8 DECENT WORK AND ECONOMIC GROWTH
As the U.S. emerges from the COVID-19 pandemic, profound shifts in the labor market are creating new opportunities for companies to provide decent work and pathways for upward mobility for low-wage workers. With the labor market rebounding, the private and public sectors have a once in a generation chance to lay the foundation for stable and broad-based economic growth, undergirded by a strong commitment to good jobs. A mounting body of evidence shows that better jobs are associated with increased labor force participation, productivity growth, aggregate economic performance, equity, health, public safety, and social cohesion. Not only are improvements in job quality and mobility compatible with high employment levels, but they also disproportionately benefit women and people of color.

Even before the COVID-19 pandemic, Americans were increasingly working in low-wage, dead-end jobs, struggling to move up in the labor market with declining and uneven access to training and development. Upward mobility rates for low-wage workers have been falling for decades, often leaving workers churning through low-wage jobs without clear pathways for advancement. Not surprisingly, waning job quality and economic mobility disproportionately affect women and non-white workers, who are overrepresented in the low-wage, low-mobility workforce and whose pathways to in-demand, high-paying jobs are narrower. As a result, the American economy is trending towards a lose-lose-lose equilibrium in which firms fall short of realizing their full potential, workers struggle, and the country fails to achieve shared prosperity.

While empowering stakeholders to create good jobs requires a whole-of-society approach, companies have a critical role to play. A broad coalition of organizations are calling for better metrics and greater corporate transparency around human capital management as well as other elements of corporate sustainability, from the World Economic Forum’s International Business Council to the U.S. Sustainability Accounting Standards Board and the Global Reporting Initiative. In late 2020, the Securities and Exchange Commission (SEC) made the first significant change to its disclosure requirements in 30 years, including the addition of a section on human capital resources. However, more research is needed to understand which metrics empirically relate to creating good jobs and increasing mobility; which actions have material impact for firms; and where policy can raise the floor for workers while maintaining a level playing field for companies.
Room 8 seeks to add to the research base and provide a unique addition to conversations around the “S” in ESG. As part of 17 Rooms 2020, Room 8 initiated an effort to design a set of “opportunity metrics”—a simple, streamlined set of KPIs that firms can use to measure and enhance their creation of high-quality, upwardly-mobile jobs. After creating and refining the initial framework and assembling a coalition of private and public sector stakeholders committed to job quality and economic mobility, the group is now focused on piloting the metrics in partnership with firms and testing their feasibility and usefulness. Objectives for the second phase of the Opportunity Metrics work include:

1. **Expanding the base of support for the Opportunity Metrics project among nonprofits, private sector, and public sector leaders**
2. **Partnering with firms willing to lead by example by reporting internal data using the opportunity metrics framework**
3. **Analyzing firm-level data to provide “scorecards” that can inform companies’ ESG initiatives and helping companies build the data collection capacity to respond to potential regulatory shifts around human capital disclosures**
4. **Identifying a set of best practices to help companies advance along the Opportunity Metrics and improve their human capital management practices**

As part of its pilot effort, Room 8 working group members are in conversation with public and private companies representing a diverse range of industries and work environments, with potential partners ranging in size from 500 to 25,000 employees. Initial analysis of data provided by one of the nation’s largest food service companies is directly informing the company’s human capital management and diversity, equity, and inclusion strategies. As the pilot effort expands, Room 8 plans to conduct additional analysis on topics such as identifying “steppingstone” jobs within companies that act as bridges from low- to high-wage work; quantifying the benefits of reducing turnover for workers and companies; and gathering case studies of impactful and inventive human capital management practices within firms.

Room 8 is also working to distill specific societal metrics that motivate its firm-level metrics. These broad societal metrics derive from the project’s central goals of increasing job quality, enhancing worker mobility, and promoting equity. Firms can advance along these societal metrics by improving their human capital management practices. The metrics can also serve as national benchmarks that provide reference points for individual firms. Examples include:

- The percentage of workers who earn a living wage and have access to health care;
- The percentage of workers in the lowest wage quintile that move to a job paying above living wage in each year; or
- The year-to-year change in the demographic composition of high-wage positions.

Room 8 plans to publish its policy brief with metrics in the coming months. Its working group members will leverage their networks to generate publicity and encourage adoption and implementation of the Opportunity Metrics framework among companies who seek to better understand the links among human capital management, performance, and societal goods.