the personal services, retail and professional services sectors employ over half of the United States’ low-wage workers.

In personal services, low-wage workers are in both small enterprises and large firms. More than half of these workers are employed in independent or chain restaurants. Moreover, close to 60% of workers in this sector earn low wages (not shown).

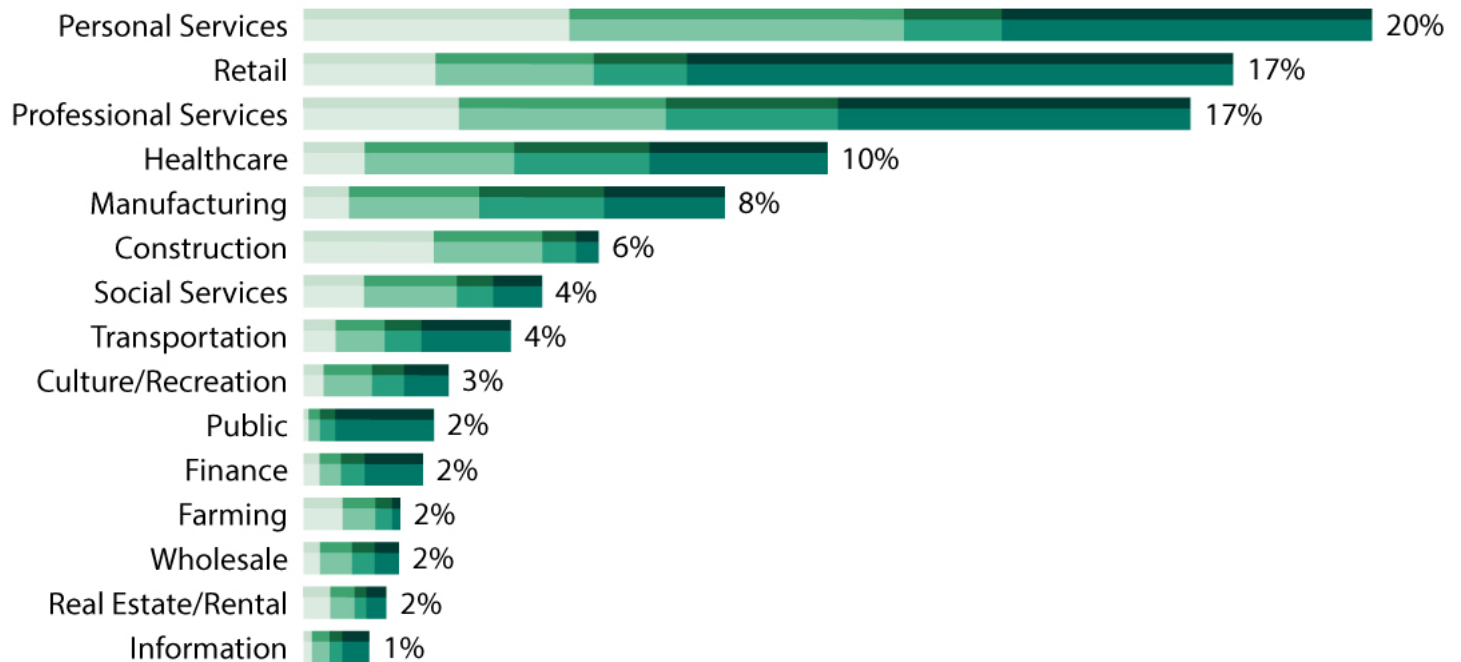
The majority of workers in the retail sector are in firms with more than 1,000 employees, in firms such as “Big-Box” general, grocery, clothing, pharmacy, and discount stores. About half of the workers in the retail sector earn low wages.

Low-wage jobs are not unique to low-wage sectors: the professional services sector also employs a large percentage of low-wage workers, many of whom are employed by educational institutions and temporary staffing agencies. Indeed, many high-wage sectors depend on the tasks performed by low-wage workers.

The healthcare, manufacturing, and construction sectors together employ nearly a quarter of low-wage workers. These are also the sectors where Black and Hispanic workers are overrepresented.

## Figure 2. The personal services, retail and professional services sectors employ over half of low-wage workers in the U.S.

Healthcare, manufacturing and construction employ another quarter of low-wage workers



Note: The utilities and extraction sectors together employ less than 1% of low-wage workers and are not shown.

Source: Current Population Survey, 2014-2019

## Job Insecurity and Upward Mobility

Not all low-wage workers and jobs are equal. Some low-wage workers may enjoy greater employment security and upward mobility than others. That is, certain jobs could be stepping stones to more rewarding careers, while other jobs are dead ends, trapping workers in low-wage work.

### Which low-wage workers are the most likely to experience job insecurity?

*Women, young people, those with less than a high school education, and non-union workers are the most likely to experience job insecurity.*

In general, the authors find that women tend to have greater job insecurity than men, net of other characteristics. Young low-wage workers in their 20s tend to have much higher job insecurity than workers in their 30s or older. Low-wage workers with less than a high school education experience the most job insecurity, but there is no significant difference among those with more education. *See Appendix B for more details.*

On the other hand, Hispanic men and undocumented immigrants tend to have lower levels of job insecurity. This likely reflects the limitation of the measure, as those who were dismissed but immediately found another job would not be counted as being jobless for that month. Hispanic men, particularly those who are Mexican immigrants, as well as undocumented immigrants, are least able to afford being unemployed and move to quickly find another job even when the working conditions are less than ideal (Lin 2011).

One aspect of employment has a clear role in shaping job insecurity: whether the worker is unionized or not. Non-union workers tend to have higher job security than union workers. The levels of job security appear similar among workers in different establishment sizes and whether the firm has one or multiple locations.

## **Which low-wage workers are more likely to experience upward mobility?**

*Men (except for Black men), the better educated, those in middle age, citizens, union workers, and those working for large firms are the most likely to experience upward mobility.*

Workers with more education are more likely to experience upward mobility. However, clear disparities related to gender, age, and citizenship net of education are still observed. Men, in general, are more likely to experience upward mobility than women of the same racial background, with the exception of Black men. Middle-aged workers tend to have higher levels of mobility than younger workers. Finally, citizens tend to have greater mobility than non-citizens or undocumented immigrants.

As with job security, union workers tend to experience more upward mobility than non-union workers, as do workers in larger establishments. Upward mobility is greater for low-wage workers in larger establishments but whether the firm is single- or multi-unit does not have a measurable impact on upward mobility.

### SUMMARY

These results show that characteristics typically associated with broader disadvantages are also associated with low-wage work, job insecurity, and lack of upward mobility. Women in every racial/ethnic group are more likely than their male counterparts to be low-wage workers. Hispanic and Black workers are more likely to hold low-wage jobs compared to workers in other racial/ethnic groups. Half of young adults under 30 hold low-wage jobs, and a large share of workers without a high school diploma perform low-wage work. Finally, a very high percentage of undocumented immigrants perform low-wage work.

Job insecurity and mobility out of disadvantaged status are also associated with demographic traits. Workers with less than a high school education experience high levels of job insecurity, and job security and economic mobility are less prevalent among younger workers. As with low-wage work, workers' job prospects are gendered: disadvantaged women experience more job insecurity and less economic mobility than disadvantaged men. In particular, economic mobility is the lowest for Hispanic women. Documented and undocumented immigrant workers have considerably less economic mobility than U.S. citizens. Finally, job security and mobility vary significantly by type of employment, with union workers enjoying more of both; in contrast, employees of the smallest businesses having the lowest upward mobility.

### POLICY IMPLICATIONS

Recent assessments estimate that front-line occupations comprise approximately 48 million workers (Shambaugh, 2020). Indeed, a sizable share of low-wage workers are employed in sectors and industries deemed essential during the COVID-19 health crisis. Raising awareness about low-wage workers' economic and social importance can create the political will to push for improvements in their employment conditions. Proposed initiatives such as pay increases, payroll tax cuts, and allowing newly re-employed workers to keep a portion of their unemployment insurance (Kinder, 2020), can reduce the precariousness of low-wage workers jobs' and assist broader economic recovery.

### LOOKING AHEAD

Future research will explore how broader social contexts, such as geographical location, influence the connection between employment contexts and job insecurity/economic mobility. Specifically, the authors will test if job security and mobility patterns vary by right-to-work legislation as well as union density in the state. They will also use the most recent CPS data to examine how the impact of COVID-19 may differ by firm size.



## SUGGESTED CITATION

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## ABOUT THE AUTHORS

**Ken-Hou Lin** ([lin@austin.utexas.edu](mailto:lin@austin.utexas.edu)) is an associate professor of sociology at The University of Texas at Austin and a faculty research associate in the Population Research Center, UT Austin; **Carolina Aragão** is a PhD student in the Department of Sociology and a graduate research trainee in the PRC, UT Austin; and **J. Adam Cobb** is an associate professor in the Department of Business, Government, & Society at The University of Texas at Austin McCombs School of Business.

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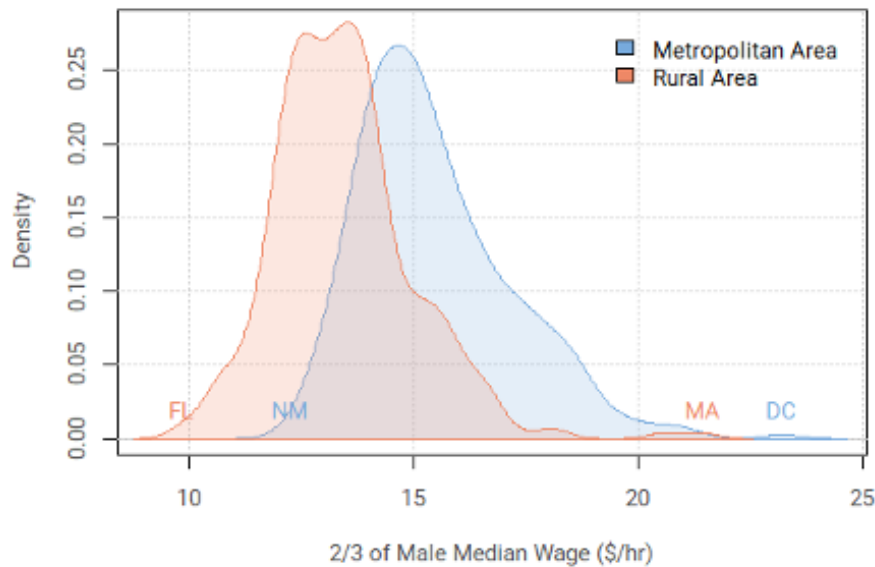
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## APPENDIX

**A. Low-wage thresholds vary according to where the worker lives**

**Figure A** presents the distribution of two-thirds of the male median wage based on the CPS. It shows that there is significant variation in pay between metropolitan and rural areas and across different states. The difference in threshold between two areas could be larger than \$10/hr. The large variation suggests that low-wage work is better defined in a relative than an absolute term, as many workers may appear “high-wage” but live in areas with high costs of living.

**Figure A. The Distribution of Threshold, CPS**

**B. Job Insecurity and Upward Mobility**

We generated two measures:

Job insecurity: following low-wage workers in the SIPP for 12 months, we calculate the likelihood of being jobless for a period of time in any given month. The measure ranges from 0, which indicates that the worker never experienced being jobless in the following year, to 1, which indicates that the worker experienced some period of unemployment every month.

Upward mobility: similarly, following low-wage workers in the SIPP for 12 months, we calculate the likelihood of transitioning to earning two-thirds of male median wage or more at any point over a 12-month period. This measure also ranges from 0 to 1. Lower values indicate that the workers remained largely low-wage in the subsequent months and high values indicate greater upward mobility.

We predict both job insecurity and upward mobility with the characteristics of workers and employment contexts, controlling for individual characteristics such as race, gender, immigration status, age, education, as well as employment contexts such as union status, establishment size, single or multi-unit status, and sector. Here, we present the estimates and provide more discussion about the technical details.

### Regression Analysis

We isolated the association between each factor and job insecurity/mobility with a multivariate analysis. The model is specified as:

$$Y = \alpha_0 + \beta_1 D + \beta_2 I + \beta_3 E + \beta_4 A + \beta_5 A^2 + \beta_6 U + \beta_7 K + \beta_8 F + \beta_9 S$$

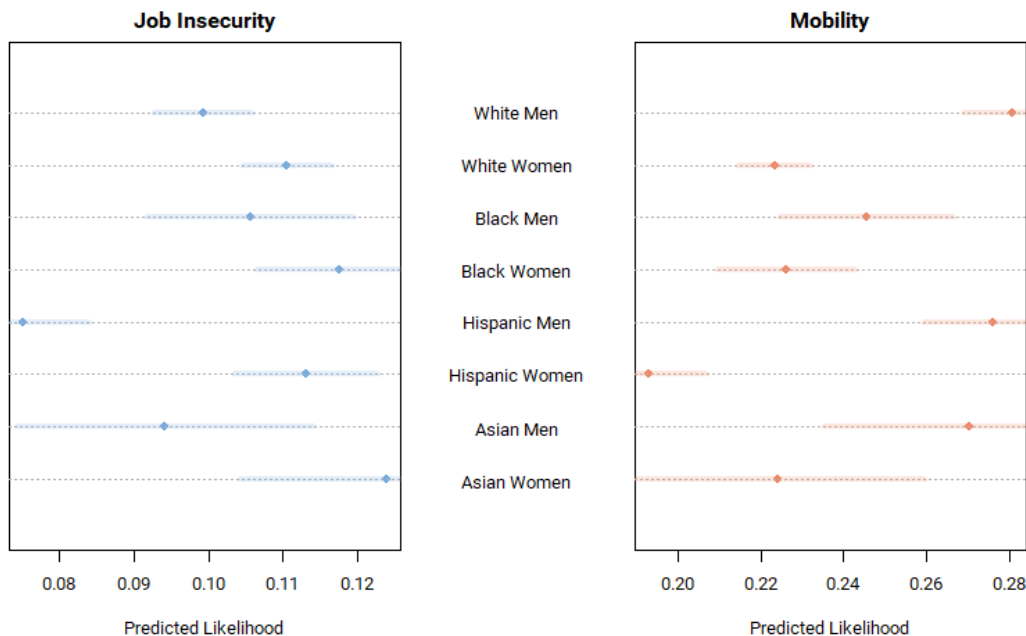
Where *Y* denotes the dependent variable (job insecurity or upward mobility), *D* denotes racial and gender identity (8 categories), *I* denotes immigration status (3 categories), *E* denotes educational attainment (5 categories), *A* denotes age, *U* denotes union status, *K* denotes establishment size (4 categories), *F* denotes whether the firm is single- or multi-unit, and *S* denotes the industrial sector (17 categories).

To ease comparisons across groups, a set of predicted values is generated for each variable while holding all other variables at their sample means. For each predicted value, we also calculate the margin of error, which would be twice of the size of the standard error in both directions. It is important to note that several estimates produced large standard errors, particularly for some of the race/ethnicity/gender, citizenship status, and establishment size variables; therefore, these results should be interpreted with caution.

Figure B-1 presents the predicted values and standard errors for individual characteristics. The predicted likelihood of being jobless for white men is below 10%, assuming they have otherwise average characteristics. Similarly, the predicted likelihood for white women who have otherwise average characteristics is around 11%. As discussed above, women and minority men tend to have higher job insecurity and lower upward mobility than White men. Citizens tend to have greater mobility than non-citizens. Young workers tend to have lower job security and lower mobility compared to older workers. Education is positively associated with employment security and upward mobility.

**Figure B-1. Individual Characteristics Predicting Job Insecurity and Mobility**

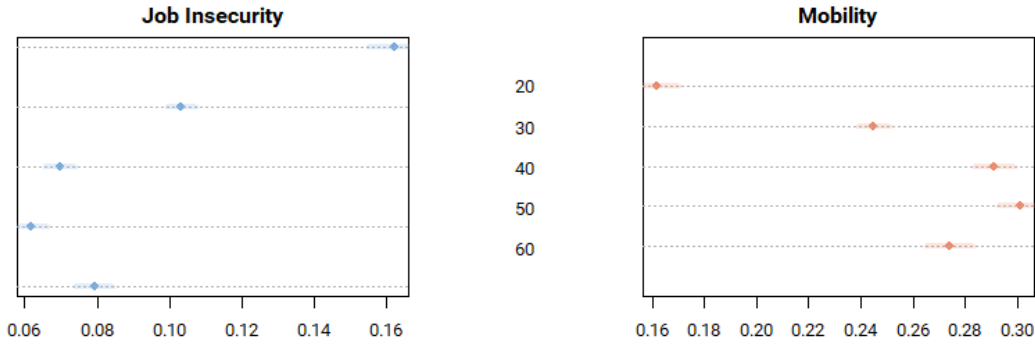
#### Race/Ethnicity & Gender



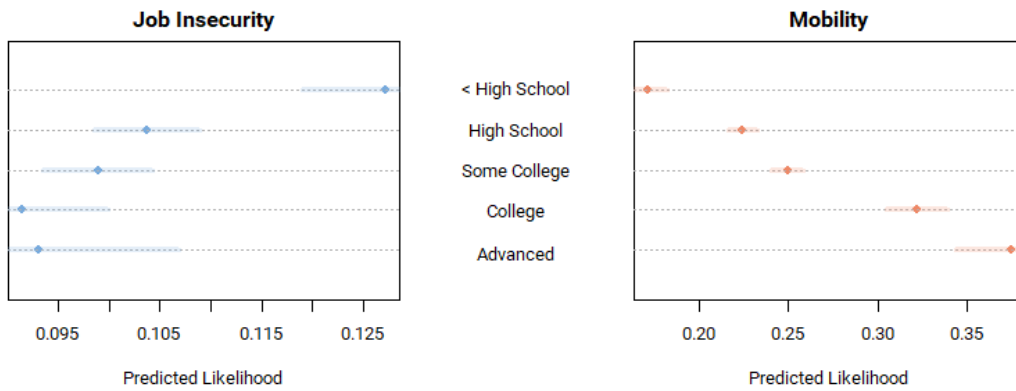


**Figure B-1. Individual Characteristics Predicting Job Insecurity and Mobility (CONT.)**

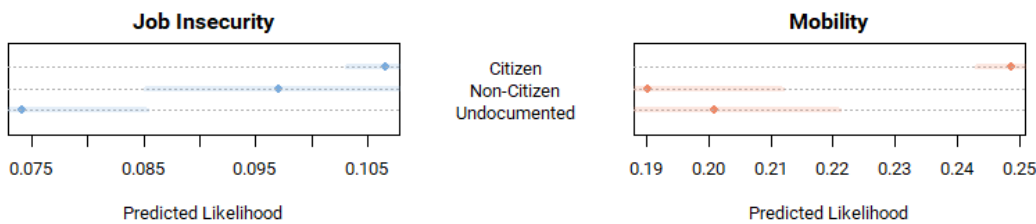
**Age**



**Education**



**Citizenship Status**

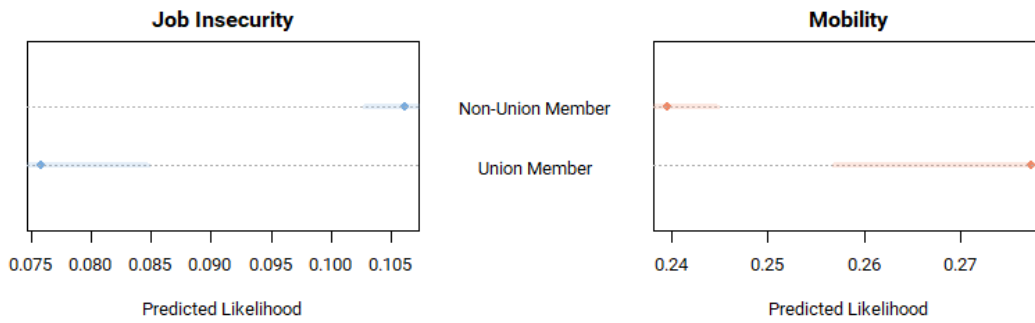


Source: SIPP

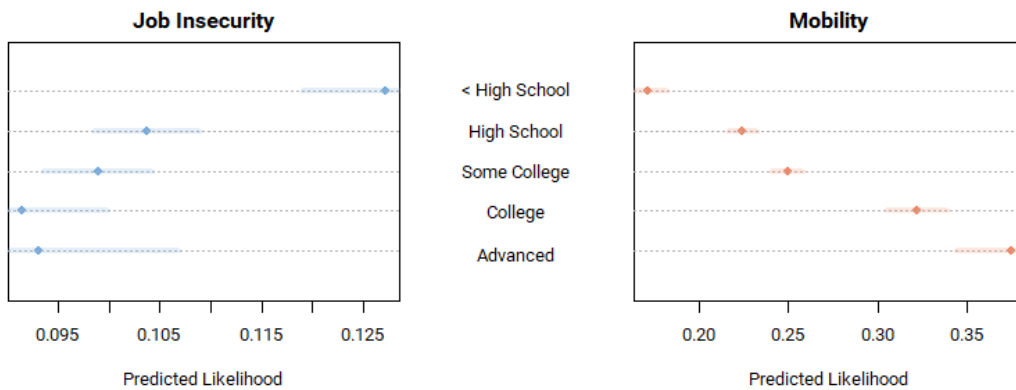
Figure B-2 presents the predicted values and standard errors related to employment contexts. Similar to the analysis of individual characteristics, we examine how the outcome would change based on different employment contexts if the workers have otherwise average characteristics. The results show that union members tend to have greater job security and upward mobility. Low-wage workers in large establishments are more likely to gain higher wages in the next 12 months if they work at a large establishment

**Figure B-2. Employment Contexts Predicting Job Insecurity and Mobility**

**Union Status**



**Establishment Size**



Source: SIPP