

# Discussion – “High-Touch and Here-to-Stay: Future Skills Demands in Low Wage Service Occupations”

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**Workshop on Future Skill Demands**

**May 2007**

# Three Main Arguments of this Paper

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## 1. Service occupations are ‘here to stay’

- Growing in employment share
- Hard to outsource

## 2. Services jobs require adaptive skills, ‘emotional labor’— Undervalued in the labor market

- Difficult to supply
- Difficult to automate
- Not adequately remunerated

## 3. This type of work is:

- ‘Gendered and Racialized’
- These features contributes to the low wages in the occupations.

## “Service Occupations are Here to Stay”

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- **Agreed! Service work is...**

1. **Difficult to automate:**

- Demand environmental or interpersonal adaptability.
- Examples: Waiting tables, caring for the elderly, childcare.

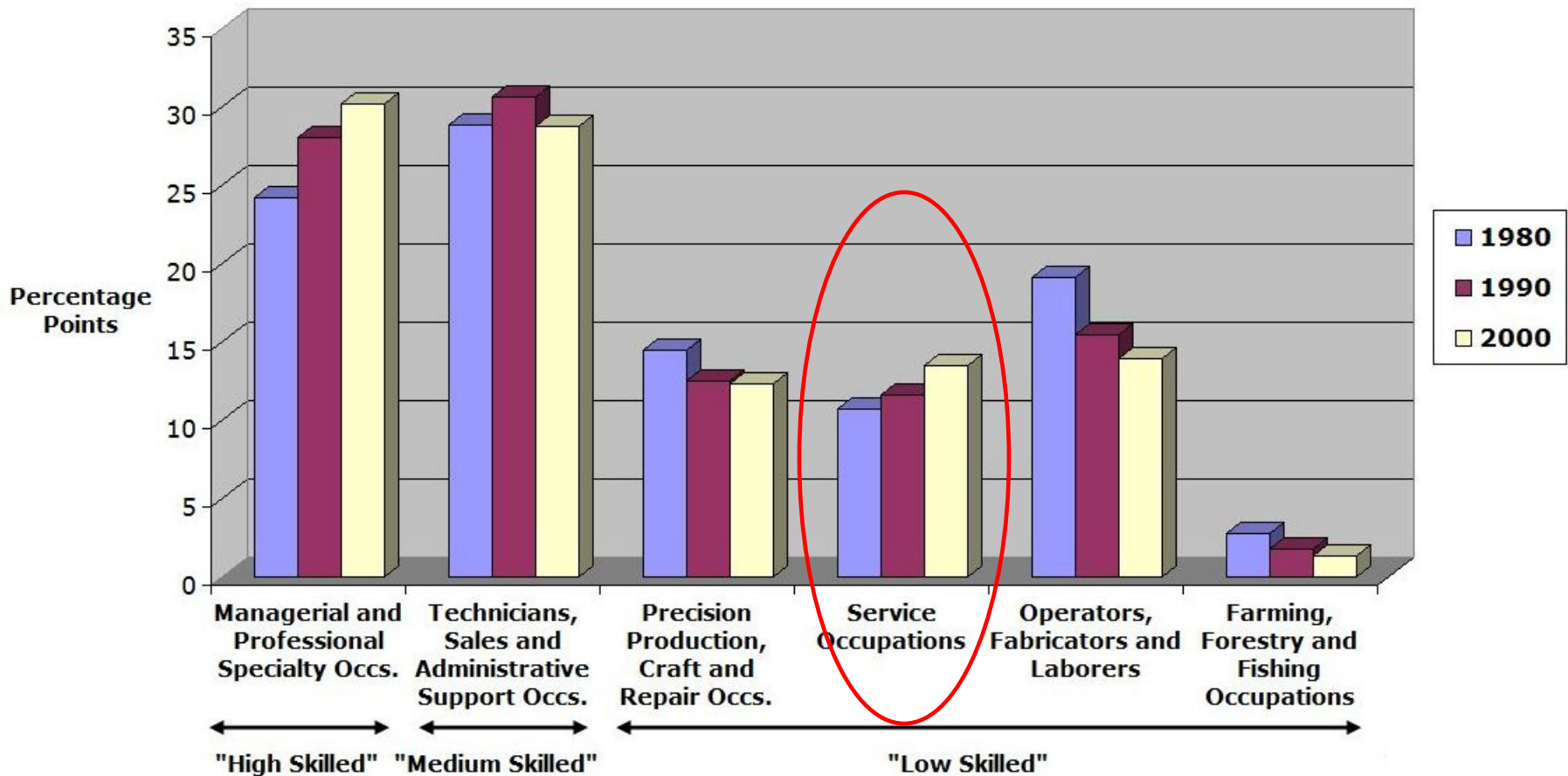
2. **Difficult to outsource/trade:**

- Require in-person production.
- Examples: House-cleaning, haircutting, childcare.

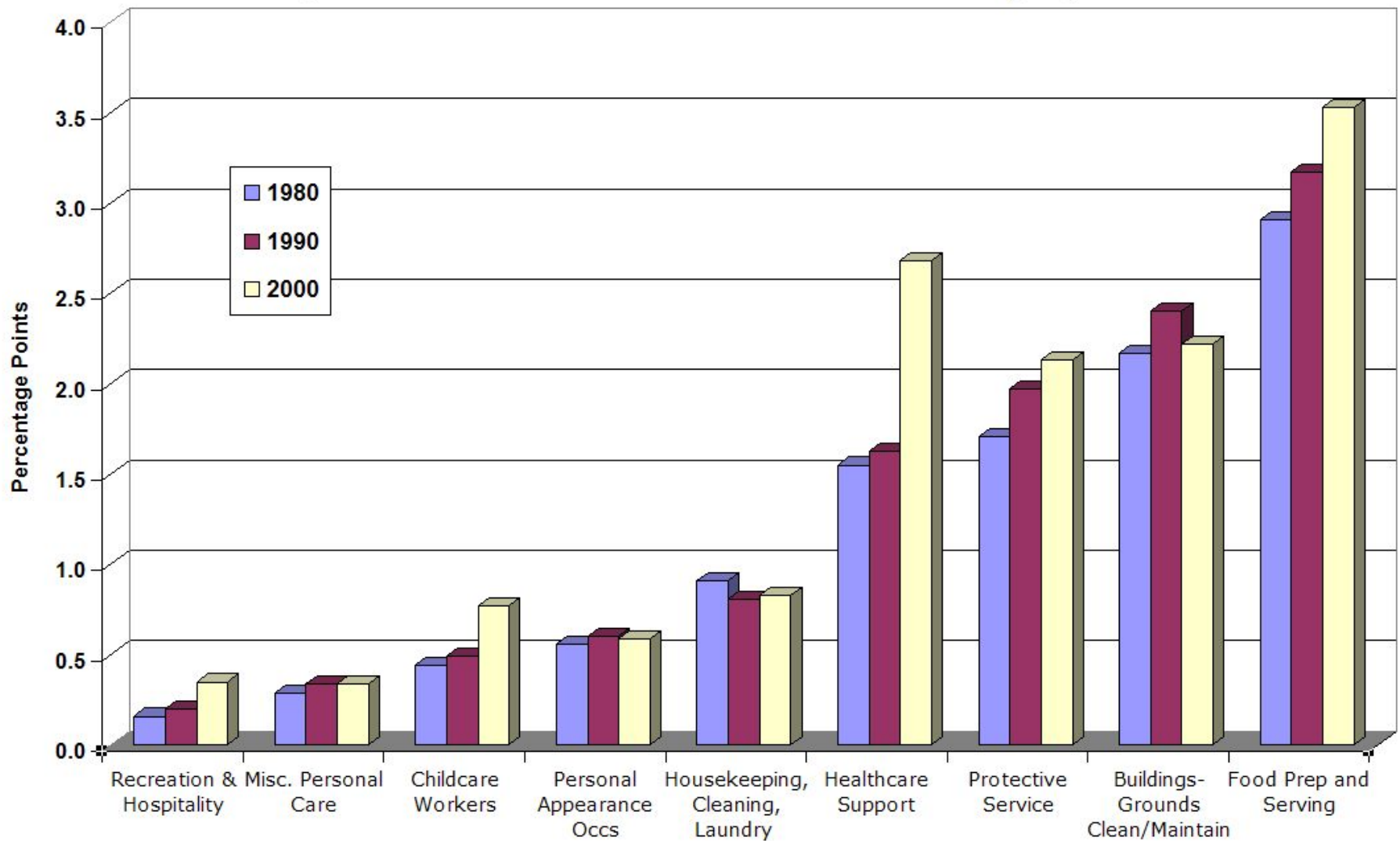
3. **Not demanding of extensive formal schooling:**

- Job tasks use ‘built-in’ skills: locomotion, visual recognition, fine motor coordination, spoken language.
- Examples: Security guarding, lawn-mowing, cleaning.

## Employment Share of Main Census Occupation Groups, 1980 - 2000



## Employment Shares in Service Occupations, 1980 - 2000 (Share of Total Hours of U.S. Labor Input)



# Service Jobs are Projected to Grow: Bureau of Labor Statistics, Occupational Outlook 2004 - 2014

Chart 8. Occupations with the largest numerical increases in employment, projected 2004-2014

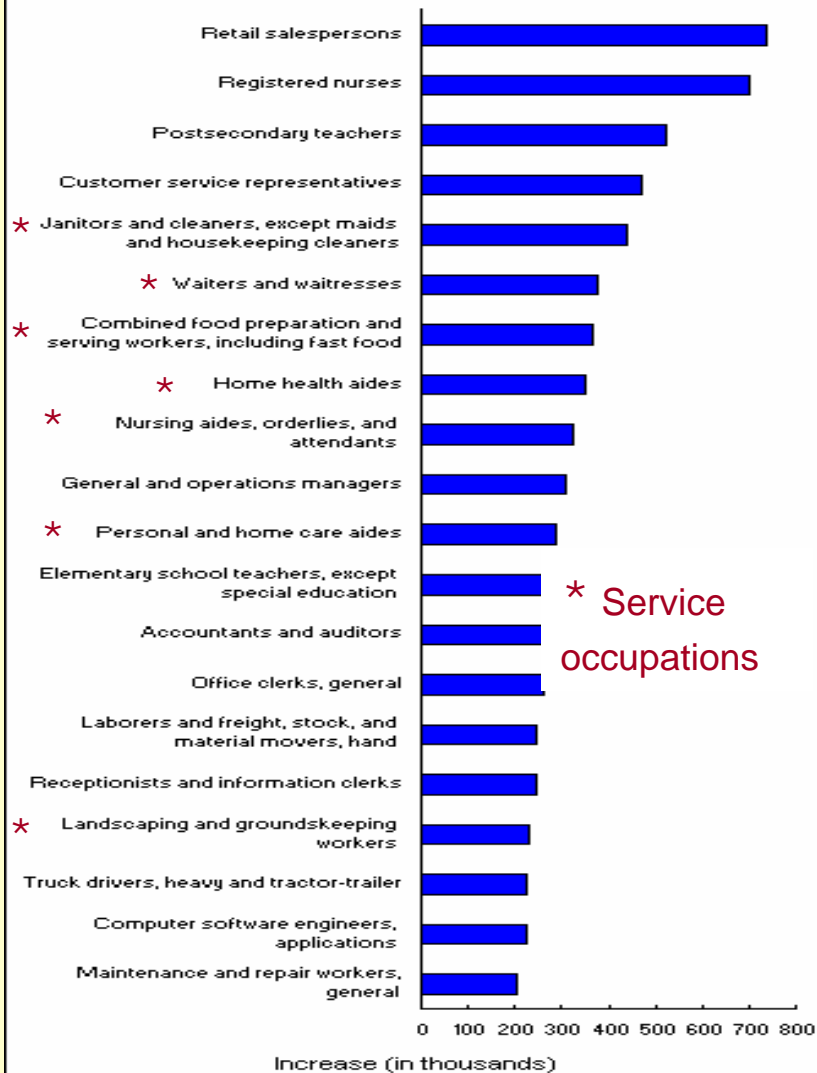
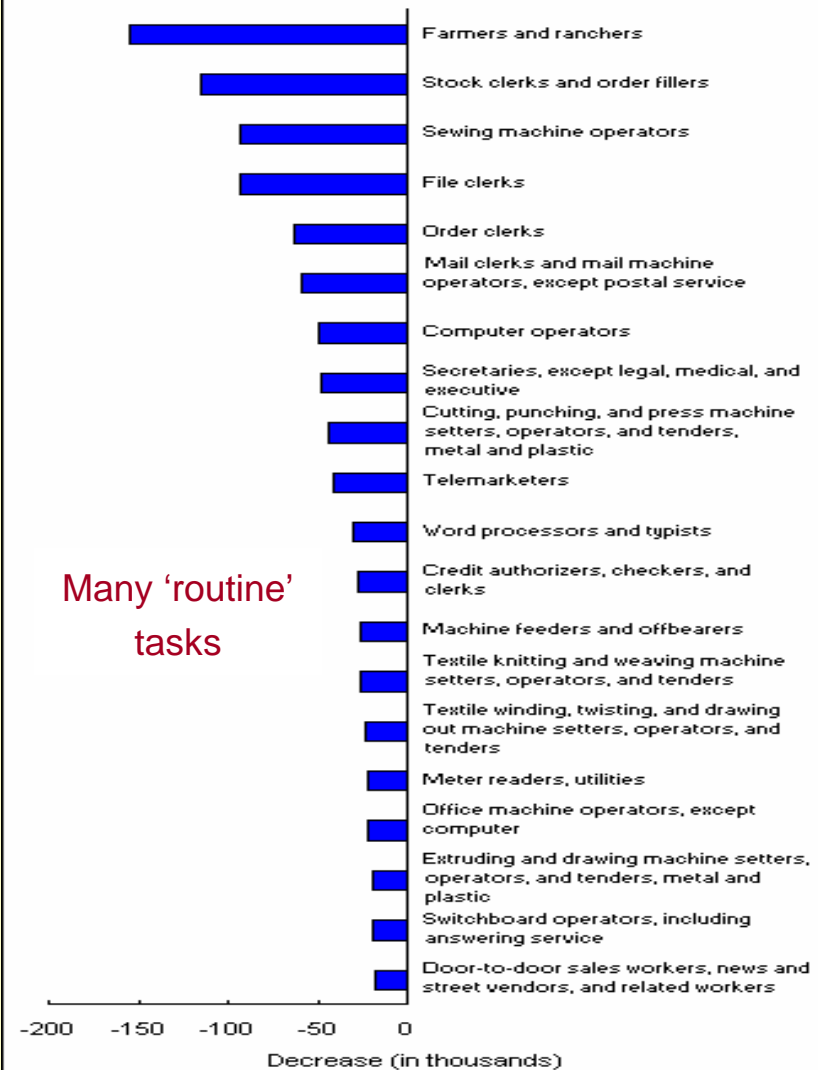


Chart 9. Job declines in occupations with the largest numerical decreases in employment, projected 2004-2014



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Undervalued in the labor market**
  - Difficult to supply
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  - ‘Gendered and Racialized’
  - These features contributes to the low wages in the occupations.

# Are Services Jobs Undervalued in the Market?

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- **Clearly, service work is important:**
  - Understanding the needs of others, providing assistance, empathy, emotional connection.
- **This work is also difficult:**
  - Flight attendants dealing with cranky customers
  - Personal care assistants aiding elderly and infirm
- **But is this work undervalued?**
  1. Perhaps markets 'devalue' it because it doesn't require extensive education (or because it is 'woman's work').
  2. Alternatively, perhaps it is undervalued because *it is not scarce*:
    - Though hard to automate or outsource, many people can do this work.
    - Like H<sub>2</sub>O. Incredibly valuable for the 1<sup>st</sup> drop, but perhaps not so much at the margin.

## Three Main Arguments of this Paper

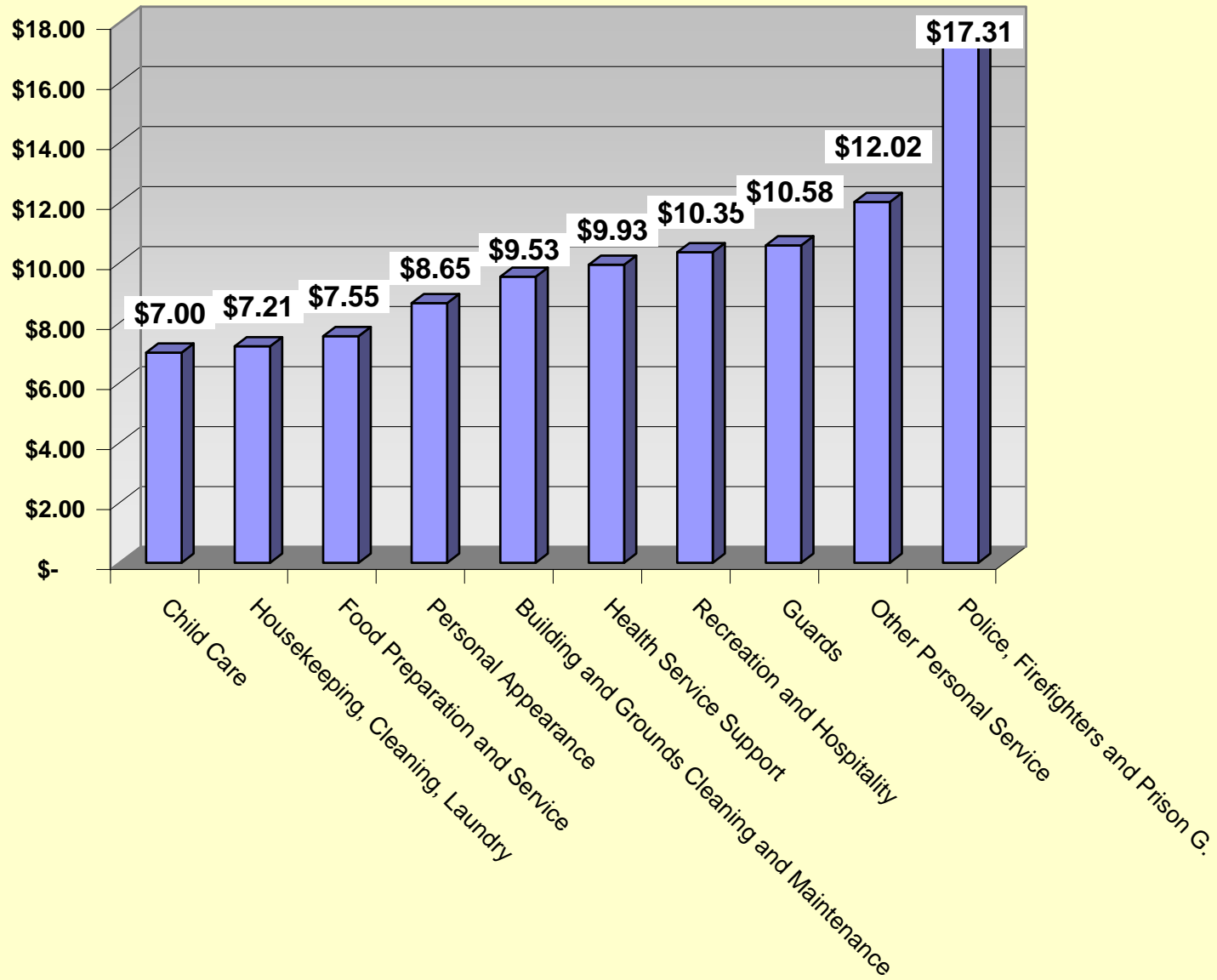
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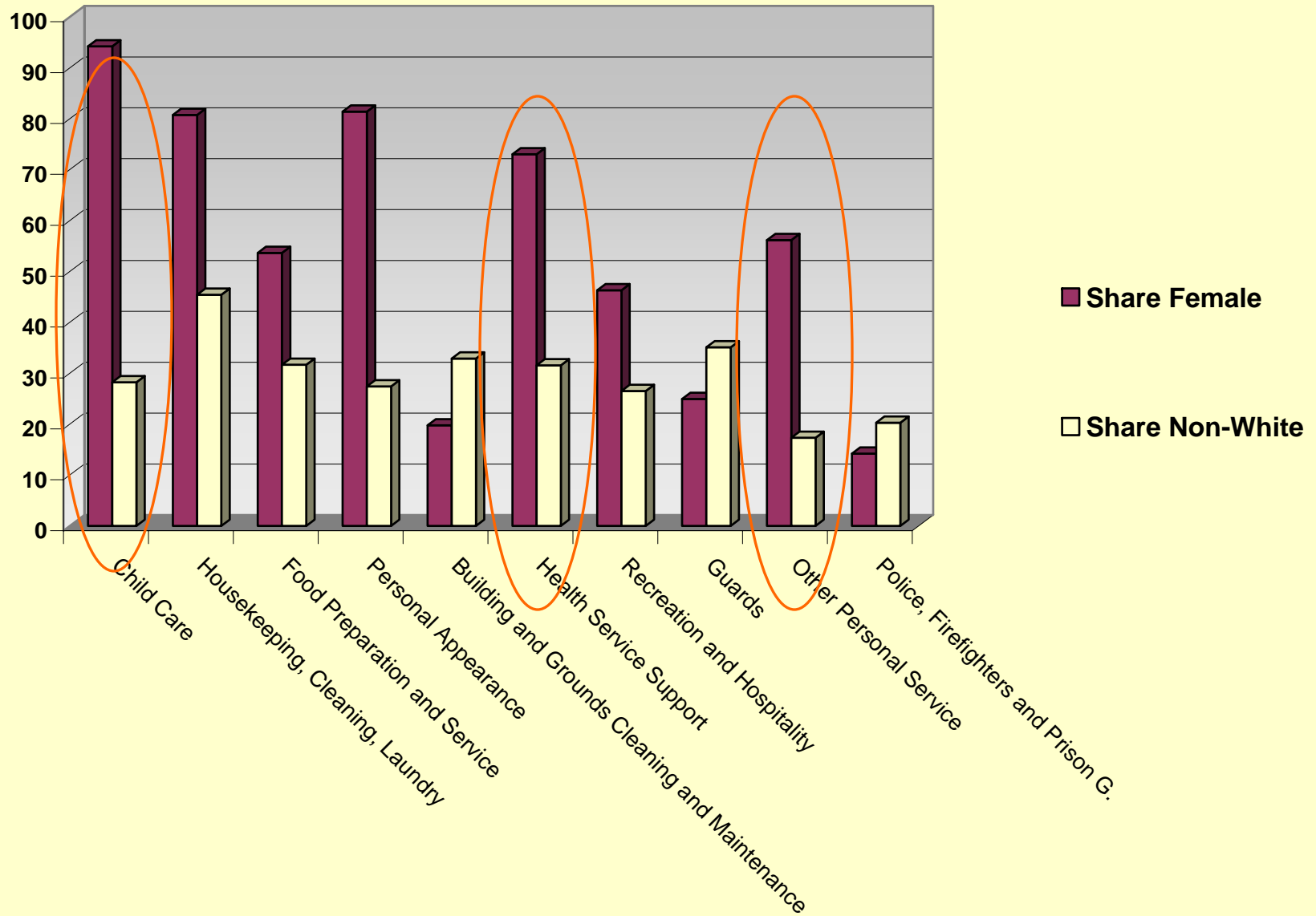
# Composition of Employment in Service Occupations 2000



## Median Wages in Service Occupations in 2000



## Gender and Racial Composition in Service Occupations in 2000



## Do Service Jobs Pay Low Wages b/c Gendered and Racialized?

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### 1. Other than police, firefighters, service occs are low-paid:

- More than 50% of service occupation workers are in the bottom 3 deciles of the wage distribution

### 2. Other than police, firefighters, these occs are low-education:

- Service occupations are twice as high-school dropout intensive as non-service jobs: 21.3 vs. 10.7 percent in the year 2000.

### 3. Service occupations are not greatly more female intensive than other occupations:

- Services are 51% female vs. 41% in non-service occupations
- Technicians, sales and administrative occs are 59% female

### 4. Service occupations are more non-white intensive than other occupations:

- Services are 31% nonwhite vs. 20% in non-services

# Improving the Quality of Service Jobs

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- **Multiple options, all with downsides:**
  1. Accept a world with many ‘McJobs.’
  2. Provide other social supports to improve quality of job:
    - Earned Income Tax Credit
    - Medicare expansion
    - Childcare and education subsidies
    - *But these steps imply many, politically vulnerable subsidies.*
  3. Regulate labor standards:
    - Licensing, training and certification
    - Union hiring halls
    - Mandated wage levels, vacations, hours
    - *But these steps raise costs, reduce employment levels...*
- Fallacy:
  - *“Because these services are non-traded, wages can be set high.”*