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# CRAIN'S

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**FORUM: JOBS & WAGES**

## SHIFT CHANGE

As our economy evolves, so does the hunt for a 'good' job **PAGE 13**



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# How long-ago power plays zapped ComEd

The roots of the utility's entanglement in a federal probe of Springfield corruption stretch back to 2003 | **BY STEVE DANIELS**

The roots of Commonwealth Edison's entanglement in the current wide-ranging federal investigation of Illinois political corruption stretch back to 2003 when the company's leaders discovered just how deeply they had fallen into disfavor with the powerful House speaker, Michael Madigan.

Madigan torpedoed a rate hike that John Rowe, then CEO of

ComEd parent Exelon, said was needed to complete his plan to acquire troubled downstate utility Illinois Power. So ensued four years of cold and hot warfare between Madigan and Rowe, culminating in a fraught 2007 negotiation that led to a rate-hike compromise only because Emil Jones, the Senate president at the time, was a staunch ComEd backer and wouldn't allow

Madigan to call all the shots.

With Jones' retirement looming, the company's political playbook had to change fast. Rowe set in motion a sustained charm offensive to transform Madigan from an adversary into a solid supporter of a far more ambitious legislative agenda.

It would take years for the effort to bear fruit, but, starting in 2011, the campaign would help the Chicago-based power giant achieve two of its most remarkable Springfield victories. The first: elbowing aside state regulators and putting ComEd's delivery rate hikes

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Exelon and ComEd donated generously to Michael Madigan's campaign committees over the years.

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### JOE CAHILL

It's that time of year, when notably nice or naughty players in Chicago biz get the recognition they deserve. **PAGE 4**



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Let's not be silent on disability—it's an asset, writes Emily Blum, chief of ADA 25 Advancing Leadership. **PAGE 10**





# FORUM

CRAIN'S

JOBS & WAGES

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# SHIFT CHANGE

As our economy evolves, so does the hunt for a ‘good’ job | **BY CLAIRE BUSHEY**



**L**e Chisha Pearson works in one of the country’s most booming industries—health care.

It doesn’t mean she has a good job.

Pearson, 34, is a certified nursing assistant at Mount Sinai Hospital, checking patients’ vital signs and helping them move and bathe. The shifts are busy. Sinai cut the number of nursing assistants per floor from three to two during the eight years Pearson has worked there, raising the average number of patients per assistant from eight to 12. There can be aggression, too: Pearson has been kicked and spat on, and had a lunch tray thrown at her.

Caring for patients is ultimately rewarding, she says, but until recently, her paycheck wasn’t.

She earned \$13.53 an hour working roughly 24 hours a week at Sinai and held a second part-time job to make ends meet for her and her 14-year-old son. Only after tense contract negotiations between Sinai and her union, SEIU Healthcare Illinois, did she



Le Chisha Pearson, 34, is a certified nursing assistant.



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# Next, it may be your job lost to AI, automation

Higher-paid, educated workers more vulnerable to machine learning, though not interpersonal jobs

BY STEVE HENDERSHOT

A generation ago, when robots were wheeled en masse onto factory floors and positioned along the assembly line, it was the opening salvo in a long, slow invasion: Automation was coming for our jobs.

The latest front in the workplace revolution isn't the shop floor, however. It's the office—thanks to productivity-boosting software poised to leap forward in coming years with the advance of artificial intelligence and machine learning.

This time it won't be blue-collar workers forced to adapt. College graduates have exponentially greater exposure to the AI revolution than their less-educated counterparts, according to a growing body of research that includes studies by the Brookings Institution, McKinsey and the Pew Research Center.

The list of the most AI-exposed occupations includes the highly paid, from marketers and research analysts to bankers, sales managers and software engineers—even doctors and lawyers.

Yet, unlike the factory-floor takeover in the 1980s, knowledge workers are less likely to see the digital coup coming.

"At first, the (technology) is complementary, because it makes the people in these white-collar jobs more and more productive," says Hyejin Youn, an assistant professor at Northwestern University's Kellogg School of Management. "But there is a peak to that productivity, and after that you reach the danger of substitution by automation, where it costs you your job."

The threat is inspiring global debate about the value created from automation—and what to do about a workforce that could be massively displaced. It has emerged in the Democratic presidential campaign, as a central element in technologist Andrew Yang's long-shot bid. He and others believe a universal basic income will be necessary to offset job losses.

Others think the economy will adapt and new jobs will be created around the capabilities introduced by artificial intelligence. Regardless, a painful period of adjustment seems likely.

That prospect can seem far off given the current state of AI, which thrives on crunching large datasets with defined boundaries and on executing repeatable processes. Right now, that makes it perfect for handling rote busywork.

"It's the stuff where you hear people say, 'I didn't go to college for four years so I could do this,' and that represents a really embarrassingly large percentage of office work today," says Sean Chou, CEO of West Loop AI startup Catalytic.

But that's just the first fruits. AI also can use that analytical acumen for advanced pattern matching, poring through data to draw obscure correlations and make canny predictions. If that reminds you of a financial analyst predicting a company's market performance, or of a legal team searching for a precedent, or of a doctor matching a list of symptoms against a catalog of known ailments—well, you get the idea.

"When parents were encouraging their children to go into the field of medicine or law, they weren't thinking that robots were going to replace some portion of that work one day," says Chou. "But I think that's really going to happen, because when you look at these fact-based professions that draw on patterns, you get into this category where AI is just going to have a tremendous advantage."

## THE PATENTS ARE COMING

To isolate AI from traditional automation, a new Brookings Institution report relied—not without irony—on an algorithm that searched for AI-related patents that could be tied to specific industries.

According to Brookings, one of the sectors with the strongest correlation is professional services. That doesn't necessarily mean that accounting and consulting jobs are doomed, but experts generally agree that even the most optimistic take on AI—the version in which machine learning generates productivity gains that lead to more relaxed work schedules and also creates new job categories that make up for those it devours—will cause substantial temporary upheaval.

The shakeup, according to Brookings' data, will disproportionately affect demographics that previously



were fairly immune to such trends: men, workers in the prime of their careers, whites and Asians.

Why? Each is overrepresented in the analytical, technical roles that AI seems particularly apt to influence.

"These are things that have been hitherto ground out by well-paid, midlevel executives and their teams but that may now be more easily and accurately produced by AI tools," says Mark Muro, the Brookings study's lead author.

In contrast, women are statistically overrepresented in fields such as education and health care, where they are more likely to perform the sort of interpersonal tasks that computers struggle to pull off.

Some sectors of the economy that were heavily affected by the first wave of automation, such as retail and food service, may get a pass during the AI revolution.

Manufacturing, however, is again likely to be heavily affected, which is the chief reason a group of heartland states—Indiana, Michigan, Wisconsin and Kentucky—are among six that Brookings says have the most exposure.

Indiana has the highest exposure, while Illinois ranks 11th. Chicago ranks 29th among metro areas, while two Michigan cities, Grand Rapids and Detroit, rank third and sixth nationally.

## READY OR NOT

The AI revolution may play out slowly. Chou, for example, says, "Every day, there's something new in AI that's amazing and also something that's so comically bad that you realize we're still really far off."

For every startling advance, there's a Reddit meme showing self-propelled, robotic vacuums getting hopelessly entangled in toilet paper. There also are examples in history where things didn't work out according to the worst-case scenario: Past economic upheavals, such as the industrial revolution, typically have resulted in new jobs offsetting those lost.

## IS YOUR JOB IN AI'S CROSSHAIRS?

A selection of occupations, their average wages and exposure to being replaced by artificial intelligence, according to Stanford University researcher Michael Webb. Jobs with positive numbers are more likely to be affected, jobs with negative numbers less likely.

OCCUPATION	AVERAGE WAGE, 2017	STANDARDIZED AI EXPOSURE
Market research analysts and marketing specialists	\$70,620	3.03
Sales managers	\$135,090	2.77
Computer programmers	\$85,180	1.96
Personal financial advisers	\$124,140	1.33
Dental hygienists	\$74,680	0.60
Registered nurses	\$72,180	0.44
Plumbers, pipefitters and steamfitters	\$57,070	0.22
Automotive service technicians and mechanics	\$41,400	0.05
Web developers	\$74,110	-0.07
Human resources specialists	\$64,890	-0.21
Welders, cutters, solderers and brazers	\$43,410	-0.35
Dental assistants	\$37,890	-0.79
Combined food preparation and serving workers	\$20,460	-1.01
Cooks, restaurant	\$25,430	-1.37
All occupations	\$50,620	0.00

Source: Metropolitan Policy Program at Brookings

But that doesn't mean it's too early for a reckoning.

In Britain, politicians have floated the notion of a four-day workweek in response to the efficiency gains brought on by AI and similar technologies, and Yang isn't the only one in the U.S. beating the drum for universal basic income. But thus far, the question of what to do if AI blows up the economy has been largely unexplored.

"There will be individuals who find even more meaningful work than what they had previously and others who don't find work at all," says Mike Evans, co-founder of Grubhub and now CEO of Fixer, a tech-enabled home repair service. "The more meaningful options we're able to create, the less disruptive this will be. This is one of the major challenges our society is going to face in the next one or two generations—it's a massive problem coming at us very quickly."

lem coming at us very quickly."

Those wishing for a coordinated response can hope that AI's impact on high-status workers gets the attention of boards and investors in a way that past working-world upheavals have not.

"Perhaps there's a greater common cause or common involvement (between executives and affected workers) that may help us think about this more clearly as a society," says Brookings' Muro.

Much more certain is that an automated future is coming, whether we're ready or not.

"What's most frightening to me is that we're ignoring it," says Joy McKinney, a financial adviser who attended a December Yang rally in Chicago. "It hasn't disrupted my business yet, but I'm not naive enough to think it doesn't have that potential. . . .If we're not prepared, there will be casualties."



# IDEAS

► VALUING SERVICE AND CAREGIVING

## Workplace issues? It's routinely worse for women.

A retail worker forced to return to work one week after giving birth because she can't afford to take unpaid leave. A restaurant server who can't take a second job because her schedule is too erratic. A hotel housekeeper fired for taking a sick day.

This is reality for too many working people. As a society, we don't properly value or compensate much of the service and caregiving work we depend upon every day.

The occupations that dominate the low-paid workforce—retail, service and caregiving—are jobs that have traditionally been predominantly held by women and women of color. Roughly two-thirds of minimum wage workers are women, and while women of color make up 18 percent of the workforce, they make up a third of workers in jobs with median hourly wages of \$11.50 or less. Black and Hispanic women are more than twice as likely to work in service occupations as white women.

All of this means women—and especially black and brown women—are more likely to live in poverty. Because they are



**Sharmili Majmudar** is executive vice president of policy and organizational impact at *Women Employed*.

more vulnerable economically and more likely to depend on tips to make ends meet, these women often face sexual harassment at work. They struggle to pay the bills or access higher education, let alone build wealth or save for retirement. They often can't afford quality child care or to take time off to care for themselves or their families when illness strikes.

It's a problem that won't go away on its own. In fact, it is growing.

The Bureau of Labor Statistics projects that, of the five jobs expected to see the largest growth over the next decade, three—personal care aides, food prep and service, and home health aides—are low-paid, female-dominated and much more likely than average to be held by black and brown women.

These women take care of those most important to us and are critical to our economy. If we value the people fulfilling these vital roles, we need to make these jobs better.

Fortunately, there are solutions that will



are paid fairly, as well as increased protections against workplace harassment, a Chicago Fair Workweek bill to advance scheduling stability, and minimum wage increases in both Chicago and Illinois. These measures are critical steps forward.

And there's still more to do:

► We must ensure all working people have access to paid sick time and paid family and medical leave so they can care for themselves and their families without fear of losing their wages or their jobs.

► We must eliminate the subminimum tipped wage so working women don't have to rely on tips—and put up with harassment—to make ends meet.

► We need to stabilize work schedules for all working people so they know how much they will be making and can plan for paying bills, child care and other responsibilities.

► Employers can also be proactive and implement changes like these that allow their workforces, their businesses and our communities to thrive.

Together, we can ensure that all workers are treated with dignity and that they, and their work, are valued. These policies won't completely solve the problem, but they will be a huge step in the right direction toward a fair and equitable society.

move the needle.

In the last year, thanks to the hard work of advocates like Women Employed and our partners, we've won a No Salary History bill in Illinois to help ensure women

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# FORUM IDEAS

## ▶ BEYOND MANUFACTURING

# Distribution centers key to job entry, skills in new economy

**W**ill County is a laboratory for the U.S. economy of the future.

Its evolution from a major heavy industrial center in the last century to the largest inland port in North America today demonstrates that what is old is new again in jobs for America's middle class. Continuing to leverage location, access to international markets and extraordinary transportation assets, Will County is the envy of many vanishing industrial centers throughout the Midwest.

In many ways, Will County is the little engine that could. Battered by the closures of steel mills, manufacturing plants, the Joliet Arsenal and more in the 1970s and '80s, unemployment in the county approached 20 percent. Thousands of manufacturing jobs were lost during that period.

Today the unemployment rate in the county is 3.4 percent—among the lowest on record. And manufacturing jobs still make up an important part of the economy. Since 2009, manufacturing jobs have grown by 22.5 percent in the county, compared to just 0.2 percent for the Chicago metro area. Total jobs in the county have soared from 189,000 in 2009 to 245,000 today.

What happened?

New jobs (over 15,000 since 2009) in the



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Economic Development.

transportation, distribution and logistics, or TDL, sector have been created as a function of shifts in consumer behavior. Increased demand for low-cost goods from around the globe delivered directly to consumers daily has changed the way America does business.

Will County has been a major beneficiary of this change. What is happening here isn't happening in many places. The addition of more than 42 million square feet of industrial space in the last five years and Amazon's employment of more than 7,000 people in six Will County facilities, with another facility still to open, speak volumes about the new economic landscape we live in.

Not everyone is a fan of this seismic shift in jobs. The loss of higher-paying manufacturing jobs in Will County is not a local phenomenon. It's national. And perceptions of low wages, poor or no benefits, lousy working conditions and negative community impacts have dogged the TDL sector since the first intermodal center opened in Elwood in 2002.

It is true that the industry 15 years ago was challenged to pay a "living wage," often not much more than the minimum. And in some cases, working conditions were less than ideal.

Today the sector is providing an important new avenue for entry-level and lower-skilled



Amazon's Romeoville fulfillment center is one of six facilities in Will County employing more than 7,000 people.

employees with few barriers to entry, paying much better wages with benefits than sectors hiring similarly skilled employees. Fifteen dollars per hour is the new normal entry-level wage.

This upward pressure on wages caused by the growth and competition for labor in the TDL industry has raised wages in virtually every other sector in the county. Wage growth, particularly among entry-level positions, helps build stronger communities and creates wealth. This is good news.

The most significant news of the TDL sector in Will County is what's next.

Sophisticated supply-chain management systems, in-plant technology, and equipment utilizing robotics and artificial intelligence are driving the future of the sector. These rapidly

modernizing systems require highly skilled workers including maintenance technicians, programmers/coders and machine/robot operators, as well as back-office support positions and facility supervisors cross-trained on proprietary systems.

Deja vu back to what we have witnessed happen in manufacturing. People who perform lower-skilled and more repetitive, manual jobs are likely to be replaced by highly skilled and educated technology workers with better wages, benefits and clear paths to success in life and career.

The challenge before us will be to upskill many of the current TDL workers so they can benefit from the continued expansion and evolution of the industry. Otherwise, they run the risk of being left behind.

## ▶ JOB CREATION

# Replace wasteful tax breaks with short-term, targeted incentives

**F**or governors and mayors to win re-election, they must somehow "create jobs." The most visible job creation policy is business tax incentives, or money state and local governments give to entice firms' relocation to or expansion in an area.

Nationwide, incentives have tripled since 1990, to an annual cost of \$50 billion. But much of these costs is wasted. The incentives do little to create jobs for unemployed local residents.

In Illinois, incentive costs since 1990 have almost quadrupled. Compared to other states, Illinois' incentives, such as the Edge program and local property tax abatements, are more long term. Incentives go to the same jobs for many years.

In the future, incentives could pose a greater problem. The Foxconn deal in Wisconsin and some offers to Amazon have promised incentives per job that exceed the current national average by 10 times. If Foxconn-style incentives became the national norm, the share of state and local tax revenue going to incentives would soar to 30 per-



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ment Research.

cent. Such high costs would lead either to state and local public services being cut or to taxes being hiked for households.

How should incentives be reformed to lower the price tag and improve job opportunities for local residents?

Here are three principles based on hard evidence, detailed in my new book, "Making Sense of Incentives: Taming Business Incentives to Promote Prosperity."

**Principle 1: Limit long-term incentives.** Providing long-term incentives is tempting yet wasteful.

Politicians like such incentives because the costs are passed on to future lawmakers. However, because business decision-makers typically focus on the short term, incentives that pay out five or 10 years after the opening of a new facility probably won't make much difference to the location decision.

**Principle 2: Target jobs at the unemployed.** New jobs can go to locals or to people who move into the area. The more jobs that go to unemployed local residents, the higher the benefits.

To create more jobs for residents, state and local governments should target incentives at economically distressed areas. In these areas, the percentage of new jobs that go to the jobless is at least two-thirds greater.

State and local governments can also tie incentives to "first source hiring agreements." In other words, in hiring for entry-level jobs, the firms receiving incentives would be required to consider residents referred via the local workforce system.

Hiring of the local unemployed is also more likely if the incentive package includes customized job training, in which the local community college trains workers to meet the firm's needs.

**Principle 3: Complement incentives with services that help businesses be more competitive,** for example, by increasing the availability of suitable labor and land.

Improving job training and education allows businesses to benefit from a greater availability of skilled workers. Properly zon-

ing land for industry facilitates new business locations. Better roads and transit lower business transportation costs and expand the labor pool.

Offering services that provide better information and advice to new businesses can help them expand. For example, manufacturing extension services can work with smaller manufacturers to provide guidance on improving their technology, management and marketing.

All these services—skills development, land development and infrastructure, and small-business advice—can create five to 10 times as many jobs per dollar as typical business incentives.

They also make the incentives more effective, as businesses are more likely to respond if they can find suitable labor and land locally.

Voters should require that incentives play a more limited—yet more useful—role. Shorter, targeted incentives paired with business-support policies are cheaper and create more jobs for local residents.

**Nationwide, incentives have tripled since 1990, to an annual cost of \$50 billion. But much of these costs is wasted.**



► BALANCING POWER

# Work doesn't pay, so give us a 21st-century contract

**"H**ard work pays off." This is the foundation of the American Dream and what's been instilled in us our whole lives. But for most, work doesn't pay.

Business and civic leaders see this and convene well-intentioned working groups every few years to contemplate the jobs and industries of the future. These efforts often fizzle because the groups don't focus on the root causes.

Our problems are rooted in 40 years of crackpot economic theories that consolidate wealth in the hands of a few and create an endless supply of low-paying jobs and an army of gig workers. Job creation isn't the issue. The problem is our guiding economic theories prioritize crushing workers and communities to eke out every penny for shareholders.

Deference to these theories is threatening our democracy. Therefore, we need a new social contract that creates a 21st-century social safety net and balances power between workers and capital. Nothing will change if our measures for success are job creation and market caps. If we are serious about the future of work and the American Dream, then work must begin to pay today.

People are working and working hard—sometimes two and three jobs—yet they never seem to get ahead. According to the Federal Reserve Bank, the richest 1 percent of Americans have almost as much wealth as the entire middle class. The wealthiest Americans just received a \$1.7 trillion tax cut, while over 60 percent of us don't have \$1,000 in the bank for an emergency.

Millennials are the first generation to be poorer than their parents. And they're not saving less or behaving any differ-



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ently than their predecessors, no matter how many angry tropes are used against them. Our economic system requires people to tread water with lead bricks tethered to their legs. And this means it is almost impossible to save or build assets.

So we implore business and civic leaders to go to the root causes and forge a new social contract.

This contract must include changing the tax code to incentivize investment in labor to be on par with investment in capital. We should provide favorable tax treatment to companies that pay good wages and invest in their workforce.

Next, we must balance power on corporate boards and mandate worker representation.

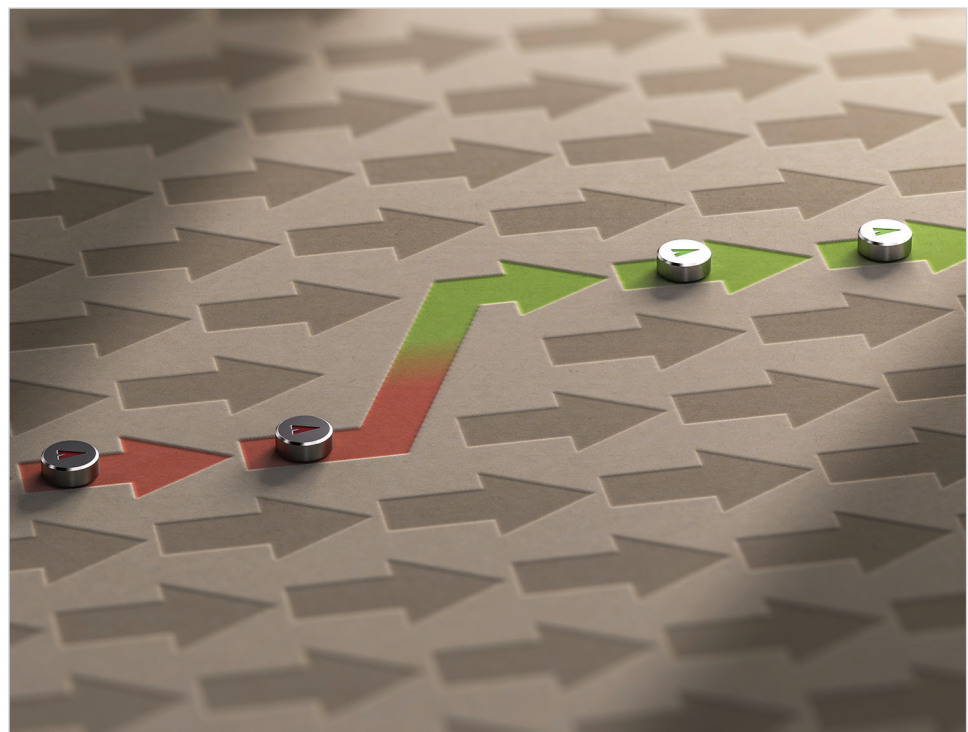
Third, we must invest in implementing public policies that incentivize the creation of unions and worker cooperatives instead of throwing taxpayer money at corporate relocations.

And finally, we must build a new social safety net through universal programs that put money directly back into the pockets of workers through a universal or guaranteed income and infuse desperately

needed cash into communities.

A modest \$500 a month per person can restore dignity to our neighbors currently forced to choose between buying diapers or food or paying rent or going to the doctor. This cash transfer can be financed through the expansion and modernization of the earned-income tax credit. We are a rich country, and we can afford to invest in one another.

The future of work is now. Contemplating new industries and creating new jobs won't cure the inequality or ugly nationalism and racism we see today. If we want a real future for our country, work must pay.



► EMPLOYER RESPONSIBILITY

# Retraining, fluidity vital to worker employability

**M**uch has been written and discussed that as a result of constantly expanding technology—including the introduction of driverless cars and 100 percent robotic factories—millions of jobs will be eliminated in the next several years and the unemployment rate will skyrocket. To many, this trend results in significant pessimism for the future.

Nonetheless, I remain very optimistic. Futurists have predicted significant increases in unemployment for the past 50 years and have consistently been proved wrong.

History has consistently shown that while certain jobs are eliminated, new jobs are created that we never even dreamed of. One of my five children is now working for Wayfair, the e-commerce company that sells furniture and home goods. One is working at a data analysis startup. Another just moved to Australia and is selling solar paneling.

None of these positions existed 10 years ago.

Some are concerned that the free-market, capitalist system is the problem. While it is clear there are issues with the current system, including inequality and the need for a certain level

of regulation, mankind has not discovered a better system in the past 50,000 years.

It is important to note that while many jobs are eliminated each year, most people find new forms of employment. If this wasn't true, the unemployment rate in the U.S. wouldn't be at a 50-year low.

Another much-discussed issue is the responsibility of companies regarding employees. My opinion is that a company in a free-market, capitalist system cannot guarantee employment. However, they should focus on employability.

A key responsibility of companies is

to help retrain individuals as some jobs change or are eliminated. During my time at Baxter International, while we did have layoffs, we focused on providing severance payments, helping people with outplacement and keeping track of how long it took them to find another position. The average time between positions was less than three months.

Given the rapid change that will continue to occur in the global economy, workers at all levels need to share the responsibility to seek out and respond favorably to retraining. Fluidity in moving people from one position to another and moving across industries will be critical to both organizations and everyone participating in the future of the free-market, capitalist system.

A final thought: There also has been much debate as to whether the purpose of a company should be generating a return for shareholders, providing a good work environment for its employees or being socially responsible. As I tease students in my Kellogg MBA classes, the answer is almost always "YES."

Here's one way to think about it: Yes, a company has a responsibility to generate a return for its shareholders. However, in order to achieve a return, two things are required: a strong team of employees and loyal customers.

By being socially responsible, a company is able to attract a strong team of employees and loyal customers. And if the company has a strong team and a great relationship with customers, it will generate an attractive return for its shareholders.

It is possible to focus on multiple stakeholders at the same time, and key among them are well-trained workers confident about their place in our future.



**Harry Kraemer Jr.** is a professor of management and strategy at Northwestern University's Kellogg School of Management, an executive partner at private-equity firm Madison Dearborn Partners and former chairman and CEO of Baxter International.





FORUM JOBS & WAGES

SHIFT CHANGE *Continued from Page 13*

earn a pay raise to \$17.43 an hour, the equivalent of \$21,752 a year.

“We put up a hard fight,” says Pearson, one of the union’s campaign leaders. “It took a long time to get here, but it was worth it.”

How do we create and provide good jobs? How do we make work better? What even counts as a good job, and who has access to one?

While the 21st-century economy takes shape, these are the questions confronting researchers, politicians, executives, worker advocates and economic planners as the city—like the country—continues its shift toward a polarized job market where a four-year college degree increasingly separates workers who can expect to earn enough to live on and those who can’t.

Metro Chicago’s economy had a long road back from the Great Recession, with the overall number of jobs only surpassing a 2000 peak in 2015. The city was hit hard by the shrinking of manufacturing jobs, which usually paid more than the national median, even for workers lacking a bachelor’s degree. And the decline has only partly been offset by a rise in skilled-services jobs in industries like health care.

Chicago has fewer working-class jobs than it did a couple of decades ago.

“They were jobs at a living wage,” says Robert Bruno, director of the labor studies program at the University of Illinois at Urbana-Champaign. “They were jobs at which you could aspire to something better for your children, and you felt like you had some long-term security in those positions. And I do think it’s gotten terribly harder to achieve that in Chicago’s economic environment and across the country, if you’re not among a small percentage of people who have advanced degrees.”

The causes range from globaliza-

tion to technological advancement to the rise of temporary labor and the decline of unions in the private sector. It has led to clashes between labor and business over the causes of the country’s income inequality, the right minimum wage and whether “gig” workers should count as employees or contractors.

The job market is undoubtedly transitioning. Some argue the landscape isn’t that bleak, that the workforce will adapt to technology and newly available opportunities, as it’s done in the past. Workers have benefited from recent low unemployment and wages that have been rising, particularly at the bottom. The minimum wage in Illinois will rise to \$9.25 an hour on Jan. 1 and will continue rising until it hits \$15 in 2025.

Others worry about a developing chasm: well-compensated, fulfilling jobs for the well educated; poorly paid, unstable jobs for the majority of workers who lack a bachelor’s degree.

Despite recent gains, labor’s share of more than a decade of economic growth remains small, says Diane Swonk, chief economist at Grant Thornton.

“It’s improved, and we’ve regained the ground that we lost (in recent decades), but we’ve got a ways to go,” she says.

What’s clear is the quality of the jobs here, how much they pay and the security and satisfaction they confer are key not only to workers’ personal fulfillment but broad-based prosperity. It is a crucial element in the overall health and wealth of the city, especially one that is losing population as people seek better opportunities elsewhere.

Twenty years ago, about 355,000 workers in Cook County were employed in manufacturing, an industry that many automatically associated with the idea of a “good job.” Today, that number has fallen 48

What even counts as a good job, and who has access to one?



Terrence Wilson, 27, is a tool-and-die maker at Dudek & Bock Spring Manufacturing.

percent to 184,000. The big sectors adding jobs include health care and social services, accommodation and food service, transportation and warehousing, and professional and technical services. Those four sectors together have added more than 188,000 jobs in Cook County since 1999, with health care alone adding nearly 98,000.

“Everybody from the Fed bank on down” is trying to determine if the jobs created by these growing industries will offer workers the compensation they need, says George Putnam, assistant director of economic information and analysis security at the Illinois Department of Employment Security. “The answer,” he says, “is uncertain.”

Twenty years ago, Alfred White, 57, worked at a manufacturing company that made VHS tapes. The company employed him di-

rectly, and he earned about \$12 an hour (the equivalent of about \$39,000 a year in today’s dollars) with benefits. Now he drives a forklift, employed by a temp agency that a major retailer hired to staff its warehouse. He has no health insurance and still earns about \$12 an hour, or not quite \$25,000 a year if he worked 40 hours a week.

“I like the kind of work I do now, but it’s frustrating because I don’t have benefits and I don’t get raises,” he says. “Everyone sees you’re working hard, and yet you don’t have the opportunity to get hired on with the company.”

DEFINING A ‘GOOD’ JOB

In the last few years, researchers have struggled to define what constitutes a “good” job, and who holds one.

Some rely mostly on data about

income, since it’s quantitative and more readily available. An important aspect of a good job is that it pays higher wages compared to other jobs available to a worker with a given level of education, training and experience.

A 2017 report by Georgetown University found there are 30 million workers in the United States who hold a good job without a bachelor’s degree, out of 123 million workers in the economy. The authors defined such a job as one that pays \$35,000 for full-time work for someone under 45 and \$45,000 for those 45 and older. Workers who hold these jobs earn a median of \$58,000.

The share of good jobs for workers without a bachelor’s degree declined from 60 percent in 1991 to 45 percent in 2015.

Illinois lost more than 10 percent of these jobs between 1991 and 2015, making it one of the hardest hit states in the country, along with other states in the Midwest and Northeast, according to the study.

Accommodation and food services is one of the sectors that has grown while manufacturing jobs have declined, largely because of a tourism boom. There were more than 242,000 working in the sector in 2018 in Cook County, compared to 176,000 two decades earlier—a nearly 38 percent increase.

The employment numbers encompass everyone from the Hyatt Regency’s general manager to the worker making a burrito at Chipotle, and the average annual pay is just over \$26,000. By contrast, the average annual pay in manufacturing was \$42,000 two decades ago.

As a pastry cook, Robert Hudson makes roughly \$22 an hour—about \$46,000 a year. Hudson, 29, helps supply the restaurant, coffee shop, food hall and banquets at the Marriott Marquis. He does what he loves full time and has health in-

HOW SAFE IS YOUR JOB?

The U.S. Bureau of Labor Statistics projected which occupations would shrink the most across the country between 2018 and 2028, and which would grow the fastest. For more occupations, go to ChicagoBusiness.com/Shiftchange.

OCCUPATIONS WITH THE MOST PROJECTED GROWTH, 2018 VS. 2028			Percent change, 2018-2028	Median annual wage, 2018
Personal care aides	881,000		36.4%	\$24,020
Food preparation/serving workers	640,100		17.3%	\$21,250
Registered nurses	371,500		12.1%	\$71,730
Home health aides	304,800		36.6%	\$24,200
Cooks (restaurant)	299,000		21.9%	\$26,530
Software developers/applications	241,500		25.6%	\$103,620
Waiters/waitresses	170,200		6.5%	\$21,780
General/operations managers	165,000		6.9%	\$100,930
Janitors/cleaners (except maids/housekeepers)	159,800		6.6%	\$26,110
Medical assistants	154,900		22.6%	\$33,610
Construction laborers	148,100		10.5%	\$35,800
Laborers/freight/stock/material movers	144,000		4.9%	\$28,260
Market research analysts/marketing specialists	139,200		20.4%	\$63,120
Nursing assistants	135,400		8.9%	\$28,540
Management analysts	118,300		13.5%	\$83,610

Source: Bureau of Labor Statistics

OCCUPATIONS WITH THE MOST PROJECTED LOSSES, 2018 VS. 2028			Percent change, 2018-2028	Median annual wage, 2018
Secretaries/administrative assistants	-212,500		-8.9%	\$36,630
Assemblers/fabricators	-162,400		-11.8%	\$31,540
Cashiers	-138,700		-3.8%	\$22,430
Executive secretaries/executive administrative assistants	-123,000		-19.8%	\$59,340
Office clerks	-110,600		-3.5%	\$32,730
Retail salespersons	-101,900		-2.3%	\$24,200
Inspectors/testers/sorters/samplers/weighers	-100,900		-17.6%	\$38,250
Bookkeeping/accounting/auditing clerks	-65,800		-3.9%	\$40,240
Postal service mail carriers	-65,100		-19.8%	\$55,210
Tellers	-57,800		-12.2%	\$29,450
Customer service representatives	-51,600		-1.7%	\$33,750
Data entry keyers	-43,400		-23.2%	\$32,170
Fast-food cooks	-38,100		-7.7%	\$22,330
Legal secretaries	-37,600		-20.9%	\$46,360
Buyers and purchasing agents	-32,000		-7.4%	\$62,750



surance and a pension.

Many in the sector can't say the same, including friends from his culinary school graduating class. One of them left the industry, and another holds multiple restaurant jobs to support himself.

"There's a fine line between understanding this is my passion . . . but OK, I also have to be able to survive," Hudson says. "Nobody wants to have three jobs because the one isn't enough."

NOT JUST PAY

There's more to a good job than good pay, and researchers have been examining other factors that contribute to job quality.

This year Gallup polled 6,600 U.S. workers about their job satisfaction in 10 categories, including benefits, job security, predictability of hours, career advancement opportunities and a sense of purpose and dignity at work.

The polling firm found that only 40 percent reported they were in good jobs. The remainder classified their jobs as mediocre or bad. Those unsatisfied with their jobs didn't just earn less, they had less of everything: job security, control over hours and enjoyment of work.

Notably, people who earned less also were less hopeful of climbing the ladder. Gallup found that "workers in the top 10 percent of the pay spectrum are almost twice as likely as those in the bottom 20 percent to say they are satisfied with their career advancement opportunities."

Security, a key component of a good job, can prove elusive, particularly for low-income workers. Only 61 percent told Gallup they were satisfied with their job security, compared to 83 percent of workers in the top 10 percent of earners.

Part of the erosion of job security stems from the now-common practice of companies hiring staffing agencies to supply workers, rather than employing them directly. Contracting for labor allows companies to save money, but labor advocates say the practice depresses wages and diminishes advancement opportunities.

Laseant Sardin, 60, thought his job was secure until he lost it. He worked full time in a warehouse in Will County operated by Schneider National, on behalf of Walmart.

Sardin worked in shipping and receiving, loading and unloading trucks full of goods like air conditioners and microwaves. His problems arose when the huge Bentonville, Ark., retailer took control of operations from Schneider at the nearly 600-worker warehouse. At first he was enthusiastic, because Walmart promised a pay raise to



Health care and social services jobs grew by nearly 38 percent in Cook County over the last two decades.

more than \$18 per hour from the \$15.50 he was making.

But he had to reapply for his job, including a background check, and he wasn't rehired. Sardin says he still isn't sure why he wasn't rehired for the same job he'd already been doing, but he suspects it was related to an issue from three decades ago. Walmart told him he could return to work as a temp. He refused.

"If I can't work for you (as an employee), why can I work for you as a temp?" Sardin asks. "I'm not going to go for it."

Sardin now works at a printing company, as a temp, but hopes to be hired full time.

"Hundreds" of Schneider employees were rehired when the retailer took over the Elwood warehouse, but all had to undergo a background check, Walmart spokeswoman Michelle Malashock says in an email.

"We understand the importance of providing second chances, and our background checks include a thoughtful and transparent review process to help ensure everyone is treated fairly," she writes.

Transportation and warehousing employs 131,000 in Cook County and 24,000 in Will County. Over the last two decades, the number of workers has increased 5 percent and a remarkable 388 percent in those places, respectively. Laborers and material movers in metro Chicago earned median pay of \$26,000 in 2018.

Companies can improve jobs, and some are actively trying to do that.

Zeynep Ton, a professor at the MIT Sloan School of Management, authored "The Good Jobs Strategy" in 2014 to argue that if companies treat their workers better, they will be able to operate more profitably. She advises companies to redesign job descriptions to

give employees more responsibility, making them more productive and justifying higher pay. Higher pay and benefits result in reduced turnover, lowering costs and eventually improving sales, too.

Ton cites Spanish grocery store chain Mercadona, Pacific Northwest pet retailer Mud Bay, convenience store QuikTrip and warehouse retailer Costco as companies that have pulled it off.

"QuikTrip and Costco design their operations to respect and leverage employees' time, knowledge, and capabilities and to give them more meaning and satisfaction in their work," she wrote this year in Harvard Business Review. "Yes, it's a big investment of money and effort in the front-line labor force, but with an even bigger return in productivity, customer loyalty, and adaptability."

Cristina Ochoa, 42, is an example. She invested in her company, and her company invested in her.

She started in the mailroom 21 years ago at Chicago-based S&C Electric, which manufactures equipment for electric power systems, and now works as a senior production planner. She ensures the company's assembly lines have enough parts to make and ship products, without letting inventory stack up. Though she doesn't have a degree beyond a high school diploma, she now earns \$65,000 a year, plus health benefits, and has a boss who OKs flexibility.

She's done well at the company, she says, because "I was constantly asking for more. I loved the challenge."

DIFFERENCE OF DEGREES

The Federal Reserve banks of Cleveland and Philadelphia are working to identify jobs that are open to workers who lack a bachelor's degree but still pay more than

the national annual median wage of just under \$38,000.

These "opportunity occupations" account for only 19.3 percent of the jobs available in metro Chicago, compared to 21.6 percent of the total employment for the 121 metro areas researchers analyzed. The top three opportunity occupations in Chicago are listed as registered nurses, heavy truck drivers, and maintenance and repair workers.

Chicago's lower percentage of these higher-quality jobs is due to several factors, says Kyle Fee, a senior policy analyst at the Cleveland Federal Reserve and one of the authors of the banks' 2019 report. The job mix in Chicago is tilted toward "knowledge-based career jobs," employers are more likely to require a bachelor's degree and the cost of living is high.

Given that, the surest route to improving earning potential remains additional education and training after high school. Gallup found that just 14 percent of workers who completed high school and earned a professional certification said they were in a bad job. By contrast, 19 percent of those who earned only a high school diploma said they were in bad jobs.

A degree or certification can open the door to a better job, but it isn't always easy.

Terrence Wilson, 27, is a tool-and-die maker at Dudek & Bock Spring Manufacturing. Though he attended a program for high school students run by Chicago-based nonprofit Manufacturing Renaissance, after high school he took a job as an assistant manager at a Family Dollar store.

The birth of his son and a friend's encouragement led him back to manufacturing. Dudek hired him as a machine operator, but the company paid for him to take a course on tool-and-die making. He commuted twice a week from Austin to Schaumburg for three years for the three-hour class, while continuing to work full time.

He graduated in May. His parents cried. So did he. And his work now ticks most of the boxes of what constitutes that good job.

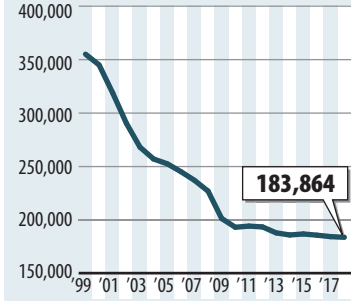
Five years ago, Wilson was making \$10 an hour. Now he's making \$22 an hour, with health insurance and a 401(k). Dudek makes hinges for Whirlpool and auto parts for Toyota. Wilson enjoys seeing his products out in the world, and the challenge of creating them.

"When I see things I think, 'I probably made that part,'" he says. "At first it was just a job. Now it's a career to me."

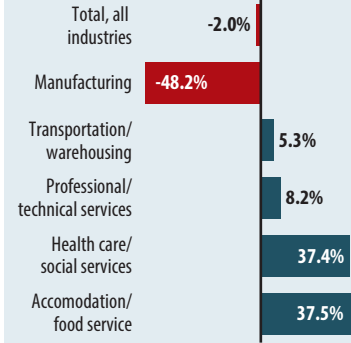
THE LOCAL JOBS LANDSCAPE

Manufacturing jobs have decreased significantly in Cook County over the last two decades, while jobs in health care and other industries have grown.

COOK COUNTY MANUFACTURING EMPLOYMENT



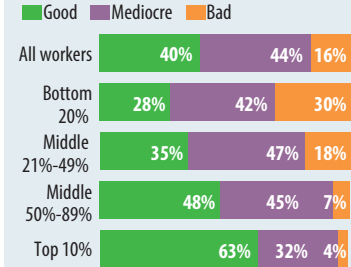
CHANGE IN EMPLOYMENT IN COOK COUNTY, 2018 VS. 1999



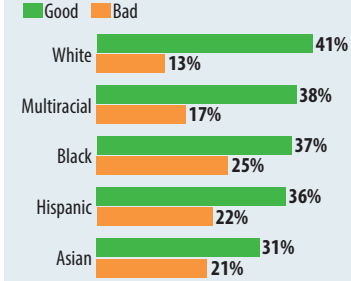
HOW GOOD IS YOUR JOB?

Gallup polled 6,600 U.S. workers about their job satisfaction in 2019. Only 40 percent overall said they had a good job, while 16 percent said their jobs were bad. The results varied by income level and race/ethnicity.

HOW WORKERS DESCRIBE THEIR JOB, BASED ON INCOME LEVEL



HOW WORKERS DESCRIBE THEIR JOB, BASED ON ETHNICITY



Sources: Bureau of Labor Statistics, Gallup

DEFINING THE GOOD JOB

It's not always simple to define what makes a good job, nor how to create and sustain one. The Good Jobs Institute, co-founded by professor Zeynep Ton of the MIT Sloan School of Management, lays out criteria for what constitutes quality employment. For CEOs, senior executives and front-line managers, the nonprofit offers a scorecard and diagnostic to help determine how employers and companies might improve. Here are the nine criteria.

<b>Fair pay and benefits</b> , allowing employees to meet basic needs, comparable to other companies.	<b>Stable and predictable schedules</b> , providing adequate hours to meet pay goals and let workers plan their lives outside of work.	<b>A career path</b> , providing a clear, fair route to advance toward higher pay.	<b>Physical and economic security</b> , allowing workers to operate in a safe environment and keep their jobs if they perform well.	A sense of <b>meaningfulness</b> , based on the work and its significance to the customer	Opportunities for <b>personal growth</b> , like the chance to learn, create and solve problems.	A sense of <b>belonging</b> , with an atmosphere of teamwork and mutual respect, where people feel proud to work for the company.	<b>Achievement</b> , resulting from workers having the autonomy, tools, time and resources to do great work.	<b>Recognition</b> , from management holding high expectations for workers and giving feedback.
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Source: Good Jobs Institute, GoodJobsInstitute.org/good-jobs-scorecard



# FORUM JOBS & WAGES

## Another take on gigs: Just making ends meet

Uber-like apps growing, but researchers walk back 'temp' predictions

BY SARAH ZIMMERMAN

Contrary to what you may have thought, gig work is not on pace to take over the economy.

These days, it's most likely just one of few ways to boost a paycheck, make ends meet or strive for a little extra—if you already have a traditional job.

Jayson Franklin, a 39-year-old father of six in Chicago's Austin neighborhood, is most typical of those working a gig. On top of teaching history full time at a middle school, he drives for Uber 20 to 40 hours a week to cover his family's bills and send his kids to a better school.

"Oftentimes, Uber is the only thing that keeps us afloat," he says, calculating his take-home Uber income at \$175 a week. "I try to hustle to be the best teacher I can be, but even with cost-of-living increases in my paycheck, it's not enough."

New research is slowly reshaping the public's perspective of the gig economy and how apps like Uber will affect the future of work. While the portion of workers juggling part-time gigs for their entire income isn't growing nearly as fast as once thought, there has been a marked rise in the number of people with traditional employment who also rely on app-based, on-demand temporary jobs.

For some economists and labor experts, it raises the question of whether low wage growth and increasing living costs are pushing workers to app-based work to make ends meet, even as advocates battle for better regulation of the sector and to secure the rights and benefits of regular employees for these workers.

"There's been a sharp rise in getting app-based income, but it's not replacing (workers') main jobs," says Andrew Garin, an assistant economics professor at the University of Illinois at Urbana-Champaign who studies "alternative work arrangements." "Only about 10 percent of users make a full-time living from these apps. The majority of users still have a traditional relationship with an employer."

### MEASURING GIGS

The narrative of the gig economy continues to change as it becomes better defined and understood.

Traditional notions of gig work encompassed independent contractors, staffing-agency workers, on-call workers and workers provided by contract firms. Economists say that this type of work grew immensely after the 1980s but has plateaued since the mid-1990s.

Within that sector, there's a small subset of temporary workers who participate in what economists are defining as the "online



Jayson Franklin is a full-time history teacher, but he drives for Uber up to 40 hours a week to cover family bills.



Lenny Sanchez's other gigs are day trading and cryptocurrency mining.

platform economy," and it has experienced dramatic growth, especially in urban areas like Chicago. Ride-hailing apps like Uber and Lyft dominate this market.

Other apps have sprung up to mediate short-term work—the UberWorks pilot in Chicago, for example—by partnering with staffing agencies to match users with on-demand shift work in restaurants, warehouses and retail businesses.

At one point, it was reported that the share of workers in alternative arrangements had sharply increased since the Great Recession. That notion was supported by a 2016 study by two prestigious economists who reported that 15.8 percent of workers had some sort of alternative work arrangement, a significant jump from 10.7 percent in 2005.

But authors Alan Krueger of Princeton University and Larry Katz of Harvard University walked back that widely cited study this year, citing faulty data and difficulties accounting for people with multiple jobs. Upon further investigation, they concluded that growth was more modest, 1 to 2

percentage points at most.

That smaller increase lined up with findings by other researchers and the U.S. Bureau of Labor Statistics. They found that—with the exception of ride-hailing services—app-based job platforms haven't translated into a dramatic shift in how most people make a living.

Research developed in partnership with the IRS used tax returns to find that the share of workers with any sort of alternative, non-employee work arrangements grew 1.9 percentage points from 2000 to 2016. Virtually all of that growth can be attributed to the rise of online gig work, according to the research.

But the paper also showed that most of the people doing online gig work have another job, typically with a traditional employer. Tax returns showed that more than half of such workers typically earn less than \$2,500 a year from apps—and that's before factoring in expenses, which are high relative to other independent contract work.

Dmitri Koustas, co-author of the report and an assistant professor at the University of Chicago's Harris School of Public Policy, studies

why people sign up for app-based work like Uber. His research found that in a majority of cases, it's to help make ends meet or to help pay for an unexpected expense.

"It allows someone to deal with something bad that happens in their life by immediately finding a job and working more hours," Koustas says.

He says it's possible that slow wage growth combined with increased expenses may have pushed people to rely more on gig income as a way to supplement wages from a traditional job. While it may be too soon to know if that trend will continue, he says "it's something to watch for."

### REGULATING GIGS

They may enjoy more freedom, but those who do these jobs fight to overcome unique hardships, such as uncertainty, less leverage and difficulties organizing. Ride-hailing drivers have no say in who they pick up, how much they're paid or how far they drive on any given ride.

Lenny Sanchez, 40, is what most people think of as a gig worker. He juggles driving for Uber and Lyft with income from amateur day trading and cryptocurrency mining—in addition to being a stay-at-home dad to three kids. Because of the work conditions, he's also started working as an unpaid organizer for Gig Workers Matter.

He started using the ride-hailing apps five years ago to "make up for lost income" after leaving a weekend night job at a banquet hall. But after years of driving, the companies began cutting rates, and the work became unprofitable.

"To get the same pay we did even just two years ago, we would have to drive way more hours," he says. "There's been constant pay cuts and so little transparency about when those cuts will happen."

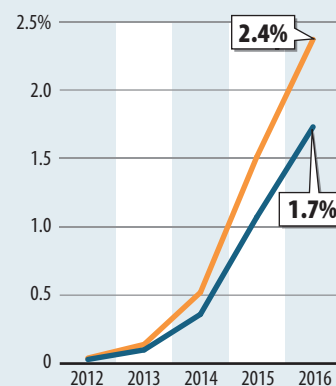
In response, activists are try-

### SMALL BUT GROWING

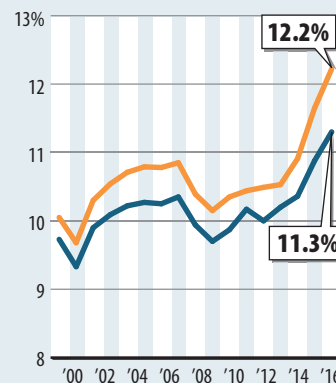
"Alternative work arrangements" are growing, but not as fast as once thought. The use of ride-hailing apps like Uber and Lyft is growing faster, especially in urban areas.

■ Illinois  
■ Chicago area

### ONLINE GIG WORKERS AS PERCENTAGE OF TAX WORKFORCE



### ALL GIG WORKERS AS PERCENTAGE OF TAX WORKFORCE



Sources: IRS, University of Illinois at Urbana-Champaign, Stanford University, University of Chicago

ing to force Uber to recognize its drivers as employees and take on the costs of benefits and taxes that come with being a traditional employer. California recently enacted legislation tightening the definition of who's an employee at places like Uber and Lyft, and a similar initiative is being considered in Illinois.

Uber argues it is not subject to employment rules because it is not a transportation company but a technology company that provides an online platform for independent contractors (drivers) to find clients (riders).

Some Chicago ride-hailing advocates, preferring not to be official employees, are calling instead just for more city oversight, including a per-mile rate, a fare increase and a cap on company commissions.

"Drivers are real people. They've invested money into their vehicles, and this is their livelihood whether or not it's their primary job," says Franklin, the teacher, who is also an organizer with Chicago Rideshare Advocates.

"It's time more politicians realize that we exist, that we are constituents and that we deserve a voice."