SOCIAL CAPITAL WORKS

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The conclusions and recommendations in each essay of this report are solely those of its authors and do not reflect the views of any of the institutions, scholars, authors, or Advisory Board members connected to our work.

The Social Capital Campaign is a non-partisan, not-for-profit educational program.
**About the Social Capital Campaign**

The Social Capital Campaign promotes social capital and the institutions that create it to leading policy and opinion formers, particularly in Washington, D.C.

**A Definition of Social Capital**

There are three main elements to social capital that we campaign on:

- **First**, social capital as the rich network of trusted relationships required for child development and formation through to adulthood
- **Second**, social capital as the rich network of relationships that sustain individuals throughout adulthood, both professionally and personally
- **Third**, social capital as the by-product of the first two: trust between citizens who have never met

**Six Focus Areas**

We draw our six policy focus areas from framework created by the Joint Economic Committee Social Capital Project, and we are grateful for the input and guidance of Dr. Scott Winship as we develop the campaign: family stability, family affordability, work, youth investment, civil society. We aim to consider the impact of digital, specifically: civil society and social media; work and the digital economy.

**The Four Quadrants**

The relationship between social capital and capital

All Americans should be able to accumulate both social capital and capital to achieve the American Dream. We use a simple chart to illustrate the relationship between capital and social capital to achieve that dream.
**Quadrant 1. The bottom left: low social capital, low capital**

**CONTEXT:** People in the bottom left quadrant have low levels of both social capital and capital.

**CHALLENGE:** An individual who finds themselves here is in a significant environment of distress—likely trapped in intergenerational poverty, surrounded by and perpetuating higher than normal levels of antisocial behavior or dysfunction, with few opportunities, or resources required to escape poverty. Aspirations for stable family life and affluence are significantly difficult to achieve.

**POLICY SOLUTIONS** here must have as much emphasis on supporting the creation of social capital as well as capital resources.

**Quadrant 2. The top left: high social capital, low capital**

**CONTEXT:** People in the top left quadrant are low in capital but high in social capital.

**CHALLENGE:** An individual in this quadrant is likely to be low income but well placed to achieve the American Dream. Being part of relatively well functioning extended family and wider community, such as a faith group, their social capital assets help them to access better paid jobs or opportunities.
POLICY SOLUTIONS here need to ensure strong social capital assets are not eroded, which would push the individual into Quadrant 1.

**Quadrant 3. The top right: high social capital, high capital**

**CONTEXT:** In the above table, people who are in the top right quadrant are high in social capital and high in capital.

**CHALLENGE:** Those in this quadrant embody the American Dream of a middle to upper middle-class life. Problems here relate to social capital collapse through breakdown of relationships, capital loss through job loss, or federal policy that penalizes them.

**POLICY SOLUTIONS:** Federal policy needs to support and reward pro-social capital assets. Policy solutions intended to help others should not unfairly impede the sustainability of their experience.

**Quadrant 4. The bottom right: low social capital, high capital**

**CONTEXT:** Individuals in the bottom right quadrant are low in social capital but high in capital.

**CHALLENGE:** Such individuals may be few, but their capital assets maybe significant enough to compensate for a lack of social capital.

**POLICY SOLUTIONS** here are to help those with high levels of capital to benefit those with low levels of capital through philanthropy and job creation, in a manner that also supports social capital creation.
SOCIAL CAPITAL CREATION AT ITS BEST

Families, churches, schools, employers, societies, clubs, philanthropic endeavors, electoral processes—these are the institutions that create social capital. As we promote these institutions, we imagine them at their best: Families as positive, nurturing environments for raising children and enjoying long term relationships. Houses of worship as the best of collective action inspired by faith that benefits individual members and the wider community. Schools providing scaffolding and skills preparation that equip a child for adulthood. Employers providing opportunities that value profit, work, and positive employee experiences while benefiting their customers. Societies, clubs, and philanthropy that elevate the human condition and raise quality of life. Political campaigns that allow diverse opinion, organized around a fair and transparent democratic process to represent the interests of the people.

Yet all of these institutions can have their negatives. Families can be abusive, faith groups controlling, schools incompetent, employers exploitative, societies exclusive, philanthropies self-enriching, and political activism corrupt or silencing of diverse opinion.

The existence of negative forms of social-capital-creating institutions does not negate the need for these institutions. Rather they add to the urgency of our campaign to promote social capital creating institutions, and at their best.

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Foreword

There is an ingenuity in the American people. It has driven our economic success and the ability for our country to thrive as a world leader. Work is what we do best, is what has driven prosperity for the American people, and the inspiration for upward social mobility for decades. And yet, have we lost sight of the prize? Work and economic productivity are meaningless in the face of a decline of social capital.

In these essays, the authors have taken a spirited, optimistic view of social trends and an incoming digital economy. While there is a decline in the numbers of friendships among adults, neighborliness, rate of volunteering, marriage and romantic partnerships, we believe America is still the best place to live, work, and raise a family.

As we face the decades to come, the attached collection of essays, and their modest, practical policy solutions, remind us of the value of relationships, neighborhoods, and communities—social capital as a vital national asset that must be preserved to maximize freedoms and to ensure a truly free market.

As I reflect on a happy career full of rich relationships, professional and personal, I can only hope that “Social Capital Works” will help inspire lawmakers, corporate leaders, and opinion formers to consider the value of social capital in the American marketplace, to make such happiness available to all.

Mark Rodgers
Chairman, Social Capital Campaign
WORK’S SOCIAL CAPITAL FOOTPRINT
A New Blueprint for ESG

Chris Bullivant

INTRODUCTION
Work preoccupies the lives of a majority of the population of the United States and for almost two thirds of the average American’s lifespan. For many, work serves the wider purpose of starting and supporting a family, enjoying leisure time, and engaging with projects and communities outside of the work space. The interdependent relationship between work and social capital is so obvious it is sometimes difficult to see or appreciate it. Yet social capital is required to get work and work funds social capital.

Yet, while social capital is always a positive factor for work, the activity of work itself, and the impact a business can have, can either build or erode social capital—for the individual, the family, the community, or society. Profit is good, until it erodes social capital.

Social capital describes the rich network of relationships in family and all associational life, including clubs, volunteering, faith institutions, and philanthropy. Of these, family is the most primary social capital building block, and so the limitations of this paper mean a greater focus rests on this institution.

The decline in social capital in America over recent decades is explored here with a tour of figures related to friendships; families and households; volunteering and neighborliness. Could it be possible that work itself has played a role in this decline? The evidence to suggest that it has, explored in this paper, is mostly anecdotal and survey led. Outlined in this paper is a new approach for how ESG data could better measure an employer’s “social capital footprint.” These new metrics could help employers and investors know their efforts are truly building social capital—an asset of vital national importance.

SOCIAL CAPITAL DECLINE
Since Robert D. Putnam’s groundbreaking Bowling Alone, there has been broad acceptance of the phenomenon of social capital decline across America. Sadly, since publication of initial findings, this decline shows little sign of abating. A quick tour of friendships, families and households, volunteering and neighborliness illustrates this phenomenon.
1. **Friendships**

“Americans report having fewer close friendships than they once did,” according to the May 2021 American Perspectives Survey. This research, comparing surveys from 2021 and 1990, finds a sharp decline of people with 10 or more close friends, and a sizeable growth of individuals with no close friends.

![Figure 1. The Number of Close Friendships That Americans Have Has Declined Over the Past Several Decades](image)

**SOURCE:** American Perspectives Survey, May 2021; Gallup, 1990.

Daniel A. Cox, summarizing the survey, recognizes that the workplace is now the main venue in which Americans can make friends, more so than in their schooling, neighborhood, faith-institution, or existing networks. Yet he further explains that, “Americans are working longer hours and traveling more for work, which may come at the cost of maintaining and developing friendships.”

This then, the number of hours spent in work and the decline of other avenues for finding friendship, puts a premium on work as a venue for building social capital.

2. **Marriage, families, and households**

Part of the decline in social capital is perhaps also reflected in shifts in household structures, namely the decreasing number of people per household in the United States.

America has tended toward the lower end of numbers in households in the developed world, at about 2.6 people living in a household—comparable to a handful of Western European countries, but fewer than much of Eastern Europe, Latin America, and Asia.
Numbers in households have been decreasing for decades but have seen a recent uptick. The uptick is in part due to changes in living arrangements during the COVID-19 pandemic. But a growing development is young adults in their 20s and 30s living with their parents: the share rising from 32 percent of 18–34-year-olds in 2010, to 35 percent by 2017.

This rise in the average household number, however, conceals a more notable trend in household size: the increase of older people living alone.

Among households headed by people aged 45 to 64, more than a quarter are one-person households, compared to just 16 percent that are headed by families with children, and 37 percent empty-nesters. Among older adults, 27 percent live alone, more than in most other countries.

But declining marriage rates and later marriages also have an impact on household formation. For households headed by an adult aged under 25, the share headed by married-couples with or without children is 15 percent, almost matched by single-parent families at 14 percent.

Not only is marriage increasingly elusive, but even cohabiting has also become harder to achieve. In 2019 nearly four in ten prime-age working adults (18-54 years) were unpartnered, neither married nor cohabiting. This is a sizeable increase from 29 percent in 1990 to 38 percent in 2019. This trend comes with several impacts because, “unpartnered adults generally have different—often worse—outcomes than those who are married or cohabiting”: lower income, lower educational attainment, and poorer health outcomes. This isn't just an issue for young people. Among those aged 40-54, the percentage of people who are unpartnered is up from 24 percent in 1990 to 31 percent in 2019.

Further, the U.S. has the highest single parent family rate in the world. Almost a quarter of America's children live in single parent homes, more than in any other country, and more than three times the global average. This has marked impact on achieving favorable life outcomes and adds downward pressure on household formation figures.

These numbers are at odds with personal aspirations. Three out of four high school seniors say having a strong marriage is “extremely important” to them. This value maintains into young adulthood, with 80 percent of young-adults rating marriage as an “important” part of their life plans, according to the National Marriage Project.
With such a decline in friendships, romantic partnerships, or even marriage, and a rise in older people living alone, has work played a role in shaping these dynamics?

3. Volunteering, community, neighborliness
Data on volunteering is mixed but clear. On one hand the number of hours volunteered, and money donated, has reached a “record high” in recent years. But the Do Good Institute at the University of Maryland are concerned that these figures conceal a steep decline in the actual percentage of Americans volunteering: 31 states experienced significant decreases in volunteering between 2004 and 2015, and this drop is “surprisingly more prevalent in states historically rich in social capital.” They also observe that communities with traditionally high levels of social capital and volunteering, rural and suburban communities, have also experienced steep decline. In rural areas from 30.9 percent in 2003 to 25.2 percent in 2015. Volunteering in suburban communities is waning from 30.1 percent in 2003 to 25.3 percent in 2015. Volunteering within cities, they find, has maintained a steady figure at its relatively low rate of 23.1 percent in 2015, as in 2002.

Possible causes for such decline in volunteering are commuting times, more women working, and a lack of free time. A U.S. Department of Labor report in 2016 state that married individuals volunteer at a higher rate than single people—29.9 percent compared to 19.9 percent. So perhaps the decline in marriage rates has an impact on rates of volunteering. Leisure time during work years also has an implication on volunteering rates. Those who volunteer before retirement are more likely to volunteer in retirement, according to a Stanford study. This would suggest that today’s declining rate is tomorrow’s even steeper decline in volunteering.

Neighborliness is remarked to be in decline too, with Pew Research identifying a smaller share of those who would spend a social evening with their neighbor: at least once a month down from 61 percent in 1974, to 46 percent in 2014. This lack of neighborly community appears to be hitting hard with younger generations. Two in three millennials don’t feel like they belong to their local community, while a recent survey found that Gen Z report as being the loneliest generation, perhaps through a lack of avenues to make new friends including community decline. This is not surprising if they are tending to live with parents.

If a lack of free time is part of the reason people give for not volunteering and being able to build community, could work hours have a role to play in this decline?
4. Work to reinforce social capital building measures

The figures above paint a complex and stark portrait of social capital in America today—growing up without both parents, finding it harder to find friendship in adulthood, difficulty in finding a spouse and starting a family, and more people living alone into older age. An apparently robust voluntary sector concealing decay and younger generations feeling increasingly isolated.

Many of those who delay volunteering, who don’t invest in friendships, who put off marriage and family until later in their life, each cite “not having time”, or explicitly “work” or “career” as the reason for not entering into these social capital building activities.  

*The State of Burnout in Tech Report* by Yerbo claims that the tech industry’s work demands leave “little time for personal life” and cause burnout in tech workers.  Often career is cited as the biggest impediment to fulfilling relationship goals, certainly for those in highly-educated, high-income roles.

When Elon Musk challenged staff at Twitter in November 2022 to work “long hours at high intensity” or leave, it was unclear how many hours he was expecting employees to work. But an expectation for the American workforce to overwork must surely come at the cost of building private social capital.

For low-income and low-skilled employees or contractors, the work environment in the United States can also have an impact on an individual’s ability to build basic social capital. A lack of advanced scheduling, flexible work options, no employer-based healthcare benefits, and zero job-protection in the event of pregnancy, can place enormous pressure on relationships and parents (or parents-to-be). This lack of flexible work arrangements with protections and benefits, as we have published previously, has a disproportionate impact upon Hispanics in America today.

Personal relationships and private social capital building can emerge from work. Professional relationships can become personal friendships. Employer organized volunteering may spill over into personal volunteering. But employment cannot be the sole venue by which an individual is expected to build social capital. Time invested in families, friendships, clubs, societies, faith groups, neighbors and communities, need by definition to occur primarily outside of the workplace and free of employer control.
MEASURING A COMPANY’S “SOCIAL CAPITAL FOOTPRINT”

The reality is that we cannot know what a company's impact on social capital is—their “social capital footprint”—without some basic metrics in place to gauge whether an employer contributes to social capital creation or not.

The ESG framework allows companies to measure the impact their core business has on a number of externalities. More than 90 percent of S&P companies now publish some form of ESG reporting. Much of this has been voluntary to date. But with investment in public companies now increasingly directed by an ESG score, and with the Securities and Exchange Commission exploring the potential for ESG in regulation, ESG scoring may become increasingly coerced. For now, it is unclear whether ESG reporting is a fad, or whether it may evolve into something more manageable, effective and “real”.

The ABCD Analysis of Social Capital

Without factoring in social capital, much ESG reporting is dislocated from reality, and therefore less likely to be achieved. ESG, to be effective, needs to accommodate, measure, and protect the social capital environment that it is a part of. Without any metrics in place, it is impossible for a company to know if it is affirming, building, creating, or destroying social capital.

This ABCD analysis applies to company impact on employees’ social capital and that on wider society. This essay focuses on impact upon employees.

THE ABCD OF CORPORATE IMPACT ON SOCIAL CAPITAL

Employers and companies can have the following dynamic interactions with social capital, with likely more than just one occurring across operations:

**A: Affirms** – Activity affirms existing social capital or, at least, takes a “do no harm” approach, e.g., social media can affirm existing family or associational networks, e.g. a corporate culture that permits employees to go home when their hours are completed.

**B: Builds** – Activity builds on existing social capital, helping form professional and private relationships, family stability, volunteering, citizen engagement, and associational life, e.g. paid family leave allows an individual financial security to be able to bond with an infant and adjust to parenting.
**C: Creates** – Activity creates social capital that didn't exist before the services were provided. In the event of an online platform this may be to make community relationships that didn't previously exist, e.g. providing advanced schedules for low-income, low-skilled workers so that they can better manage their personal and family affairs, would create social capital where there was none, e.g. providing affordable housing for workers or allowing flexible work that increased housing affordability could improve neighborhood building.

**D: Diminishes** – Activity diminishes or destroys social capital. Overwork or lack of employment protections may cause families undue distress and to collapse, or not form in the first place; to hinder the development of volunteering and neighborhood interaction; activity promotes anti-social capital building behavior and distorts the market to social dysfunction: through crime, addiction, or establishing barriers to individuals' aspirations to achieve social capital, e.g. asking employees to work long hours at full intensity destroys social capital.

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**How the ABCD analysis would add or subtract from an ESG score**

If we use the McKinsey, “Minimum practice”, “Common Practice”, “Next Level' Practice” levels of ambition for ESG with the ABCD dynamic relationship with social capital, we can see more clearly how it would be possible to consider a social capital metric’s impact on an ESG score.

**A: Affirm**

A “do no harm” approach, affirming pre-existing social capital among employees, would be a positive, low score contribution to an overall ESG score.

**B: Build**

Companies that develop a new common practice beyond core business, and can measure that they are building on existing social capital, would receive a positive, medium-weighted score boosting their overall ESG score.

**C: Create**

Companies seeking exemplar “next level” practice would be able to ensure their social capital ESG components are fully integrated into their strategy and operations. Such efforts that are measured to reverse a decline in social capital, and instead create social
capital *where there was none* before, would achieve a maximum score contribution toward an overall ESG score, allowing investors to know they are achieving social capital creation.

**D: Destroy**

Companies whose social capital ESG data reveals a destructive effect on social capital have the opportunity to set out goals that would reverse this negative impact, and to develop strategy to achieve a “do no harm” approach as a minimum. A company that diminishes or destroys social capital should secure a negative score from their social capital metrics, lowering their overall ESG score. Investors would be alerted to the fact that this company, by destroying social capital, is adding to the breakdown of trust in society, increased polarization, polluting the free market, and undermining the capacity for a democracy to function as a society.

**A SOCIAL CAPITAL METRIC WOULD HELP ACHIEVE ESG GOALS**

In addition to boosting social capital, integrating social capital will help companies to achieve their wider ESG goals.

**Social capital and “E” for environment**

The “E” for “Environment” category of ESG helps companies to better understand their role in the wider impacts of environmental sustainability and to cooperate with policy efforts to mitigate against man-made climate change, amongst other things. Adding social capital metrics will help achieve climate change goals.

For example, household formation has a sizeable impact on resource use and carbon footprint. A 2007 international comparison study measured the effect of divorce on the environment. Divorce can be significant for resource consumption. In 2000 divorce created 6,060,883 extra households in the United States. Divorced households in 2005 spent 46 percent and 56 percent more on electricity and water per person than married households by using 38 million more rooms, 627 billion gallons of water, and 73 billion kilowatt-hours of electricity—an electrical consumption equivalent to the output of 8 big nuclear reactors. In all, the report concluded, “U.S. households that experienced divorce used 42–61% more resources per person than before their dissolution.”
The other elements of household formation mentioned above, including a decline in friendships, marriages, and partners—and a rise of single parenting, and people in older age living alone—may also be an impact of work. This, then, with an impact upon the environment.

Divorce, family breakdown, and social atomization in general are contributors toward and consequences of social capital decline. Without a social capital evaluation within ESG reporting, it is difficult to know if a company’s corporate culture fosters social capital, or whether it doesn’t. It therefore cannot truly assess its environmental impact.

**Social capital and “S” for social**

If companies want to increase the diversity of ethnicity and backgrounds represented in their employment and boards, they would do well to ensure the means to achieve social capital are measured. The principal engine for opportunity and upward social mobility is family stability.

As we noted in our report by Brad Wilcox, Chris Bullivant, and Peyton Roth, Harvard economist Raj Chetty and his coauthors found a strong community effect in upward mobility that aligned well with family-structure differences across geographic areas. Chetty found that the most predictive factor of upward mobility in a community was the share of homes with two parents present in the household. This factor was more predictive than other measures such as school quality, income inequality, or racial segregation. Chetty’s research also found that the difference in economic mobility between black and white boys is smaller in communities with a greater share of present fathers and married adults. This analysis was borne out by further findings by Richard Reeves who notes the chances of upward economic mobility are different for low-income children of married versus unmarried parents. Four-out-of-five children born into the bottom income quintile who were raised by married parents had risen out of that range by adulthood. In contrast, those raised by a never-married single mother had only a one-in-two chance of doing the same.

To achieve diversity in a high skilled workforce, companies should recognize their role in a wider social capital ecology and ensure at minimum they have a “do no harm” approach. This, then, puts an emphasis on pro-social capital creating policies.
Social capital and “G” in Governance

Transparency in governance, such as in executive pay and representation of diversity at Board level, is laudable, helping to narrow the capital gap that can drive society apart. But governance measures without social capital indicators only tell half the story.

Social capital measures would help reveal in governance transparency not just executive compensation, but whether a social capital accumulation divide exists between executives, and employees and workers. There is currently a gaping marriage divide in America today, where 60 percent of the upper middle class among prime working age marry, while only 20 percent of the poor do. Done correctly and sensitively, social capital measures would allow for true transparency. Do executives benefit from not just better compensation but also an advantage in the accumulation of social capital for themselves and their children? Do they have greater access to housing, school choice, safer neighborhoods, ease of access to support networks? If so, a company is adding to polarization within society by reinforcing a segregation between those who have high capital and social capital and those who do not.

At present, it is impossible to determine a company’s social capital asset transparency as no measures exist.

Social capital is the means by which a company can improve diversity in the workforce, meet environmental impact goals, and ensure transparency in achieving life outcomes between executives and workers. It is, therefore, in the private sector’s best interests to consider how to achieve these measures.

Protecting Privacy in Developing a Social Capital ESG Metric

We recommend that a framework is developed to include social capital in ESG reporting. This is something company’s shy away from on the pretext of causing offense or intruding into personal lives.

We agree. It is not for companies to intrude upon the personal lives of their employees. The potential pitfalls in creating a metric for social capital are clear:
1. Employers should not make moral judgments or shape the private lifestyle choices of an employee.

2. Social capital as we are describing it is predominantly private. A social capital metric could lead corporations to think they “own” or possess social capital creation. Staff away days, corporate volunteering, training, HR policies, faith inclusion, and work social events no doubt enhance professional relationships and corporate culture boosting that element of social capital. But these cannot replace the private activity of social capital building, participation in family, faith institutions, non-profits, neighborliness, and political campaigning outside of work.

3. Metrics, then, need to be developed that are aggregated through anonymized HR data, measurable by indicators, or develop by consent through sample surveys.

However, without a social capital ESG measure, a company may well be making moral judgements that shape the private choices of an employee.

Employers should not impede an individual’s ability to fulfil their private, personal social capital aspirations. If inflexible work conditions—a lack of advance scheduling, no paid sick leave, no paid family leave, or an expectation to overwork—means that an individual is unable to establish community, participate in a faith group, or afford to work and start a family, employers have made moral decisions about an individual’s lifestyle, and are intruding upon the private sphere.

ALIGNING SOCIAL CAPITAL METRICS WITH PERSONAL ASPIRATIONS

To avoid concern about privacy intrusion, it is important to ensure that social capital metrics work in-line with the personal and private aspirations of individuals.

Companies have been willing to strike the right balance between private lifestyle choices and public affirmation for, say, members of the LGBT community or inclusion of those of diverse, minority faith backgrounds. These policies are oriented around deeply private and personal choices—or innate characteristics. And yet these have been achieved without too much intrusion into the personal sphere or objection.
In the same way, campaigns on climate change, teen pregnancy, and smoking have all been helpful at changing behaviors through regulation, education, and in some cases tax policy. These campaigns have been successful in part because they are aligned with personal aspiration. By and large people want to protect the environment, have wanted children at a secure life-stage, and to enjoy good health free of addiction.

Social capital metrics would be far less intrusive, not seeking to change behavior. Rather corporations can be assured that the majority of their employees want to have friends, belong to a community, and to start a family. Rather than be offended, a workforce may enjoy their employer supporting their personal aspirations with policies such as paid family leave, paid sick leave, health insurance, and a guarantee of a job role after taking a maternity or paternity break. Especially should these benefits be extended to low-skilled, low-income laborers and contractors.

ESG social capital metrics would, therefore, allow a company to know whether it is working within the grain of private aspirations or not.

**TOWARD A SOCIAL CAPITAL METRIC**

Adding a social capital component to ESG would allow corporations to be able to truly invest in America’s social capital fabric and boost the strength of society and the market. The Joint Economic Committee Social Capital Project Social Capital Index provides indices by which such a measure could be built. These consider a range of factors such as marriage rates in a neighborhood, neighborliness and volunteering, crime statistics, and participation in democratic processes, among others. These measure the presence of social capital in an objective, unobtrusive way with comparable data available across the United States.

**SOCIAL CAPITAL FOOTPRINT MEASURES**

The following proposed measures would help a company or investor assess whether its operations within the United States were affirming, building, creating, or destroying social capital, both within its workforce and wider society. They provide essential strategy for achieving ESG goals.

**Sustainable Household Structures Measure**

Measures to assess whether company activity support sustainable household structures that minimize environmental impact.
**Social Capital Diversity Measures**
Measuring the diversity of social capital creating institutions supported by the organization, to include:
- The number/share of married families supported by payroll and as a share of your employees
- The number of children whose early infancy was protected by paid leave programs
- The affordability of childcare for your workers
- The number of clubs, societies, or voluntary efforts employees were able to participate in outside of the work environment because they had the leisure time to do so

**Career Progression Diversity Measure**
Measuring the social capital diversity representation at Executive level. Including:
- Share of parents who have achieved career “success” while able to take medium-to-long term “career breaks” to invest in their family.

**Social Capital Building Measures**
Measuring the social capital support policies in place for all employees and contractors within the United States including low-skilled, low-paid workers for whom they would have maximum benefit especially in boosting upward social mobility, such as:
- advanced scheduling
- flexible work options
- employer-based healthcare
- job protection in the event of pregnancy (the ability to return to a role after leave)
- paid family leave
- health insurance

**Executive Social Capital Asset Transparency**
Measures of social capital assets such as house ownership, marriage, (numbers of) children, hours worked and time available to participate in activities outside of work, and whether limited to senior managers and executives.

The measures above would measure a company’s “social capital footprint”. For many, adding a social capital metric will allow them to integrate much of their existing operations into their ESG data: initiatives, programs and HR policies currently used are likely to be a positive to their ESG score. For those corporations, law makers, regulators and investors who believe ESG to over-emphasize misaligned policy objectives, the...
inclusion of social capital metrics would ensure ESG data is integrated with reality and the personal aspirations of workers.

**Policy**

- If the private sector continues to use ESG data, these should include social capital metrics using indices comparable to those used by the Social Capital Index developed by the JEC Social Capital Project. These would measure whether a company affirms, builds, creates, or destroys social capital among their employees and communities.
- The SEC in pioneering ESG regulation should include a social capital metric that boosts social capital creation.

**CONCLUSION**

Social capital works. And yet we see a decline in social capital, no more than in the make-up of households, an increase in lone parent families, older people living alone, and a decline in personal friendships among adults and rates of volunteering.

Employers can boost the professional and personal social capital relationships enjoyed by adults by developing and including standard social capital measures in their ESG scores.

Factoring in an employer’s “social capital footprint” will boost awareness and transparency of the social capital costs of doing business. This will ensure individuals and families are not paying the price for another’s capital and social capital gains. Rather employers who invest in employees’ social capital should be rewarded with greater investment, happier employees, and a stronger market.
Technology is changing rapidly, and it is only going to accelerate as we move forward. Technology as a vertical—tech businesses—and as a horizontal have seen unprecedented growth in the last decade. Convenience, streaming and cloud computing have made trillion-dollar companies, like Apple and Microsoft, and multi-billion-dollar companies, like Alphabet and Amazon. Many Americans are dependent on technology for hybrid and remote work and performing everyday tasks from food delivery, banking and programming their smart home.

Already too many people are being excluded from the technological revolution. According to the recent report from the Federal Communications Commission (FCC) 19 million Americans—6 percent of our population—lack access to fixed broadband service. That 19 million includes 14.5 million people in rural areas; in tribal areas one-third of the community lack access. In a 2018 report, Microsoft found 163 million Americans lack internet access with download speeds of 25 megabytes per second, making things like online learning or remote work extremely difficult.

The inequities are more than residential. In July 2019, PEW reported that 40 percent of schools and 60 percent of healthcare facilities outside metropolitan areas lacked broadband. Those staggering statistics mean an immediate negative impact on learning, career navigation and healthcare options.

Broadband access is the foundation of accessing technology. Pew further reported that 44 percent of families earning less than $30,000 don’t have internet in their homes.

While we are recognizing the gross inequities by zip code and socio-economic status, we are evolving into an innovation economy that is tech based. Digital skills are the new currency in the workplace and those without the ability to become technologically skilled and even certified in high school or college are going to find challenges in the workforce when competing for quality jobs. And for the millions of students and adults who are trying to upskill themselves using a library or a commercial outlet for internet access, such as at a coffee bar or restaurant (assuming they have their own hardware), this too often translates into feeling that you don’t belong in this digital world.
We desperately need tech talent, so it is a national imperative to reinvent how we think about preparing a nation of digital learners and workers.

We need to commit to universal broadband access and operationalize a plan for 1-to-3-year adoptions. Part of that plan must be to equip, at the very least, every secondary school in the country with computer instruction, machine-assisted learning and labs where students can use computers independently for school related projects. Every post-secondary institution should embed digital skills across the colleges and majors and make personal computers part of the cost of college so that students apply their skills toward their education. We cannot get where we need to be in terms of a skilled workforce relying only on engineering and computer science majors. Every student needs to leave high school digitally literate and post-secondary education needs to build on that foundation with more advanced industry-recognized skills.

**DEFINING BASIC DIGITAL SKILLS**

More employers are talking today about digital literacy so a logical first step would be to be transparent on the digital skills that are required for both education and the workforce. So what is meant by digital literacy? Looking at some of the basics will be informative:

**Working with basic software programs is assumed.** Ten years ago, people would put certifications in software like Microsoft Office on their resume. Today that would be like putting you know the alphabet on your resume. Being able to create and edit a document are an assumed workplace standard, along with file sharing and document mapping in most offices.

Now, remote meetings require everyone understanding how to participate in, and schedule, **online meetings**. The set-up and logging on seem obvious, but participation requires familiarity with the workings of the digital platforms —chat, user profiles, screen sharing—so that you can properly engage if you were physically together in a meeting space. Today most employers not only assume that you can use any of the platforms, but they can have little patience for technical issues (“why isn't your camera on”, “did someone not mute”, or bad lightning at home).

All employers expect prospective employees to be able to communicate online.

**Email** is the norm but writing a readable message, attaching documents, creating group lists, and even setting up meetings are all expected. Many companies assume that you
are familiar with Slack, Salesforce, Microsoft Office and expense reporting software and while they may offer short refresher courses on their style and rules, they don't build in enough time for a first-time learner to become proficient.

**Electronic spreadsheets** are common across sectors with the expectation that an employee can create, input, sort, and analyze data while sharing work in real time with co-workers.

**Finding information online** quickly is becoming a business imperative. Getting an exact answer in real time is now expected. Navigating search engines, scanning material to ensure accuracy, clearly identify sources and quickly validating information is routinely expected in meetings.

**Online privacy and security** are big business right now, but all employees are expected to understand what information is safe for routine communications and what needs to be encrypted. Employees are expected to know what is appropriate and what isn't. They must also identify phishing and attempts by outside parties to gain access to their data or systems.

**For formal K-12 education and even post-secondary education, embedding basic digital skills instruction and practice into existing curricula is beginning to happen.** More attention needs to be paid to assessing and refining digital skills. How do instructors help students move from rudimentary understanding and use of technology to agile, creative users who can enhance their work performance through technology.

**EDUCATION CHANGES**

To accomplish what has been discussed above we need to reform teacher preparation. Colleges that are engaged in pre-service education must teach with technology, instilling in prospective teachers the advantages of technology-assisted instruction and the skills to manage a classroom welcoming devices, access, and innovation. Technology can help individualize instruction for remediation or acceleration, can provide real world problems and applications and can bring the working world into the classroom. Teachers who enter the classroom armed with skills to harness the potential of technology-assisted education are going to help students master grade-or-course-level content and become digitally literate.
While pre-service innovation prepares the next generation of educators, what about the incumbent teaching force and the supervisors and principals who set the expectations for satisfactory teaching and learning. School districts need the help of partners in higher education and business to do in-service for teachers on both basic software instruction and applications in college classrooms and the workplace. They need time during the school day to familiarize themselves with the software and to become proficient. Districts can also incentivize teachers to earn digital and industry credentials on their own time. Simple policies that allow certified teachers to earn extra curricular pay for classes in data analytics, visualization, digital project management or coding could certainly attract teacher interest. Anyone who has taught understands that all teachers fear not being able to answer student questions and while technology will be an asset in the long run, it is a challenge being a beginner in the front of a classroom where many of your students could be more familiar with software programs than you. Districts need to build teachers’ digital confidence.

**WHAT ABOUT ADULT JOB SEEKERS**

Post-COVID there has been national attention to employers offering education as a benefit. While tuition reimbursement programs have been in human resources offices for decades, the reality is that there has been very low take up rates in most companies. The talent shortages across all sectors have caused a look at what would have to happen to encourage employees to take advantage of learning opportunities. Businesses wanted to make this an attractive benefit for recruiting new talent, but now there was growing interest in retaining their talent and enabling them through education to qualify for in-demand positions within the company. Businesses started working with third parties like Guild Education that would work one-on-one with employees to explore degree and certification options. Companies paid up front for tuition, abandoning the burdensome task for their employees of paying and then filing the paperwork to be reimbursed. That upfront payment made education appealing for those at the lower end of the pay scale and for anyone who had monthly budgets that didn’t leave much room on their credit card for tuition, even if they would be reimbursed within six months.

But what about job seekers, the unemployed, or the career changers who may be looking for a career that offers more flexibility or more economic mobility? Social and traditional media are flooded with ads from every kind of education provider—non-profits, for-profits, classroom-based instruction, boot camps—and it is increasingly difficult for even savvy adults to decide the right fit for them.
“Learn and Earn” models have been considered a safe path for both workers and employers seeking to reskill and improve their digital literacy. “Registered Apprenticeships” were born in the skilled trades like plumbing, carpentry, labor, and manufacturing. In this time-tested model, you begin day one as an employee with all the benefits and responsibilities associated with working for a company; you earn a higher salary and a better job title as you grow and progress. Today apprenticeships are available in a variety of tech careers with tech companies and with other sectors who need customized tech talent.

A new model (“Hire and Train”) is transforming the staffing agency space. Agencies screen and hire talent; train them in specific, in-demand skills, and then place them with clients. The individuals are paid while being trained, get a bump in pay when they are placed, and usually sign a contract for 12 to 24 months. The transparency about outcomes varies greatly from staffing agency to agency but the efforts have been successful in getting non-tech majors the skills they need for open jobs. The individual gets the training, and often certifications, to qualify for a job and more importantly they get the work experience. New college grads with numerous skills and competency are often turned away because they have little-to-no experience. The “hire and train” models are relatively young so it is difficult to say that this is equal to the apprentice model, but clearly it is allowing many people to transition to tech work, test out an employer or two and decide where they would like to go after the staffing agency. Interested individuals should ask about not only the length of the contract but also the possible penalties if they decide to leave early.

Paid internships also offer insight into the digital world of the workplace and valuable experience on your resume. COVID limited in-person internships for many and pivoted into virtual internships. The information on the effectiveness of that transition is limited but it certainly opens potential opportunities for those who don't have openings where they live and can't afford the travel and housing costs to take advantage of programs at a distance.

While work-based learning is an ideal choice, combining what you need to learn for the job with actual pay, there are not going to be enough slots to meet the demand. Most adults, particularly older adults are going to have to find ways to acquire digital skills on their own. The public workforce system—the American Job Centers and the Workforce Investment Boards—provides a national federally funded system with an outlet in every community. At the Centers everyone can attain the information on their local labor market. Knowing what jobs are open and talking to the Job Center counselors about the skills and credentials necessary for those jobs and local education and training providers could give individuals the information that they need to plot their path. While the Centers keep normal business
hours, they have a network of nonprofit partners who are available beyond those hours like Goodwill, the National Urban League, Unidos and many more. The nonprofit, non-governmental network may offer more culturally competent, more welcoming environments and can also provide the wrap-around services like transportation and childcare that a job seeker might need.

The biggest challenge we face is convincing “digital dinosaurs” that they can succeed in the digital world of work. The labor force participation rate in August 2022 was 62.4%--a full percentage point below February 2020. (BLS, September 2, 2022) That measure tracks prime age adults (25-54) that are either working or actively looking for employment. While this data does not capture young or older workers, we can assume that digital and technological fear is more prevalent with older workers. When someone is unemployed, at least for the 26 weeks following their separation, the state and local employment offices are engaging with them. For the millions of workers who are discouraged workers or have disengaged with the system, there is no outreach, and again one can assume they have little access to reliable labor market information.

**THE CHALLENGE IS GREAT; THE SOLUTIONS ARE MANY**

Digital skills must be added to reading, writing and mathematics as a basic skill. To fully engage in life and work in the 21st Century you must be digitally literate. The United States has made tremendous progress in access to broadband, but while some areas are welcoming cable and DSL, the rest of the nation is talking about 5G connectivity with a prediction that we will be using 6G by 2030. Once the capacity is there for communities, we must make sure in-home internet is affordable. The FCC's Affordable Connect Program offers monthly internet discounts of up to $30, plus small discounts for hardware to families with incomes at or below 200% of the Federal Poverty Guidelines. These are important programs that should be permanent. This is not an issue about giving people access to the internet for entertainment. It's about enabling families to fully participate in education and apply for jobs.

It is impossible to teach people to be agile and creative users of technology in a 45-minute class, twice a week. Having the opportunity to use a computer without worrying about your speed or competence helps you build confidence as you improve your skills. In the 20th Century government leaders aspired to close the digital divide for social good—a sense of fairness. They implemented computer-in-school programs and equipped libraries and community centers with computer labs. Those programs were often funded through competitive grants, often excluding areas with the greatest need because they didn't have the talent or the vocabulary to create a winning application.
Today, while many think about the inequities that continue, we do have a greater driving force. The United States cannot sustain a world-class workforce unless we address the low level of digital literacy across age groups in our society. Continued advances in AI, Cloud, and Analytics will have immediate impact on job requirements, and basically how and where we work. To remain a leader in the global economy we need a multi-generational workforce that can keep up with the continuous advancement of our economy. We are indeed a knowledge economy but everything in that knowledge economy is moving digitally, and we need to make sure that every American is prepared for those future innovations.
Throughout history, disruptive technologies—like the car, smartphone, or drones—create an ecosystem of opportunity from emerging jobs to new or ancillary companies. If there are no drones, then there are no drone designers, drone mechanics, drone manufacturers, or future drone air traffic controllers. These examples are all physical and easier to comprehend than software or AI. Yet, AI is ever present. While AI has already and will continue to replace some jobs and create others, the majority of workers will continue to see components of their roles slowly shift as AI replaces low value repetitive tasks and supplements their work with others. In this way AI enables more rewarding work and opens up opportunities for greater employment stability, specialization, and higher pay.

AI is an umbrella term for the perceiving, synthesizing, and inferring of information by a machine using software algorithms. Narrowing the focus on one type or application of AI creates a better opportunity to understand core concepts and potential areas for business executives and policy makers to explore.

1. THE CONTACT CENTER: HOW DISRUPTION CREATES THE JOBS OF TODAY AND TOMORROW BUILT AROUND SOCIAL CAPITAL

The U.S. is an information and service-based economy where consumers and consumption act as the fuel that turns the gears. At its most basic level, it is a system of intents and the fulfillment of those intents. In this model, the faster a person’s intent—whether that is to purchase, to connect, to donate, to volunteer—is fulfilled, the more fluid and efficient the engine, economy, and society. An often overlooked but significant component in this machinery is Contact Centers.

Contact Centers are a front line for customer engagement. In the U.S. Contact Centers employ 2.79 million workers, over 1 out of every 50 American jobs in 2021. Contact Centers jobs are typically metric driven shift work with low pay, limited flexibility, high stress, and high burnout. The average annual turnover in a Contact Center ranges from 30-45 percent although it is common to see a company over 100 percent. The majority
of these jobs do not require a college degree and the average annual salary for a Contact Center agent is $36,435. Contact Center jobs can be great stepping stone roles but in the majority of cases they are not a path to middle class income or stability.

The Contact Center industry is currently undergoing a massive transformation as Google, Amazon, and Salesforce among others have all entered the market to apply automation and AI at scale to help companies reduce costs, increase customer satisfaction, and better leverage customer data. These companies are focusing on the potential of Conversational AI, the ability for technology to process and understand the natural language people use and then take an action. It serves as a high impact, high value example of AI that the reader has likely already experienced. While first generation Conversational AI is for simple uses cases and command driven (e.g. Alexa play Queen or Siri set a timer for 20 minutes), the second and third generation focus on increased contextual understanding (e.g. memory recall and nonlinear conversations) and auto generated responses from pre-trained models or unsupervised learning methods (e.g. Jasper AI’s text to image generator or OpenAI’s GPT 3 speech responder). As Conversational AI advances, the potential for disruption and value to businesses, workers, and consumers looms large.

Increasingly people expect the ability to complete tasks or fulfill intents conveniently on their time—even asynchronously—and in their preferred channel (e.g. calling, self-service on a website, on an app, or via messaging channels like iMessage or WhatsApp). Industry leaders enable multiple channels and use Conversational AI to identify, aggregate, and measure the intents coming in from their prospects and customers and route accordingly to fulfill the intent. Low effort, simple intents such as check my status, reset my password, change my address, or schedule an appointment are routed to automations and fully contained at a low cost. No human directly interacts with the customer. More complex or sensitive intents may be greeted by an automation to help route the person to a specialized human agent. High touch consumer companies will even route by VIP or loyalty tier and savvier ones will geolocate, so a person is talking to someone in their same state or region.

By freeing up agents from the low value, repetitive tasks it allows agents to spend more of their time on higher value and more rewarding work. Research from LivePerson, a conversational AI pioneer working with Contact Centers, shows agents would rather help a person solve a real problem or higher value intent than basic, low level repetitive tasks. Agents report finding more meaning in their work. It is not a surprise that companies deploying Conversational AI solutions report greater than 40 percent reductions in agent attrition while increasing customer satisfaction by 20 percent.
Forward thinking companies enable automations and humans to work effortlessly together and use the hours saved to serve more customers, upskill labor for more specialized tasks, or move to increase personalization by offering new services like “guides” or “specialists” to improve customer experience. Likewise, they use AI to train workers with real-time recommendations or insights to shorten the ramp and time to productivity of the worker. Best in class companies also aggregate and track conversations across voice, messaging, and social channels for product or service optimizations or new ideas.

In the Contact Center, there are already new job titles like bot managers, bot testers and tuners, conversational analysts, conversational designers, and conversational engineers that are becoming more frequent and imperative if companies want to embrace being a conversational business or customer centered player. In many cases, it is upskilled Contact Center agents that are best suited for the roles. HSBC is one example of a large international company upskilling Contact Center talent into these roles as part of their pursuit to be a conversational bank and perhaps a model for other companies or public-private partnerships to follow.  

**The Task vs Jobs framework**

The job titles mentioned above did not exist ten years ago, yet they are increasingly the roles of today and tomorrow. While some may be net new, most are previous jobs that have gradually morphed into a new job title as select tasks changed. There is tremendous dignity and intrinsic value of a job, but at its functional level a job is a compilation of tasks to be completed.

In the Task vs Jobs framework, the top 20 to 100 tasks can be mapped on a three-dimensional continuum across the repetitive nature (low repetition to high), required empathy level to complete each task (low to high), and strategic value of each task (low to high). This framework acts as a guide mapping out where to (1) use AI to remove repetitive, low empathy, low strategic value tasks off the task list of the job (2) use AI to support other tasks to be completed more efficiently or more effectively (3) increase focus or volume on tasks that are uniquely human. This process and shifting of tasks underpins the morphing of jobs and includes adding net new tasks that sit in this third bucket.

The Task vs Jobs framework showcases to business executives and managers the opportunities for AI to be a growth enabler rather than a catch all for cutting labor costs. For workers, it creates the ability to see how their jobs may shift, which tasks are most valued, and where to focus their skill development and time. The framework also creates clarity that empathy, emotional intelligence, communication, and problem
solving become more important skills and assets for workers to future proof their careers and management to future proof their workforce. In all, these steps put an increased premium on, and reward, emotional intelligence and the soft skills required for social capital development.

2. MEETING THE EXPECTATIONS FOR ENGAGED CITIZENS

The consumer companies that grew out of the ashes of the dot com bubble understood and invested heavily in customer experience and technology. The more a company reduced friction in a customer’s journey from intent to fulfillment, the higher probability a prospect goes through the purchase funnel and the more likely they return to repeat the seamless process. The race to create better, easier customer experiences was on. The likes of Amazon and Apple to upstarts like Airbnb and Spotify used customer experience research, design thinking, and robust testing models to set high standards on customer experience creating a competitive edge by raising customer expectations. From 2017 to 2019, companies identified by Forrester Research as a Customer Experience Leader outperformed the broader market in the S&P index by 108 percent and CX laggards by 3.4X.42

Raised customer expectations creates two important phenomena in the market. (1) Within an industry, it separates winners and losers as market share shifts. Hotels and short-term rental companies were forced to improve their customer experience and fine tune differentiators or continue to lose market share and revenue to Airbnb. (2) Perhaps not so surprisingly, consumers don’t live in one industry. They take their raised expectations a winning company has created (e.g. Amazon’s one click to purchase or same day delivery) to other industries including healthcare and government, historically two lagging sectors in the customer experience and innovation arena and arguably two of the most important for a healthy, engaged citizenry. The wider the gap between two companies or two industries, the worse the perception to a person. The more friction in the process, the more people lose motivation to fulfill their intent. While it means winners and losers in the economy, for governments poor experiences and high friction limit citizen engagement, faith in government, and democratic participation.

As companies accelerate their shift to using AI at scale, the public sector will need to keep up to engage citizens, to increase scale and access while reducing costs, and to maintain a perception of effectiveness. The ability to complete services conveniently online, such as renewing your passport or registering to vote, is already a table stakes expectation for the American consumer. Estonia is arguably the world leader with 99 percent of
government services available online including voting, taxes, and accessing health data. Underpinning their success are major initiatives such as investing in free internet, launching a citizen digital identity solution with clear legal protections, and applying blockchain technology for data integrity. Similar efforts in the U.S. could enable citizens to access and to engage with government services and programs while satisfying the citizen experience expectations inherited from the private sector’s customer experience innovations. The result could be increased participation and greater velocity between a citizen’s intent and fulfillment of it. Larger representative democracies, like Australia, are also making strong strides towards digital government transformation.

### 3. POLICY RECOMMENDATIONS

AI is a disruptive technology transforming multiple industries and jobs. Companies that view AI as an opportunity to expand and drive better customer experience and personalization will increase their advantage over competitors that replace workers at the cost of poorer services or widening customer expectations gaps. As shown in Contact Centers, workers can benefit in this model as replacing low value repetitive tasks with higher value ones makes jobs more rewarding and can reduce attrition creating more stability. Moreover, supplementing workers with supportive AI including real time coaching increases productivity, confidence, and skill development.

In the public sector, governments that use AI, such as Conversational AI, to increase access to public services, privileges, and rights, such as voting, will increase citizen participation and engagement. In a digital age, limited access directly impinges on a citizen’s ability to participate and use tools already budgeted for and available to them.

The launch of the National Artificial Intelligence Advisory Committee (NAIAC) by an act of Congress is a promising step. The committee has a wide-ranging remit but of particular interest will be their recommendations on U.S. AI competitiveness, developing the AI workforce, development and use of trustworthy AI in public and private sectors, and enhancing opportunities in diverse regions of the country. The recommendations should include ways to:

1. Further incent companies to invest more in R&D and upskilling talent through more accessible and/or larger tax credits to support the built out and scale up of new jobs,
products, and companies. Velocity is important in the development of a new ecosystem as it lessens disruption and increases opportunity for workers.

2. Improve workforce resiliency and education by infusing school curriculums and adult training with emotional intelligence programs, growth mindset training, and foundational AI knowledge such as the Tasks vs Jobs Framework. Focus on public-private partnerships, for example, repurpose parts of struggling retail centers and malls for hybrid offline/online reskilling centers; embrace non-degree accredited professional certifications for government roles.

3. Create a citizen digital identity solution with clear legal protections and a “Digital Bill of Rights”. Without these, both the citizen adoption and velocity of transformation would be limited.

4. Use AI in public agencies at the federal, state, and local levels to improve the citizen experience, to improve worker satisfaction and productivity in the public sector, to make access to public services easier and more convenient, and to increase participation in democracy.
ANCHORING THE LIVES OF MORE PRIME-AGE MEN IN MEANINGFUL WORK

Peyton Roth

The question of declining social wellbeing among men in their prime working years and their participation in paid work is one of entangled causes and consequences.

Jobs provide more than financial security and a path to economic mobility. Work can also be an important anchor in life—a source of meaning, purpose, stability, and provides a network of supportive individuals.

But research also suggests that access to a vibrant social network and high levels of social capital is a crucial driver of participation in the labor force, and more importantly positive employment experiences.

MEN PULLING AWAY FROM THE WORKFORCE

Participation in paid work is both cause and consequence of strong social connections. This cyclical and interconnected relationship presents a dilemma when examining the participation rate of men in the labor force in America today. Prime-age men (those between the ages of 25 and 54) are experiencing significant levels of loneliness and social disconnection, and they are also more likely to sit on the sidelines of the labor market than at any point since a reliable measure for labor force participation rates was developed.

Scale. For decades, a gradual but immense retreat from paid work among prime-age men went unnoticed by social scientists amid large advancements in our nation’s overall prosperity. Yet a similar share of men work in full- or part-time jobs today as at the end of the Great Depression in 1940 (Figure 2).
This trend may come as a surprise to those used to following conventional reporting on the unemployment rate, which has fluctuated predictably in tandem with the business cycle since the mid-20th century. But conventional unemployment statistics mask the true employment challenge of today because they only count those who are actively looking for work. The long-term drop in the share of men working as observed above is rather driven by a shockingly consistent half-century rise in the share of men who have fallen out of the workforce entirely—neither working nor looking for work (Figure 3).

**Figure 2.** Percentage of Men Age 25–54 Without Paid Employment (1940–2022)

**Figure 3.** Percentage of Men Age 25–54 Not in Labor Force (1960–2022)

**SOURCE:** Organization for Economic Co-operation and Development.\(^48\)
A portion of this half-century quadrupling of male workforce dropout is benign. As seen in figure 4 below, men tend to spend more time in higher education than they did a hundred years ago. Some have opted to stay at home and raise families while their female spouse works full-time. Others have taken an early retirement. But the scale of these factors is minimized by those who have cited either disability or no particular reason at all for leaving the labor force.

**Figure 4. Reasons Cited for Prime-age Men Not in the Labor Force (2012)**

![Figure 4. Reasons Cited for Prime-age Men Not in the Labor Force (2012)](image)

**SOURCE:** United States Joint Economic Committee, Social Capital Project.50

The period from the turn of the century to the fallout of the Great Recession saw a shift in awareness of this crisis as pioneering scholars like Charles Murray, Robert Putnam, and Nicholas Eberstadt raised alarms that America's half-century of overwhelming prosperity had also been marked by an equally startling decline of social institutions in America's poor and working classes. Equally importantly, they warned that Tocqueville's famous line on the American's industrious spirit—that, “All that he asks of the State is not to be disturbed in his toil, and to be secure of his earnings”—had been fraying for some time among men.51

The most obvious fault line in this rift formed between men who were college-bound and those who were not. By 2016, the percent of prime-age men with only a high school degree who were not participating in work (17 percent) stood at more than three times the levels of workforce dropout as those with a college degree or more (5 percent).
**Longevity.** Worklessness among men also seems to carry an unsettling permanence or longevity in many individual cases. Research on the cyclical dynamics of inactivity among men suggests that a little over one fifth of men who are neither working nor looking for work at any given time will weave in and out of employment in cycles. A vast majority of inactive men, however, have been that way for a prolonged time.

**Rural and urban differences.** Analyses of the counties with the lowest rates of male work suggest the greatest concentrations of this challenge can be found in small- to mid-sized metropolitan areas located throughout the upper mid-west, deep south, plain states, and the intermountain west. The crucial finding in this is not in any one region of particular concentration but rather the reality that our “men without work” trend is most pronounced outside metropolitan centers. Though by no means exclusively confined to rural America, the challenges of inactivity among prime-age men appear most acutely felt in less densely populated areas. In fact, Census analyses show that labor force participation dropped three times as quickly in rural places compared to urban places between 2007 and 2019.

**Lifestyle.** Available data are thin on the lifestyle led by men who have left the labor force, but analyses of the American Time Use Survey suggest that prime-age men who are neither employed nor in education or training spend nearly five hours a day in front of screens. Alan Krueger found that men who have left the labor force spend more than 50% more time alone than those in the workforce. Men who have left the workplace are more likely to live alone, and more likely to say they do not get invited to things by others and that they have no one available to share their worries or fears with. Krueger also found that more than half of men outside the labor force consume pain medication every day. Other studies have found tight statistical associations between low levels of labor force participation and alcoholism in communities.

These signs about the lives of our modern-day men without work serve as a reminder that employment is not just an important source of economic security but also a crucial thread in the social capital fabric of a person’s life. A wealth of social science literature confirms the vast immaterial benefits of work. Social psychologist Marie Jahoda identified five crucial “latent” benefits to employment:

1. Time structuring
2. Access to shared experiences with non-familial peers
3. Access to shared goals
4. A sense of personal identity
5. Enforced levels of activity
Social science research over the years has generally confirmed and expanded this model, demonstrating a multitude of positive social and psychological effects of work. Work is not a panacea when it comes to social capital. Researchers have even found links to negative outcomes when workers are in employment situations that fail to offer a sense of job autonomy or opportunity for social connection in the workplace. However, on the whole, research suggests that paid employment is a cornerstone of a healthy social life for men.

**Why the Retreat from Work?**

Traditional economic wisdom suggests that labor force participation and the business cycle should fluctuate in relative harmony. As job opportunities increase and employers are required to fend for talent, more working-age men will be drawn back into the labor force by higher wages. Yet, as shown in Figure 3 above, men’s retreat from work has risen both gradually and with an uncanny consistency in recent decades—almost regardless of the current business cycle. Demand-side explanations for the male retreat from work are further shattered by the stubborn persistence of this share of men on the sidelines amid the COVID-19 economic recovery. At the writing of this essay, the latest Bureau of Labor Statistics report shows 11.2 million job openings.

**Figure 5. Total U.S. Nonfarm Job Openings (2002–2022)**

![Total U.S. Nonfarm Job Openings (2002–2022)](image)


Some may contend that decline of particular industries that are the responsible culprits for driving less-educated men away from the workforce. And yet manufacturing and construction job openings, too, remain at 21st century highs in this perplexing post-pandemic era.
At no point in recent memory have job seekers held more power than they do now. And yet the flood of available jobs on the market has not barely put a dent in the prime-age Not In Labor Force (NILF) population, leaving behind a strange new trend of nearly two job openings per unemployed person.

Economists have offered numerous structural theories for why men have taken such a historic retreat from paid employment. Many such explanations suggest stagnant or declining wages, rapid technological changes, or trade-induced industry shocks are the
defining trends. Declining health among prime-age men—signaled by a large increase in disability insurance payouts over the past 60 years—is another common explanation.

Each of these explanations likely holds some truth. But, as we will see, individually fail to encompass the full scope of the Depression-era retreat from work that is observable today.

**Downward Wages, Tech, and China Shock?** Scholars and pundits argue that declining wages and labor market value among non college-educated men have discouraged workers and driven them out of the labor market. Usually, this “discouraged” or “disgruntled” worker demand-side theory implies that global trade and technological advancements have hollowed out manufacturing and agriculture jobs in America’s heartland, shifting the job landscape and putting downward pressure on men’s wages. They argue that non-college educated men are unprepared for the new wave of stable, well-paying service jobs. Bipartisan efforts to bring China within the fold of the World Trade Organization (WTO) Meant China and other developing nations gradually sapped America of her manufacturing might—while benefiting consumers with affordable manufactured goods.

There is truth to be found in this narrative. It is well-established that America’s trade practices with China have left us vulnerable on several fronts. Technological change has dramatically shifted the landscape of available jobs for Americans with less than a college degree. Research does suggest that some regions—such as the inland of California—experienced “trade shocks” with dramatic short-term repercussions on their local economies. In fact, it is estimated that almost 50 percent of labor markets experienced a loss in real wages when hit by the China shock. However, workers in most regions relocated to construction and services jobs quickly, prompting a quick rebound.

A counter to the “China shock” and technological change argument is evidence that suggest men’s wages have not, in fact, declined in recent decades—as Scott Winship has documented extensively. Analyses that break out earnings by educational attainment give the illusion of declining hourly wages for men with a high school degree or less. However, these analyses fail to account for the shifting relative distribution between educational strata: non-college educated men today are a much smaller share of the overall population than they were in the 1960s and 70s.

Analyses accounting for well-documented shortfalls of traditional inflation measures and examining consistent groups across time suggest that hourly wages have remained
stagnant for men below the median. They dipped slightly during the 1980s and in the immediate aftermath of the Great Recession before rebounding.\textsuperscript{72}

This is not good news, per se. Amid dramatic increases in America’s wealth, stagnant wage growth at the lower end of the spectrum is not sufficient—and lower-wage workers have likely felt the real effects of America’s upper classes pulling away. It is also true that growth in women’s earnings has dramatically outpaced men’s earnings over the past half century—shifting the relative importance of men’s wages in the marketplace.\textsuperscript{73} Nonetheless, declining wages due to technology and trade shocks are likely not the primary driver of men’s historic retreat from work, as we shall see below.

\textbf{Worsening health?} Among all the trends associated with the rise of inactivity among prime-age men, perhaps the most stark has been the notable increase in the share of workers who cite a disability or health condition as a reason for not working. In parallel with this rise has been an equally significant increase in the major federal disability assistance program—Social Security Disability Insurance (Figure 8).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure8.png}
\caption{Number of SSDI Disabled Worker Beneficiaries (1960–2021)}
\end{figure}

Nearly half of prime-age men who have dropped out of the labor force list a disability as their primary reason for not working. And only 32 percent of prime-age people who reported a disability on the CPS in 2018 were attached to the labor force. Analyses by Scott Winship estimate that men who report a disability account for two fifths of the rise in reported inactivity among prime-age men between 1994 and 2014.

These trends seem countervailing to advances in medical technology and declining mortality rates in the last century. But living longer doesn't necessarily mean living healthier. Adults may still suffer from more health challenges amid declining mortality so long as medical practices sufficiently delay the consequences of those health conditions. Further, some sub-groups, such as less-educated White, non-Hispanic men have seen increases in mortality recently, primarily driven by rising "deaths of despair" (suicide, alcohol abuse, or drug abuse); research by Christopher Ruhm further isolates this mortality increase to the advent of the opioid crisis.

Self-reported health data suggest that prime-age men are more likely to experience health complications related to obesity and diabetes, and they are more likely to have a problem completing daily activities than they were in 2000. Diane Schanzebach, too, has found indicators of rising self-reported stress among prime-age men. One study found that increases in self-reported poor mental health accounted for two of the top 10 most common reasons for early death among men in 2016. Many other studies suggest a growing burden of chronic disease among adults in the US—though these figures are partially, but not completely, explained by an aging population and so not clarifying for our interest in prime working age men.

Self-reported health data among men suggest a picture of declining health. Analyses of the National Health Interview Survey by Angela Rachidi suggest that less educated prime-age people are more likely to report an activity-limiting health condition than their more educated peers, and they are less likely to participate in the labor force if they do report an activity-limiting condition. For example, Rachidi found that adults with less than a high school degree were four times as likely to report a limiting condition than those with a Bachelor's degree, and their labor force participation rate was less than one third of that among those with a Bachelor's degree. Whether driven by real or perceived declines in health among prime-age men, health-limitations deserve attention and further examination as a potentially significant driver of men's retreat from work.
A Safety Net that Subsidizes Non-Work? Over the past half century, federal policymakers have constructed a complex of safety net benefits to help low-income Americans. In 2019, the federal government spent more than $750 billion on cash or near-cash aid for low-income Americans. While this network of federal safety net programs offers crucial support to many Americans in times of need, most benefit programs discourage or even penalize work rather than encouraging it as the primary and only permanent path out of poverty. Studies show employment-reducing effects in Medicaid, federal housing assistance, and SNAP. Countless studies, too, document significant employment reducing effects of Supplemental Security Income and Social Security Disability Insurance—the two major disability assistance programs in the US.

Anti-employment effects of safety net programs usually stem from two structural issues: (1) benefit receipt is not conditioned on work or (2) benefits are reduced rapidly after a certain income threshold, lowering the marginal reward of more employment income. With the exception of a few, most safety net programs suffer from one or both of these deficits. For example, SSDI recipients can earn no more than $1,350 of employment income before losing their benefits. Similarly, given the continued extension of the covid-19 public health emergency, able-bodied SNAP recipients without dependents need not demonstrate any work participation in order to receive full benefits.

The anti-employment effects of federal safety net programs are particularly concerning because the federal government is one of the primary financiers of the work-less lives led by so many men in their prime years. Two-thirds of inactive men report receiving at least one government benefit and 40 percent report receive SSI/SSDI or SNAP. The average non-working prime-age men received nearly $6,000 in government benefits in 2014, compared to just $500 for the average working prime-age man. It is important to keep in mind that official government surveys underestimate actual benefit receipt, so these statistics likely offer a lower-bound of the true reality. Furthermore, analyses by Joseph Price suggest a near doubling in safety net benefit receipt among prime-age men, from 36 percent in 1985 to 63 percent in 2013.

Though data limitations preclude causal conclusions tying the growth of the federal safety net to the growing inactive class of prime-age men, the well-documented work disincentives of many safety net programs combined with the deep reach of these programs into the “NILF” population suggest that the federal government has at the very least helped finance, if not spurred, the current crisis.
While it may be difficult to identify causation within this correlation, what seems uncontroversial to assume, is that the rising rates of benefit claimants in accord with declining rates of labor participation, suggests that these welfare policies are not working. And this is likely to policy makers failing to understand the role social capital plays in finding and keeping work.

Too many of our nation’s antipoverty programs overlook the reality that employment is the best pathway to avoid poverty. Programs may offset short-term material needs while providing no long-term solution. Though well-intentioned, America’s current benefit programs only further isolates non-working men from the crucial pillars that can help them chart a path to a flourishing life.

**RECONNECTING AMERICA’S MEN TO WORK**

The range of opportunities for progress in restoring connections between prime-age men and work will look less centralized and much less simplified than instinct might suggest. True progress will require a voluntary partnership between individuals, institutions, and government to generate change for mutual advantage. But federal policy will play a necessary role in this process.

A suite of policy reforms is advisable, including restoring connections between our safety net and work, rethinking the relationship between mental and physical health challenges and work, revitalizing a workforce development system that upholds and forms personal agency in men, integrating practical vocational education options in high school curricula for men who are not college-bound, and seeking to improve the health of prime-age men.

**A Work-First Approach to the Safety Net.** Federal policymakers should incorporate a “work-first” approach into major social safety net programs, including disability assistance programs, SNAP, Medicaid, housing assistance, and other benefit programs.

Within the topography of non-disability related safety net programs, a combination of work requirements and time limits seem to be the gold standard for reconnecting Americans with work. In 1996, President Clinton signed into law the Personal Responsibility and Work Opportunity Act, which introduced a work or work-search requirement for cash welfare recipients as well as time limits for adults without a disability. At the time, the primary challenge was a shockingly low work participation rate among single mothers. In the years that followed welfare reform, the labor force participation rate among never-married mothers jumped 15 percentage points, from 60
to 75 percent.\textsuperscript{93} Poverty among single parents was slashed by more than one half,\textsuperscript{94} and consumption wellbeing improved substantially.\textsuperscript{95}

This experience suggests a successful blueprint exists for connecting other safety net benefits to work. The structure of four major assistance programs lends particularly well to the incorporation of work requirements: cash assistance (TANF), Medicaid, SNAP, and housing assistance.\textsuperscript{96} Some rightly note the administrative complexity of adding work requirements to these programs, as well as the need to carve out sufficient exemptions for disabled adults who are truly unable to work or those who cannot find work amid tight economic conditions.\textsuperscript{97}

CBO analyses further suggest that substantial employment gains following such a policy would likely be contingent upon reallocating funding from reduced benefit outlays toward enhanced case management and job placement services for poor Americans.\textsuperscript{98} Many leading safety net scholars, including Robert Doar, have noted the important—and often forgotten—role that case managers and social workers can play in helping poor Americans navigate difficult decisions and find a path to sustained employment.\textsuperscript{99}

These complicating factors should not dissuade policymakers from seeking to reconnect the safety net to the most promising path out of poverty for men who have fallen out of the labor force—steady, stable employment.

\textbf{Rethinking the Relationship Between Health Challenges and Employment.} The question of leveraging our nation’s disability insurance programs to encourage the return to work among many prime-age men is inherently more complex, as many adults suffer from chronic conditions that truly prevent them from working. However, the current federal strategy offers the worst of both worlds to disabled Americans: minimal material sustenance and all but barring a path to employment. This only exacerbates material and social hardship among many disabled adults. A better solution is needed. We recommend that, when seeking to address low work participation among disability recipients, policymakers should keep in mind two truths:

First, disability and work incapacity may be related, but they should not be conflated. Many adults who suffer from a physical or mental disability can work and greatly benefit from work. The current anti-employment effects of current US disability policy run directly contrary to the core values of the 1990 American Disabilities Act and many advocacy efforts among disabled Americans, which often seek more and not fewer...
pathways to work. Technological advancements have opened up new opportunities for jobs that require little to no manual labor and can accommodate physical limitations.

Second, employment itself should be seen as a vehicle for better health, even among Americans with disabilities. Researchers have taken advantage of several natural experiments—including firm closures and return-to-work programs—to study the relationship between work and adult health, generally identifying physical and mental health benefits of work including time structuring, respect from others, ability to afford nutritious foods, etc. While firm closure and unemployment studies do not map perfectly to the experiences of America’s population of men who have been far from the workforce for years, these positive attributes related to work are likely to be absent, therefore, among men who have left the labor force.

Pathways to Employment

Implementing a work-first approach to disability assistance policies is an invariably complex task. However, several opportunities exist to build pathways to employment for the new class of prime-age adults dependent on SSI and SSDI benefits.

As David Autor and Mark Duggan, and Richard Burkhauser have proposed, policymakers could incentivize employers to invest more in accommodations and rehabilitation for their employees at the early onset of a disability by assigning them a portion of the financial burden for benefits paid to former employees who roll onto SSI or SSDI.

As Nicole Maestas noted in her 2019 review of SSDI, another policy option would be to allow for partial disability benefits. This approach, combined with regular continuing disability reviews and intensive employment and training services could increase opportunities for disability recipients to ease back into the workforce. The obvious downside of this proposal would be an increase in short-term outlays. However, some studies suggest the downward impact on full benefit claims and long-term participation in the program could save taxpayer dollars in the long run.

Lastly, a more fundamental rethinking of how our disability assistance programs treat mental illness is needed. Mental health challenges such as depression, bipolar disorder, and schizophrenia account for a large share of ongoing disability claims—more than 20 percent of SSDI claims in 2020. Psychiatric literature on best practices for treating mental illness includes employment as an indispensable part of a treatment plan. A growing body of
evidence suggests that supportive employment programs could be an effective provision for adults struggling with severe mental illness. This model seeks to connect mental health patients with a job that broadly fits their interests as quickly as possible, often starting with fewer work hours per week before gradually increasing them. Rigorous studies have shown this approach to yield stronger connections to work than traditional vocational training services.

A Nimble Workforce Development System. Where the “demand-side” forces are currently driving men out of the workforce, a well-integrated workforce development system that is equipped to reskill workers quickly and connect them with job opportunities in a rapidly shifting labor market could go a long way toward preventing labor force dropout from “discouraged” workers. A revamped workforce development would not necessarily reverse the trend of men’s retreat from work, but it could stop the bleeding. As Mason Bishop argues, “we have a New Deal workforce system for an iPhone economy.”

Countless states’ workforce development systems have failed to keep up with crucial data on changing labor market dynamics in regional economies. Several scholars have recommended plausible pathways for states to expand their capacity to collect and disseminate Labor Market Information, and the Department of Labor recently published a comprehensive report outlining possible steps. Ultimately, greater investments are required at both state and federal level to create Labor Market Information systems that gather and disseminate useful data in real time that can match talent with the available jobs in their area that fit their skills and interests.

Brent Orrell argues that, “For both practical and philosophical reasons, the workforce system itself needs to mirror and support this bias toward cultivating personal agency in training and career decisions.” For this reason, Orrell recommends expanding funding for Individual Training Accounts—limited-use funds that workers can use toward a training service of their choice at any approved college, trade school, or private reskilling organization. For workers on the fence, access to funding that empowers their own personal agency to develop marketable skills could go a long way toward retaining lower-wage and less educated men in a constantly shifting workforce. If successful, ITA expansion could be a model for future policy reform efforts in other crucial government services. For example, legislators could open access to ITAs for SSI and SSDI applicants who might be better served reskilling and receiving training for a job that can accommodate their activity limitations.
Integrating Vocational Education in Traditional K-12 Offerings.

Sparking a generational shift away from the current “college-for-all” framework that dominates K–12 schooling could spark a generational shift in work participation. Federal and state educational resources currently overwhelmingly focus on preparing K–12 student for four-year college programs. Federal funding for higher education total $150 billion per year today, while only $1.9 billion is devoted to vocational education at the high school and post-secondary levels. The problem is, only about one-third of Millennial men have a college degree, and the other 70 percent are missing out on crucial opportunities to get a head start on developing meaningful pathways into the workforce.

Federal policymakers should work toward reallocating educational funds to meet the vocational needs of each group—including young men who are not on the college track. Specifically, allocating fund toward a renaissance of career and technical education (CTE) offerings in high schools could spark a generational renewal in career preparedness of young men who might otherwise find themselves in the “NILF” category in adulthood. Research evaluating Career Academies, for example, has found that young men who participate in these high school apprenticeship programs earn more than similar peers who do not.

A shift in federal funding structures could realistically spark the development of new schools, with diverse educational focuses. Promising new high schools such as Build Up Birmingham, which places students in apprenticeship training for half of their high school experience, could signal a future in which the variety of educational options available to students truly matches the variety of their skills and interests.

As recommended in the Social Capital Campaign family stability report, the ultimate goal should be a national workforce education initiative that prepares one third of adults for the middle skills market — funding educational models that prepare students to enter the workforce after high school with real value in the labor market.
CONCLUSION

The slow but consistent separation of prime-age men from the core institution of work is one of the great challenges of this century. For all the remarkable triumphs of the country in the last century—on the world stage, in economic prosperity, and technological progress—a silent crisis has developed almost unnoticed.

Today, more men than ever are sitting on the sidelines of the workforce—unable to access a key source of social and personal flourishing. The nature of this great crisis is perplexing—it questions traditional assumptions about the causes of labor force participation and derails many of the overly-simplistic “demand-side” explanations offered by various social scientists recently.

Reintegrating our lost workforce with paid employment would require government to work in harmony with mediating institutions to prompt a renewed cultural emphasis on work. However, setting the right conditions through policy reform is a necessary part of the solution.

Federal policymakers can start by reconnecting our nation’s most important safety net programs to work and leveraging the structures of our disability assistance programs to remove barriers for disabled adults to reenter the workforce. Policymakers should also reconsider the relationship between poor health, disability, and work—opting for a more accurate approach that views employment as a crucial contributor to good health.

Federal and state efforts should concentrate on sparking a revitalized workforce development system that empowers workers with crucial real-time information about the job availabilities in their regions and reinforces personal agency through flexible ITAs for reskilling. Our education can and must prepare all students—not just those on track to earn a college degree—for high-quality, stable employment. A national course-correction is needed—one that shifts funding and resources toward a plethora of diverse new educational models that mirrors the skills and need of students.

America faces many challenges to her economic might today, but a dwindling workforce does not have to be a challenge that carries on for generations. We can and must course-correct. Now is the time to align federal and state policy toward a future where all who might benefit from employment have access to ample opportunities for a stable job and earned success.
BOLSTERING SOCIAL CAPITAL THROUGH BETTER WORKPLACE POLICIES

Patrick T. Brown

Of the major institutions in daily life, few receive more hours of the day than the workplace. Yet too often, building social trust and broader interpersonal relationships ignores the very real role that work can play in building the kind of connections that lead to stronger social capital.

The workplace can also play an important role in establishing, or degrading, the social fabric that surrounds workers and their families. A workplace that gives employees dedicated time away to invest in their community will create space for organic social capital formation. One that leaves workers at the mercy of unpredictable scheduling will make it harder for parents to attend, for example, PTA meetings. Any agenda that focuses on social capital should include a focus on steps employers can take to boost social capital among their employees.

While public policy can strengthen social capital, employers can also play a substantial, voluntary role in strengthening the associations and institutions which can create a better environment for stronger families and communities. Firms could address the following problems as priorities:

- The demands of the workplace making it difficult for workers to fulfill their role as parents, impeding family formation and youth investment
- Many workers, especially parents, finding it hard to balance their preferred work-life tradeoff, making it difficult to fully participate in civil society
- Increased disconnection in the workplace harming individuals' earning potential and social cohesion

Companies have shown an increasing attentiveness to the physical and mental health of their workforce. Attention to employee’s social and relational health should be included in the assessment of a worker-friendly workplace as well.
Understanding work’s relationship with social capital

In its definition of social capital, the Social Capital Campaign states the need to promote “the rich network of relationships that sustain individuals throughout adulthood, both professionally and personally.” This understanding is essential—the idea of social capital has just as much to do with an individual’s well-being as with its oft-mentioned relationship with Tocquevillian associational life.

The relationship between social capital and the workplace can pay immediate dividends in the form of stronger prospects or higher earnings. But sociologists have also stressed the connections and informal bonds that are created between coworkers. Work provides a paycheck, but also connections and a sense of identity. These connections can even have impact on family formation—about one in ten married couples met as coworkers, though that fraction has declined in recent years.

Recognizing that social capital has a relationship with an individual’s economic opportunities as well as civic health should push us towards thinking of the workplace as a place where social capital, as well as financial capital, can be cultivated. Lots of workers already have the types of flexible work arrangements and benefits that allow them to balance the responsibilities of work and home as they see fit, but many others don’t.

As such, a workplace-centric approach to social capital will necessarily be contextual; no single approach will be appropriate to improve the different aspects of social capital, such as family formation, for a white-collar professional, a haircutter, and a construction worker. This report lays out some principles and ideas for boosting social capital through better workplace policies, while trying to lay out a way of thinking about the interaction between employer and employee that recognizes the mutual benefits such voluntary initiatives can generate.

Supporting employees as parents

A social capital-centric focus must include some emphasis on family formation, and policies that make starting and having a family more achievable should be first on the list. One-third of parents say they struggle with the demands of home and workplace, which has a direct impact on family stability, family affordability, and creates demand for additional sources of youth investment. The early years of life have tremendous impact on long-term potential, and high-income individuals tend to be able to afford the stable, supportive environments conducive to better outcomes, whether that be a parent at home.
or a high-quality childcare situation. Expanding family-related benefits can help more working- and middle-class parents have more choices in the work-life balance that best meets their family’s needs and can help remediate some pervasive gaps in early childhood investment.

**Birth**

One straightforward family-friendly policy for firms is better supporting pregnant workers and new parents. In June 2022, Walmart announced its associates employed in Georgia, Illinois, Indiana, and Louisiana would be eligible for a $1,000 benefit towards doula services during pregnancy. Doulas are support workers who do not provide medical care, but provide assistance to women during pregnancy and childbirth, and have been linked to lower rates of C-sections, easier labor, and reduced medical interventions. Firms that offer pre- and post-natal care for pregnant workers can help new moms be healthier and feel more supported.

**Childcare**

When parents return to work, they must balance the demands of care for their new child and their responsibilities in the workplace. Child care is expensive for many parents. Employers who see the value in knowing their workers’ schedule is more predictable and reliable can provide child care benefits to working parents; 13% of full-time workers already receive child care benefits through their employer.

One particular approach that makes child care and commutes a little less complex for families is providing child care on-site at the office. Currently, Section 45F of the Internal Revenue Code offers employers a tax credit associated with various expenses associated with on-site child care, up to a maximum of $150,000 (firms would have to spend about $430,000 to receive the full amount.) According to the Society for Human Resource Management’s 2019 Employee Benefits Survey, 4% of businesses surveyed offered child care at the office.

According to the Government Accountability Office, between 169 and 278 corporate tax returns claimed the credit in 2016, or about between .002 and .004% of all corporate filers. Research suggests firms are reluctant to invest in building out the physical infrastructure for a child care facility. Firms with a larger labor force, that might be more natural candidates for providing on-site care than smaller businesses, may find the $150,000 annual limit of the credit too small compared to the other considerations at play.
But as the *Washington Post*’s Alyssa Rosenberg pointed out, a post-Covid office environment might tend to have more physical space available than a firm strictly needs, ready to be re-purposed as child care space. And in a tight labor market, employers might consider competing for workers with children by recognizing the benefits of having parents and kids with the same commutes (and, especially for nursing moms, easy visits during the day.) Patagonia, for example, spends about $1 million per year, on net, on on-site child care that provides services for a total of about 80 children. It recoups some of its expenses through the Section 45F credit, but estimates another 30% of its costs are offset by greater employee retention and lower training costs.

**ADDRESSING WORK-LIFE BALANCE**

Prior to the pandemic, research would cite the lack of flexible scheduling and ability to work-from-home as making it difficult for workers to achieve the work-life balance they sought. Though it is a stretch to call it a silver lining of the global pandemic, a post-Covid world may indeed open end up opening new options for employees.

The flip side of more flexible work, of course, is the threat that an environment in which work can be done from anywhere becomes a certain expectation that work should be done everywhere. Making space for community life might mean reining in some of the workplace’s expectations. In France, labor negotiations can include preserving time in the evenings or weekends when employees are expected to not be responsible for e-mails or messages. Portugal passed an even more aggressive law in 2021, making it illegal for companies with more than 10 employees from contacting workers outside of their scheduled working hours, save for emergencies.

But not every job can be done from home, and many service-sector employees from a lack of stable, predictable scheduling. “Just-in-time” scheduling adjusts worker shifts to meet demand, helping contain labor costs but shifting the burden onto workers to adjust their schedule to meet their employers’. It goes without saying that an unpredictable schedule makes it harder for employees to meaningfully commit to the institutions of civil society, like church, neighborhood or community.

This practice is especially common in service-sector jobs, like retail, food, and hospitality – an 2019 survey found less than half of workers in those industries got their schedule more than a week ahead of time. According to the Brookings Institutions’ Katherine Guyot and Richard Reeves, one-third of female workers know their work schedule less than two weeks in advance.
This is, of course, especially hard on parents with young children, who must figure out care arrangements at late-notice. Unsurprisingly, one study found “on-call shifts, shift timing changes, work hour volatility, and short advance notice of work schedules are positively associated with difficulty arranging childcare and work-life conflict.”\textsuperscript{137} There are currently no federal laws relating to work scheduling practices, but localities have moved to restrict the practice, and in 2020 Oregon became the first state to require schedules 14 days in advance.\textsuperscript{138}

**RESTORING CONNECTION IN THE WORKPLACE**

Lastly, an understanding of social capital in the workplace should recognize the potential for the office itself to be a place of friendship and connection. Robert Putnam, in his seminal treatment of social capital *Bowling Alone*, stressed that “civic engagement and social connectedness can be found inside the workplace, not only outside it.”\textsuperscript{139} He argued for new forms of civic discussion groups and service clubs in the workplace, as well as new forms of connection to address the rise of what he called “contingent work,” such as contractors and freelancers.

In the time since *Bowling Alone* was published, the trends have gotten worse. New forms of gig work have sprung up, allowing people more flexible hours but at the cost of a traditional cohort of coworkers or officemates. And pressure on companies’ bottom lines has led to a divergence of connection within the workplace as well.

Major companies have outsourced non-essential activities such as payroll, accounting, janitorial, and maintenance to outside firms, allowing them to focus on increasing benefits for their employees and driving value for shareholders. David Weil, an economist at Brandeis University and Obama administration U.S. Department of Labor appointee, calls this phenomenon “the fissured workplace.”\textsuperscript{140}

Concurrently, a 2018 paper in the *Quarterly Journal of Economics* found that income segregation within workplaces has risen over time. Instead of corporations bringing together a mass of workers under one roof, the period of 1978 to 2013 saw increasingly efficient sorting by skill - high-wage workers became increasingly likely to work in high-wage firms, and increasingly likely to work with each other.\textsuperscript{141}
The upshot of these trends can mean greater workplace flexibility and benefits, but at the cost of connection with other workers (and for those who have had their job contracted out, perhaps a loss in benefits as well.) It does little good for lower-skilled receptionists, clerical staff, or janitors to see increasingly generous benefits flow to professional staff while the third-party contracting firm that is responsible for hiring them is unable or unwilling to increase their scheduling flexibility. And increased self-sorting of high-wage workers with other high-wage workers means that non-college educated workers, who already report fewer workplace connections or personal relationships at work, will be even less likely to benefit from trends that disproportionately benefit high-skill workers.142

These trends are difficult to buck at the level of the firm; a company that chose not to outsource its clerical work or janitorial services while its competitors did may credibly claim to be at a real financial disadvantage. Policymakers may have to think about creative ways to ensure flexibility and protection for gig or contract workers. But the potential decline in connection and camaraderie should not go unremarked upon, even if there are fewer policy tools to address it.

OPTIONS FOR EMPLOYERS

There is unavoidable tension between efficiency and flexibility. Firms that seek to be more competitive may adopt labor practices that are more efficient in the short-run, but push more of their associated costs and burdens onto their employees. Employers, as well other significant institutions such as colleges and universities, should be clear-eyed about the expectations and burdens they place on their workers, and intentional about carving out space for them to live life as non-workers when they are off the clock.

• Voluntarily restrict just-in-time scheduling. Some firms have adopted more predictable scheduling for their employees.143 Particularly in a tight labor market, where workers have more leverage in the types of jobs they will and won't do, employers that make an affirmative commitment to schedules two or more weeks in advance will give more workers from all walks of life better ability to plan their life around work, rather than letting work dictate what the rest of their life will have room for.

• Discourage, or ban, non-emergency e-mails at night or over the weekend. While some e-mails during personal hours will always be necessary, curbing non-essential e-mails outside of working hours can reduce the burdens on workers to feel “always on.”144 German companies like Volkswagen and Daimler have negotiated hours where non-essential e-mails are not delivered145, and private companies could
follow suit, instituting a rule that all non-emergency e-mails sent overnight will be delivered to the recipient the following morning.

- **“Return-ships” for parents who have left the labor force.** For parents that take time out of the labor force to bear and raise children, returning to the office even five years later can be an adjustment, and some return a decade or more after their most recent professional experience. Companies should look at parents returning to the labor force after raising children as a potential asset, and offer specific programming and recruitment efforts tied to this population. Large companies, such as IBM, Goldman Sachs, and Wells Fargo have been offering so-called “returnships,” which tend to attract women who took time off from their career to have kids and are looking to return to professional life.146

- **Make new parents immediately eligible for unpaid leave.** Currently, employers of 50 employees or more, schools, and public agencies are required to grant up to 12 weeks of unpaid leave under the Family and Medical Leave Act to employees who have worked at least 1,250 hours over the previous 12 months. Employers who are able could waive that requirement for expectant mothers, give them a little more peace of mind, especially when facing an unexpected pregnancy.

- **Adopt a “bring your infant to work” policy.** Child care benefits may be too expensive for some firms to consider, but other creative policies can help ease the burden on parents. 31% of businesses said they would allow their employees to bring their children to work with them in case of an emergency147; for new parents, companies for whom it is appropriate might consider allowing employees to bring in their children (until they are able to crawl) to the office even in non-emergency situations.

- **Expand workplace flexibility and other benefits to contracted employees.** In the era of the “fissured workplace,” subcontractors and other employees not under a firm’s direct purview do not benefit from generous benefits. If bringing those jobs fully back in-house is unrealistic, firms could seek to ensure low-wage or contracted-out employees under their indirect supervision are at least given access to some of the more generous fringe benefits available to professional staff.
OPTIONS FOR POLICYMAKERS

The focus of this paper has been on steps businesses could voluntarily take to become more family-friendly. But that doesn't mean there aren't some steps policymakers could consider for laying the groundwork for more family-friendly workplaces and work practices. Some existing or current legislation that could be adopted across the aisle includes:

• **Improving the tax credit for employer-provided child care**
  
  Doubling the size of the credit’s capped amount from $150,000 to $300,000, or even more, could make it more appealing for larger firms, who would be expected to have the demand for and resources to provide on-site child care, to take advantage of it. Allowing multiple employers to jointly provide care and receive the credit, or making it refundable or apply against FICA taxes, could expand the pool of potential on-site care providers, including small business and non-profit organizations.  
  
  And Republicans on the Ways and Means Committee have proposed increasing the value of the employer-provided child care credit from 25 to 50 percent for small businesses.

• **Taking steps to restrict just-in-time scheduling**
  
  In 2015, a bill restricting certain just-in-time scheduling practices took effect in San Francisco, and other large cities have followed suit. A bill that would require two-weeks advance scheduling has been introduced in Congress. Research into a Seattle scheduling ordinance found benefits for workers, but the Covid-19 pandemic has made it challenging to assess its impact on business outcomes.

• **Collect data for “family-friendly” social responsibility**
  
  The rise of environmental, social, and governance criteria in corporate finance and investment has led to a renewed emphasis on a broader definition of sustainability, and acknowledgment that short-term pursuit of profits may not always capture all externalities. The Department of Labor could collect data on firms’ metrics around certain family-friendly practices—the share of employees with access to paid leave or child care benefits, the share of employees scheduled with fewer than two weeks’ notice – to give researchers more data into what policies work best, and give employees more knowledge of the state of the labor market.

• **Provide a modest paid leave program to new parents**
  
  As Abby McCloskey has written in an earlier Social Capital Campaign report, policymakers can and should take steps to implement a national paid parental leave program so that all parents, regardless of their state of residence or occupation, are allowed some time away from the demands of the workplace after the birth of a child.
CONCLUSION

Work and family are two essential institutions for a healthy society, but the responsibilities owed to each can sometimes conflict. Better public policies have an important role to play, but run the risk of being heavy-handed or causing unintended consequences. Businesses have an obligation to be good stewards with the shareholders’ or owners’ resources, but also have an obligation to treat their workers fairly.

Making it more achievable and affordable to form a family, and to participate in associational life, should be a consideration in determining fair treatment of workers. Those opportunities should not be reserved for workers who have the social or financial capital to be in a job that empowers them to do find space from the demands of the workplace. Employers have an obligation to be proactive about creating space for their workers to do so as well. As Putnam wrote two decades ago, “the workplace is a natural site for connection with others...[but it] is not the salvation for our fraying civil society.”

Creating space for more employees to build ties that are conducive to social capital, and engage in family and community life to a greater degree, require cultural changes that go beyond public policy’s ability to affect. Starting on the level of an individual business or firm can help address some of these problems, and recognize the potential of workplace to be a place of connection and support in fulfilling other, more important, responsibilities that are not done for pay.
Endnotes


2. Ibid.


14. Ibid.


23. Emily Hales, “The National Marriage Age is Increasing.”


29. Lucy Perez, et. al., “How to Make ESG Real.”


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39. OpenAI Generative Pre-trained Transformer 3 (GPT 3) is software that responds to human prompts. It is trained on 400 TB of text data.


44. The standard definition among economists and social scientists alike for men in their prime working years, or “prime-age” men, being those between age 25–54.


47. Nicholas Eberstadt, Men Without Work (Templeton Press, West Conshohocken, PA: 2022)


58. Krueger, “Where have all the workers gone?”


65. Eberstadt, “Men Without Work.”


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73. Ibid.


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91. Eberstadt, “Men Without Work.”


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147. SHRM, “2019 Employee Benefits Survey.”

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