SHIFT

Dreams Deferred: Downward Mobility and Making Ends Meet in the Service Sector

Executive Summary

Nearly one-in-five jobs in the United State are in the service sector, including in retail, grocery, pharmacy, fast food, and fulfillment, but there are countervailing views on who works these jobs and to what end. One view in the public imaginary is that service-sector employment is dominated by workers who are temporarily in this line of work and using it as a source of extra income or as a first rung on a ladder towards career growth and economic opportunity (Selyukh, 2021). But, an alternative view is that many workers rely on service sector work to get by—and to support families of their own—and that these jobs may be more poverty traps than mobility ladders (Carre & Tilly, 2017).

Prior research finds very low rates of transitioning into higher-paying occupations from retail and hospitality work compared to other sectors of the economy (e.g., Escobari et al., 2021). Further, headlines have touted wage gains in the service sector in the past two years (Rugaber, 2023), but given steeply rising consumer prices, these workers may still be struggling to "get ahead" or even to meet their own basic needs (Brooks, 2022).

To adjudicate between these two views of service sector employment, we draw on a novel source of survey data collected by the Shift Project in the spring of 2022 from 2,601 workers employed at the largest firms in the retail, food service, hospitality, grocery, fulfillment, and hardware sectors. These data allow us to gauge workers' class identification and experiences of upward or downward mobility relative to their parents. We also examine workers' experiences of material hardship and economic insecurity as well as their expectations for future upward mobility and how job quality shapes those forecasts. These data provide an unprecedented view into the personal histories, economic realities, and career trajectories of service sector workers.

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We find that virtually all respondents consider themselves working class, and the majority also consider themselves lower class or lower middle class. In terms of their jobs, most service sector workers have experienced downward mobility compared to their parents. We find evidence of deep economic hardship and insecurity, indicating that these jobs are not providing workers with sufficient resources to meet their material needs or to save. Workers do not feel like they are getting ahead, but rather just making ends meet or falling behind. By and large, their short-term goals are to get by or achieve some sense of stability, rather than to move up the income ladder. For most workers, it does not appear that service sector work is facilitating upward mobility.

However, all jobs are not equal in the service sector. Workers with higher wages, more generous benefits, and especially more stable schedules are more likely to report economic stability or to be getting ahead in their current jobs. They are also more likely to be working towards upward mobility or economic stability than towards just being able to make ends meet. It is possible for these sectors to create conditions that promote economic well-being and make upward mobility more attainable.

Finally, despite their experiences of downward mobility (compared to their parents and within their own working lives) and economic hardship, workers are optimistic about their upward mobility over the next five years, and parents have high hopes for their children.

Class Identification

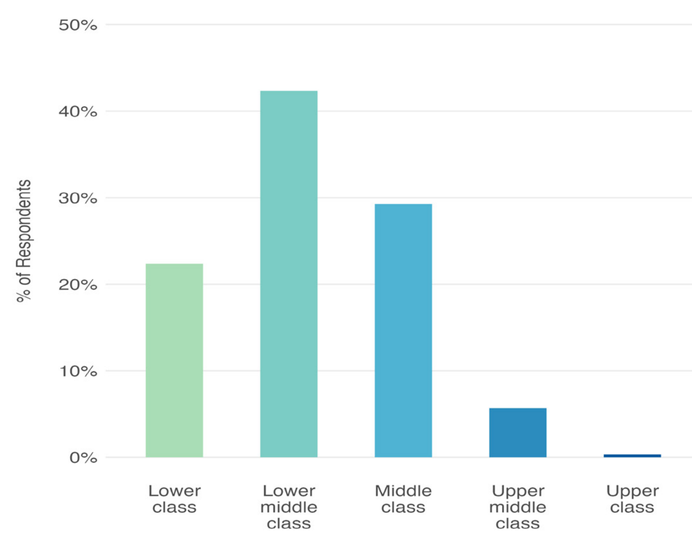
One public narrative of the service sector workforce is that it is largely composed of workers who are not economically reliant on this work and use these jobs to earn supplementary income while relying on other economic resources. For example, one cultural image of a service-sector worker is a middle-class teenager earning side money.

One way of testing this narrative is to ask service sector workers about their class identification. We asked workers if they identified as "working class" and then, in a separate question, how they identified in a standard social class typology (lower class, lower middle class, middle class, upper middle class, or upper class).

We find that holding a working-class identity is nearly universal. In our data, 97% of service sector workers see themselves as working class.

Beyond a working-class identity, the majority of respondents also see themselves as lower class (22%) or lower middle class (42%). Just 29% identify as being in the middle class and just 6% in the upper middle or upper class. While social class can mean different things to different people, it generally reflects how people situate themselves within a hierarchical society (Romero-Vidal, 2021). In our data, most people (82%) say that their social class reflects their income and that their working class identity reflects their job (93%).

Figure 1. Which Social Class Workers Say They Belong To



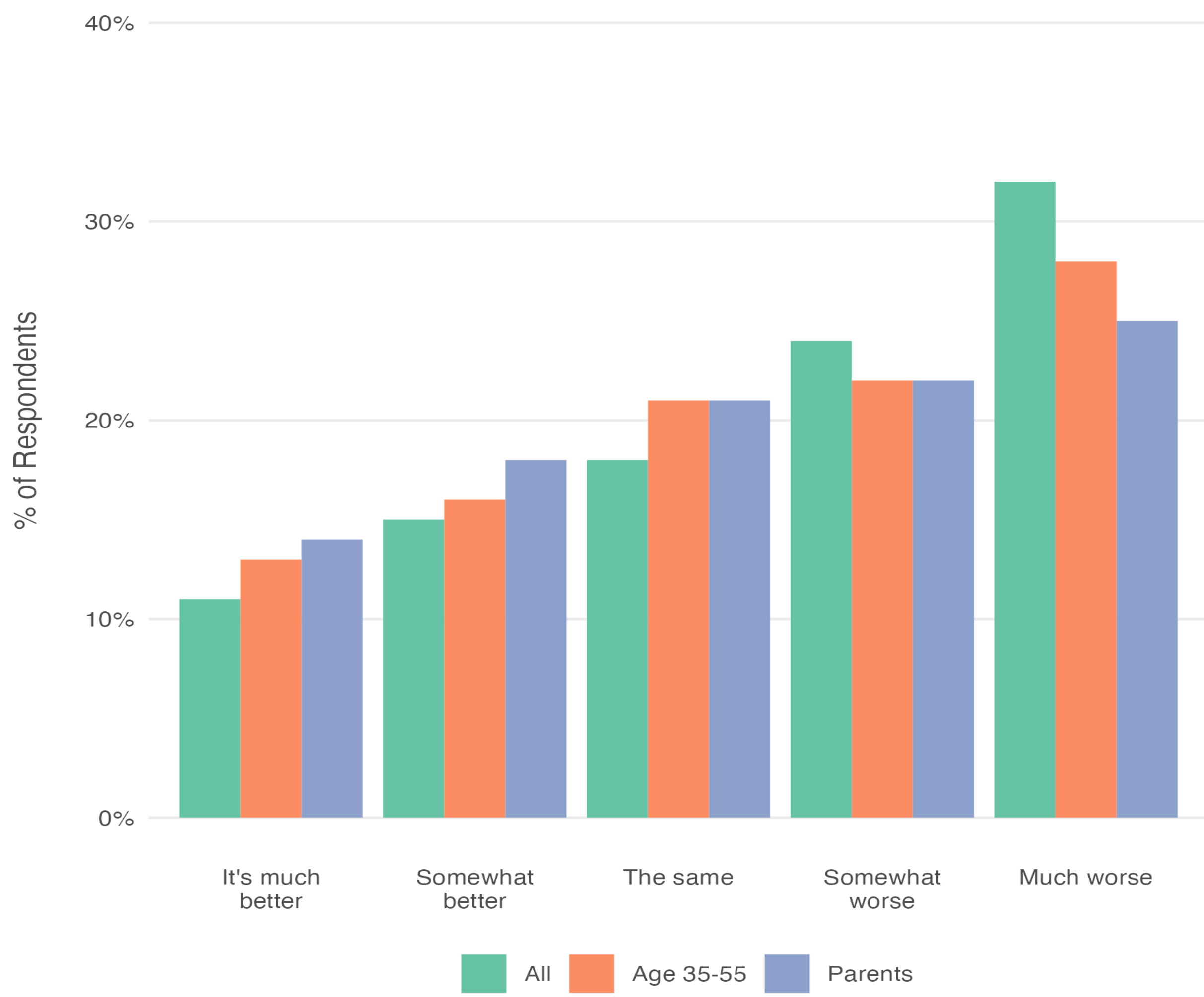
Intergenerational Mobility

Though most service sector workers see themselves as members of the working class and lower- or lower-middle class, it is possible that their jobs still represent improvements from those of their parents.

Figure 2 charts service sector workers' perceptions of their own intergenerational mobility. It draws from a question that asks workers how their own jobs today compare to the jobs that their parents held when the respondent was growing up. The green bars show the results for all workers in the sample. These estimates tell a clear story of downward mobility: 57% of workers report that their jobs are somewhat or much worse than their parents' jobs were.

Could this be a function of life-course timing? Younger workers are at an early point in their careers and could still improve their jobs, yet they may be comparing themselves against the jobs their parents held at older ages. The orange bars limit the sample to workers in prime working ages (35-55) and show that this is not the case. We see the same story of pronounced downward mobility. We again find a story of downward mobility when we limit the sample to parents (purple bars). There are 1,085 individuals or 42% of the sample who have children. Of those parents, 47% report that their jobs are worse than the jobs their parents held, 21% say they are of the same quality, and just 32% say their own jobs are better. Thus, most service sector workers have experienced downward intergenerational mobility in terms of their jobs or are stuck in place.

Figure 2. Perceptions of Intergenerational Occupational Mobility: How Workers Think Their Jobs Compared to Their Parents'



How Workers Are Faring Today

While service-sector wages have grown over the past few years, hourly wages remain far below a household-sustaining income. If service sector workers are simply working for supplemental income, then these low wages might not necessarily lead to economic hardships.

However, we find that for many service sector workers, this is not the case. Material hardships are common for these workers. Figure 3 shows the percent of workers who have experienced various material hardships in the last month or year. At least one in three workers in the last year have not been able to afford enough to eat, to pay their full utility bills, or have had to borrow money to pay bills, and at least one in four have experienced these hardships in the last month. Deferring medical treatment, receiving free food, and having to move in with other people are relatively common experiences as well.

Figure 3. Percent of Workers Who Experienced Material Hardships in the Last Month or in the Last Year

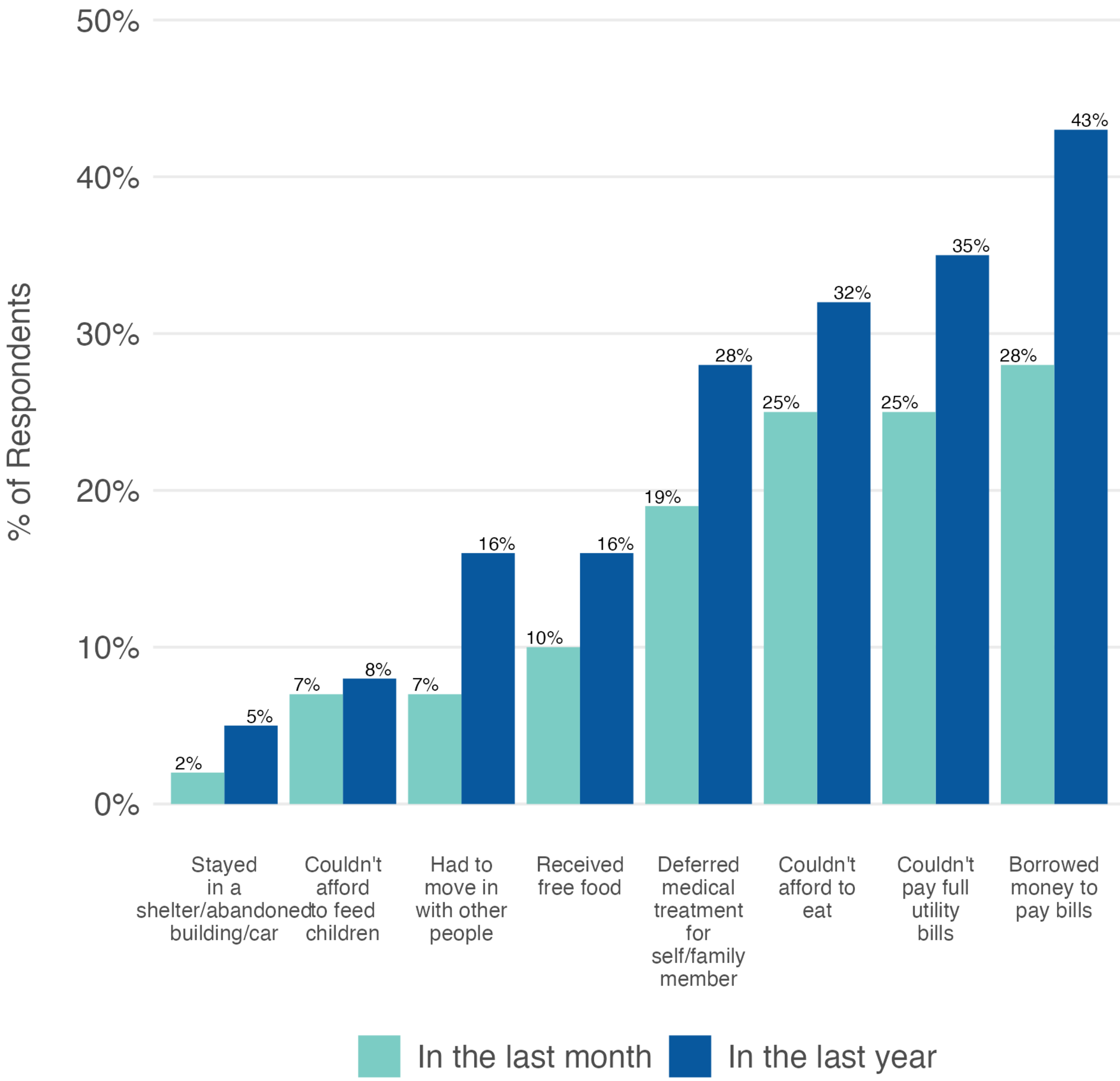
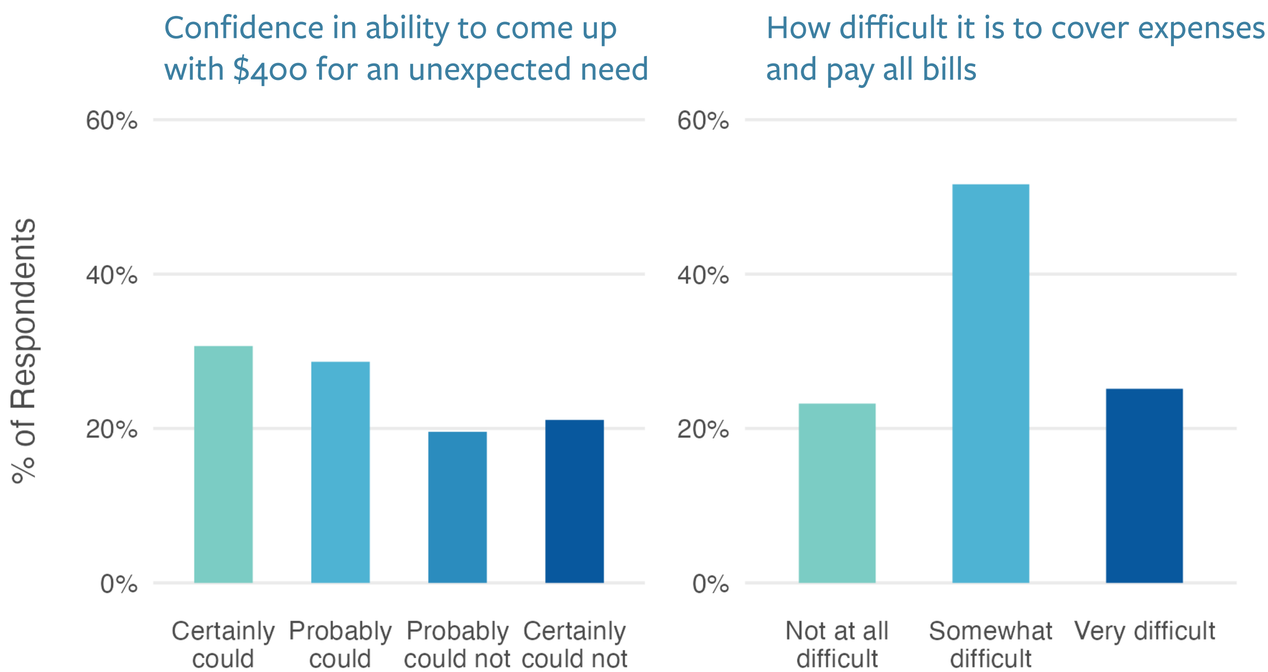


Figure 4. Other Experiences of Material Hardships



Workers are also unable to weather sudden and/or large expenses. Figure 4 shows service workers' confidence in their ability to come up with $400 for an unexpected need. 41% probably or certainly could not come up with the money. Figure 4 also charts how difficult it is for workers to cover all of their expenses. Around 77% of workers find it somewhat or very difficult to pay all of their bills. These estimates show that workers are extremely low on cash and are a single accident or missed paycheck away from potentially devastating economic circumstances.

Workers' Short-Term Goals

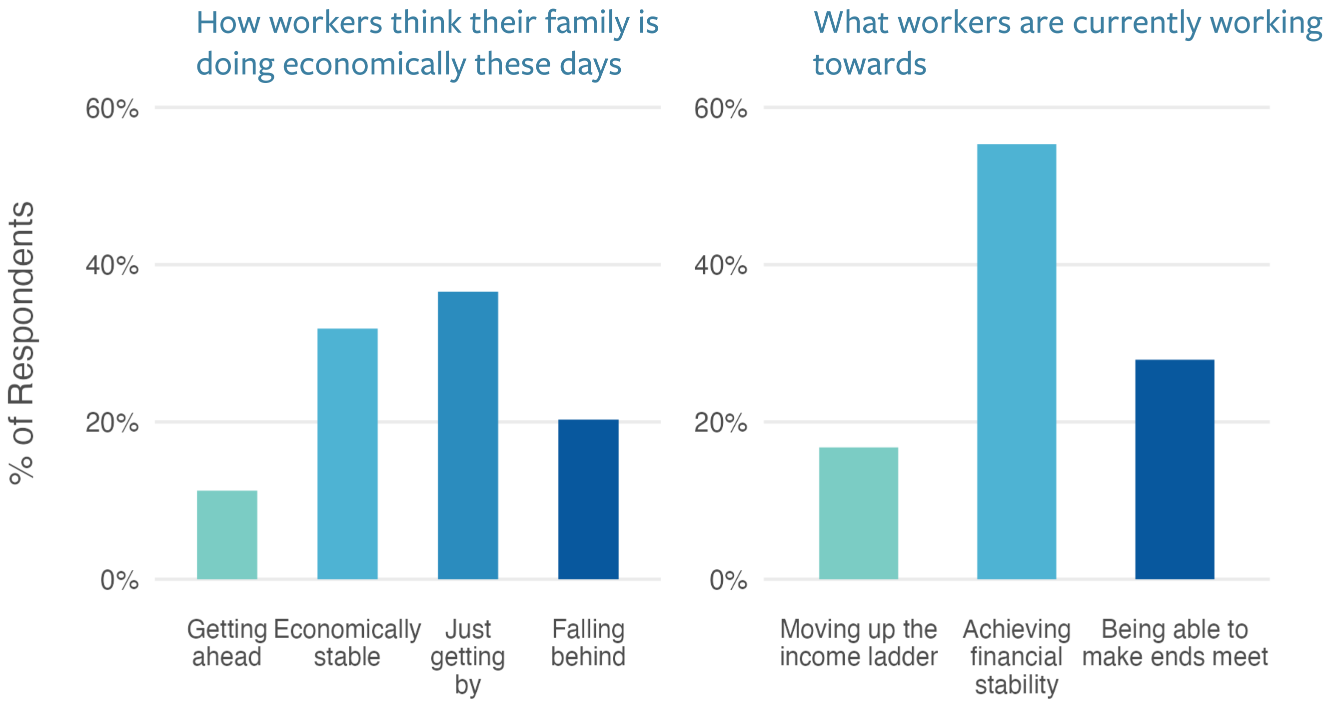
Even as workers cope with economic insecurity in the moment, might they see their jobs as a route out of poverty or a first rung on the ladder of career mobility? Service sector work is sometimes thought of as a stepping stone that helps workers get ready to "take the next step" in their careers. We asked workers directly for their assessments of their short-term economic prospects and goals.

First, we asked workers how they were doing economically – were they "getting ahead," "economically stable," "just getting by," or "falling behind"? Figure 5 shows that just one in nine workers report that they are getting ahead economically. Far from having a hand on the first rung of a mobility ladder, 57% of workers reported that they were just getting by or were falling behind, even as they were working.

Second, we asked workers about their short-term economic goals. While the American Dream narrative takes for granted that workers are focused on moving up the income ladder, we find that relatively few workers have the short-term goal of moving up the income ladder from their current position. Instead, Figure 5 shows that only 17% of respondents are currently working towards moving up the income ladder. The rest are working towards simply achieving financial stability or even just making ends meet.

These findings highlight that by and large, workers are aspiring to get by or achieve some sense of stability, rather than to achieve upward mobility. This suggests that service sector jobs are more akin to traps than mobility ladders. There could be many reasons for this finding, including that many service sector jobs lack career ladders, that workers' tough economic conditions make them feel resigned to their current conditions, or that they are too constrained to take steps to improve their position.

Figure 5. Intragenerational Mobility: What Direction Workers Are Heading in and What They Are Striving Towards



How Job Quality Shapes Prospects for Upward Mobility

However, all jobs are not equal in the service sector. There is significant variation in the wages, benefits, and schedules that workers in this sector experience, and these dimensions of job quality appear to be related to what direction workers are going in and what they are striving for. Figures 6 and 7 (and Appendix Figures 1 to 4) show the predicted distribution of how well workers are doing and what they are working towards by various dimensions of job quality, including wages, the number of non-wage benefits that they receive[1] (e.g., paid vacation days), and how much schedule instability[2] they experience in their job (e.g., shifts being cancelled at the last minute). The figures show the predicted values derived from models that control for worker characteristics including age, gender, race, cohabitation status, education, English as a second language, parenthood, and job tenure.

The figures demonstrate that workers with higher wages, more generous benefits, and especially more stable schedules are more likely to report economic stability or to be getting ahead economically. They are also more likely to be working towards upward mobility or economic stability than towards just being able to make ends meet.

For instance, while 62% of those making the federal minimum wage (around $7) reported that they were falling behind or just getting by, that share was significantly lower, at 50%, for those making at least $25/hr. Notably, the gaps between workers with the least stable and predictable schedules (68% falling behind or just getting by) and those with the most stable and predictable schedules (50% falling behind or just getting by) were even larger.

We found similar gaps in workers' reports of their short-term economic goals. Notably, the percent of workers focusing on moving up the income ladder doubles from 11% for those with the least stable and predictable schedules to 21% for those with the most stable and predictable schedules. Relatedly, working towards making ends meet is much less common for those with stable and predictable schedules (20%) than for those with the worse schedules (43%). Gaps

Figure 6. Predicted Distribution of How Workers Think Their Family is Doing Economically by Hourly Wage, Controlling for Worker Characteristics

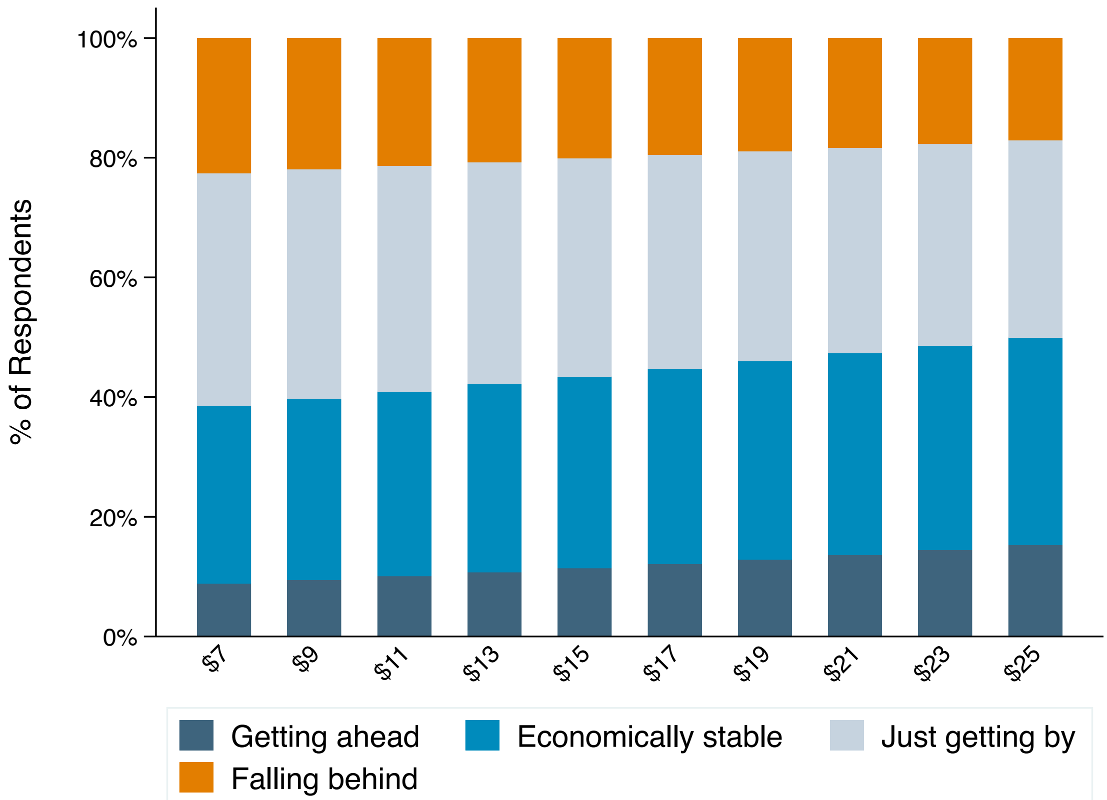
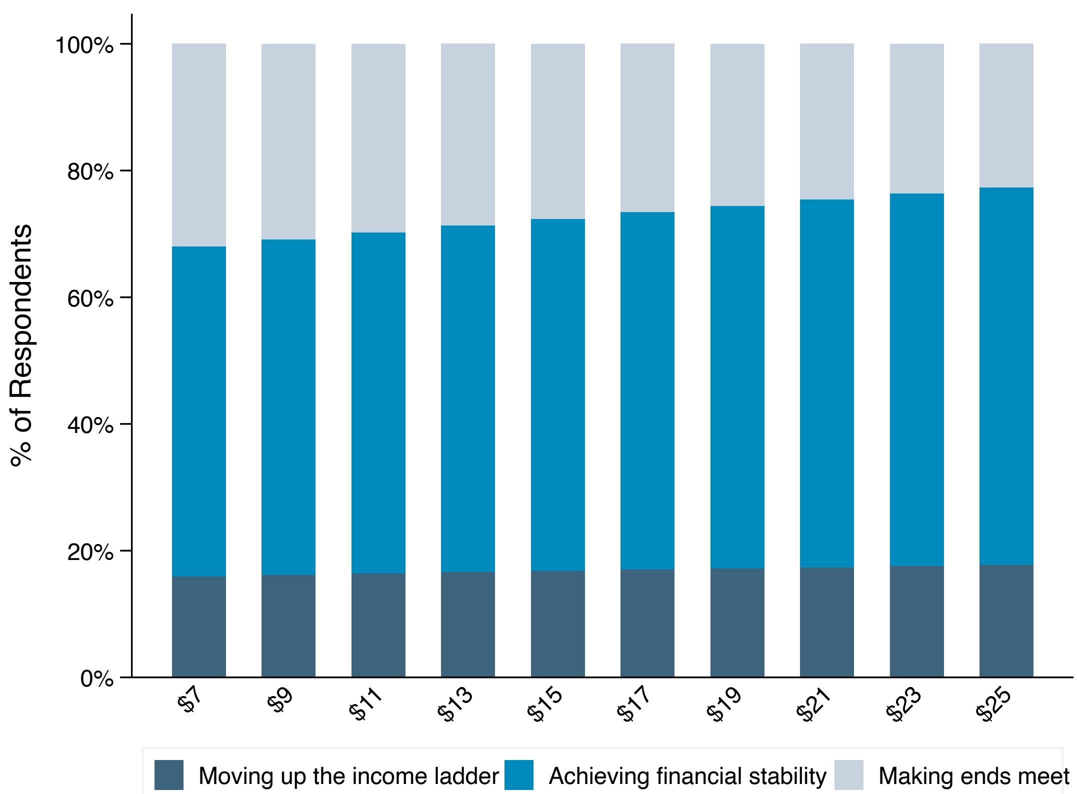


Figure 7. Predicted Distribution of What Workers are Working Towards by Hourly Wage, Controlling for Worker Characteristics



are slightly less stark based on hourly wages and how many benefits workers receive, but the differences are still meaningful. For instance, only 14% of workers who receive no benefits are currently working towards moving up the income ladder, compared to 21% of those who receive all eight kinds of benefits. Focusing on making ends meet is much less common among those with the maximum benefits (21%) compared to those with the fewest benefits (34%).

These findings demonstrate that prospects for mobility in the service sector are not universal or fixed. Job quality matters for shaping workers' mobility prospects and aspirations. Further, it is not just income that matters, as some may expect, but also basic fringe benefits and work schedule stability. Why might this be? These non-wage dimensions of quality not only support workers' economic well-being but also their socioemotional well-being, which could foster economic advancement and aspirations for moving up the income ladder. For instance, schedule uncertainty has been shown to negatively affect workers' quality of life, including their mental health (Schneider & Harknett, 2019) and parents' ability to arrange childcare (Harknett et al., 2020; Schneider & Harknett, 2022), both of which could take a toll on workers' economic well-being and short-term goals.

Nevertheless, even the best jobs in the sector, with high wages, numerous benefits, and good schedules, leave many workers lacking confidence in a better future.

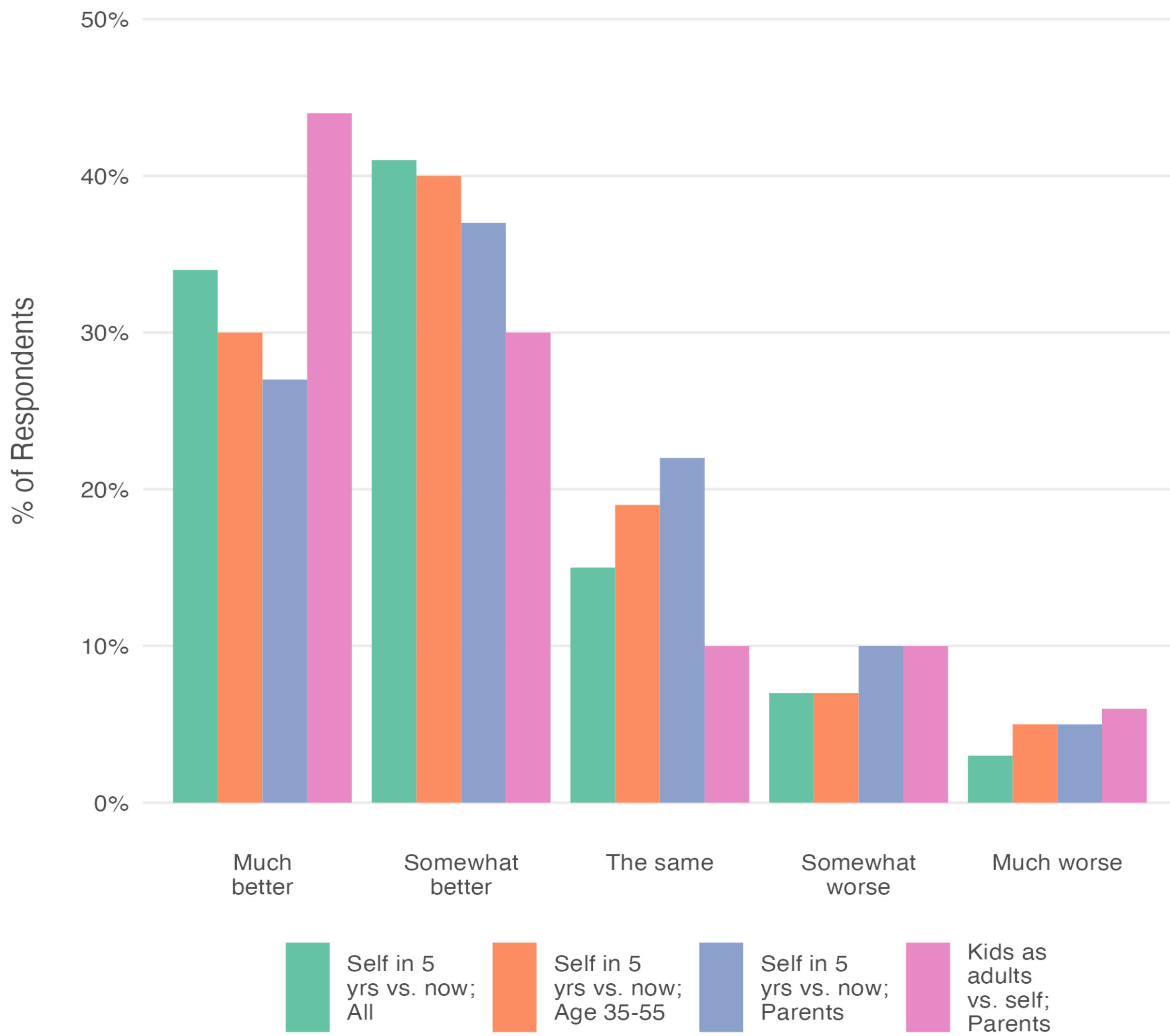
Prospects for the Future

Though most workers have experienced intergenerational downward mobility and are struggling economically, they are still generally optimistic about the future. Figure 8 shows workers' expectations for their economic circumstances in five years for a few subgroups, as well as how workers who are parents expect their children to fare. The green bars, showing workers overall, demonstrate that three-quarters of workers think their economic circumstances will be much or somewhat better in five years from now. While prime-age workers (orange bars) and workers with children (purple bars) have somewhat lower rates of this optimistic expectation for themselves (70% and 64%, respectively), large majorities of each of those groups have belief that their economic circumstances will be much better or somewhat better within five years.

Parents have somewhat higher hopes when it comes to thinking about their own kids when they are adults. The pink bars show how parents think their own kids' economic circumstances as adults will compare to their own. Three-quarters think that their children's economic circumstances will be somewhat or much better than their own.

While the typical service sector worker is not a middle-class teenager earning side money or a striver using service sector work to get a start on upward mobility, these workers do remain optimistic that, in many cases despite their current jobs, they will experience economic mobility for themselves and their children over the long run.

Figure 8. Expectations for Future Economic Circumstances



Conclusion

Two powerful imaginaries characterize the service sector workforce. Are these workers simply earning a little money on the side while getting a hand on the first rung of the occupational mobility ladder? Or are these workers struggling to make ends meet, caught in a poverty trap that makes subsistence, let alone mobility, difficult?

We find that the lived experience of service sector work is much closer to the latter. Service sector workers see themselves as members of the working class and of the lower- or lower-middle class. Young workers and prime-aged workers recognize their trajectories of downward occupational mobility relative to their parents. Their economic present is all too often characterized by significant material hardships, economic insecurity, and a sense of "falling behind." We see that employment in the service sector often fails to guarantee a basic level of economic protection, let alone advancement.

While the American Dream narrative presupposes that everyone is working towards upward mobility, we find that the vast majority of service sector workers, representing a sizeable share of workers in our society, are simply working towards being able to get by or achieve basic economic stability.

But, our results also show that service-sector work can be a first step toward economic mobility when service sector jobs offer a living wage, basic fringe benefits, and work schedule stability. Workers who have access to these basics of job quality are significantly more likely to be getting ahead or working towards it.

Despite the challenging circumstances of many jobs in the service sector, workers remain optimistic about their longer-term prospects and especially about the economic prospects of their children. This optimism likely reflects the sense of many Americans that economic mobility is possible, even as the reality of current economic circumstances and possibility is to the contrary for many service sector workers.

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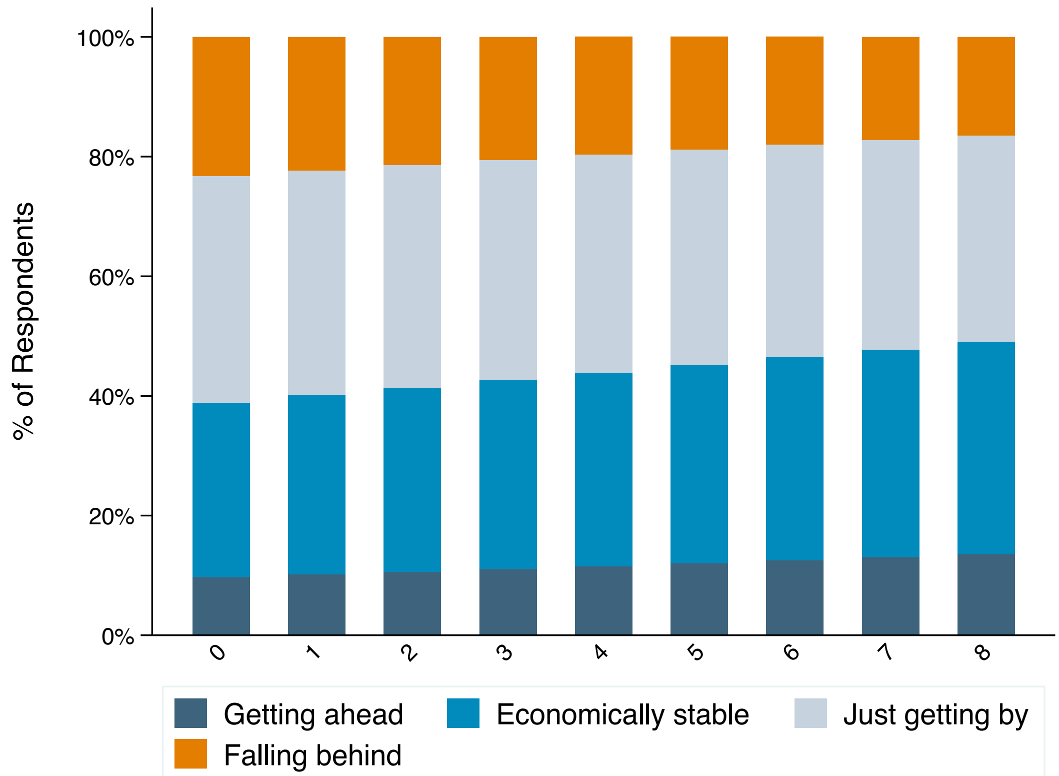
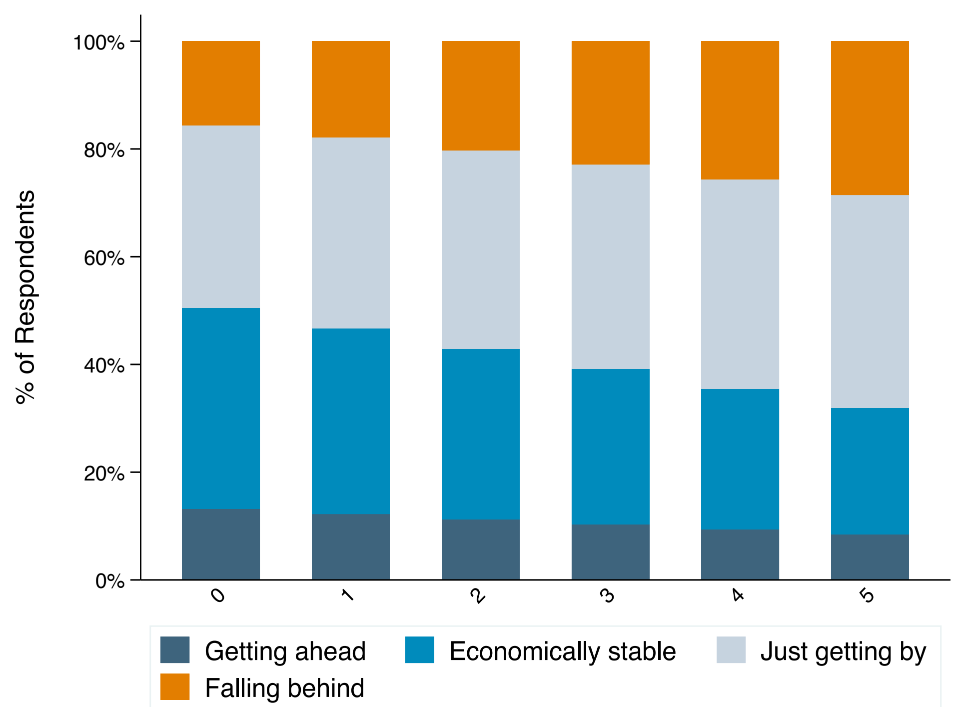
Appendix

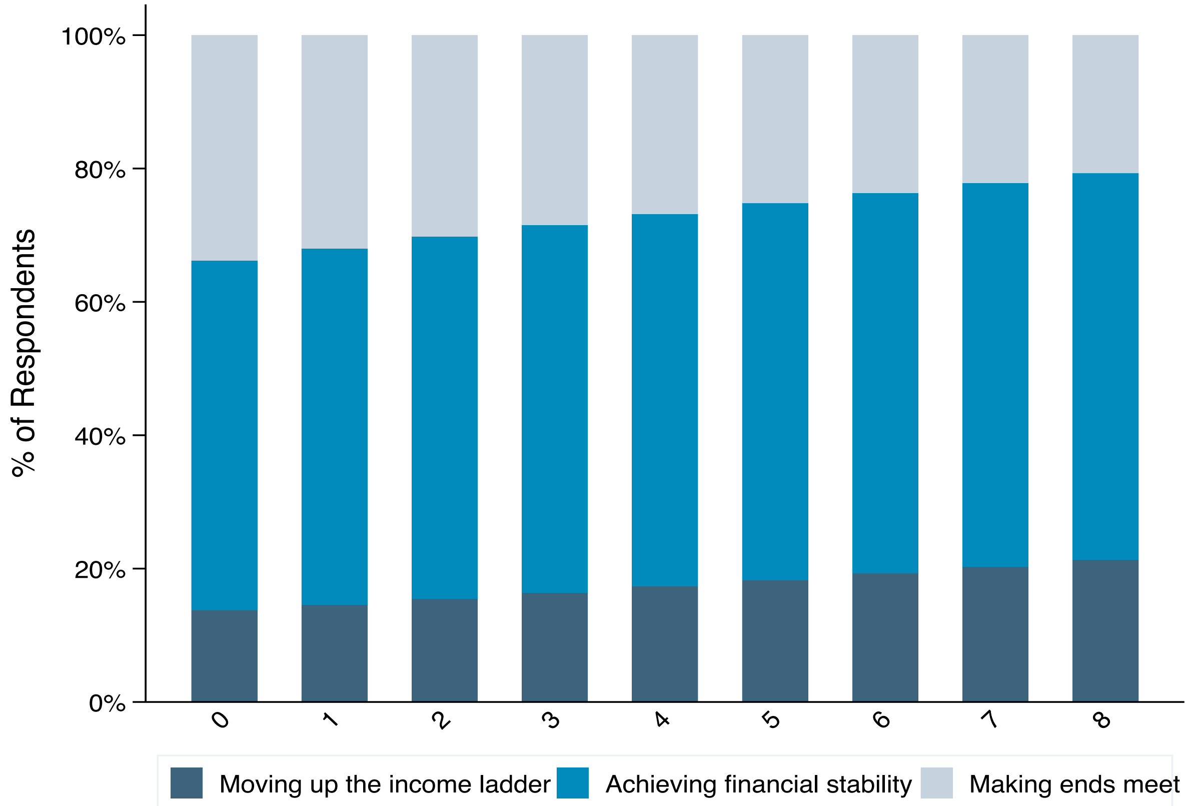
Appendix Figure 1. Predicted Distribution of How Workers Think Their Family is Doing Economically by Number of Benefits, Controlling for Worker Characteristics



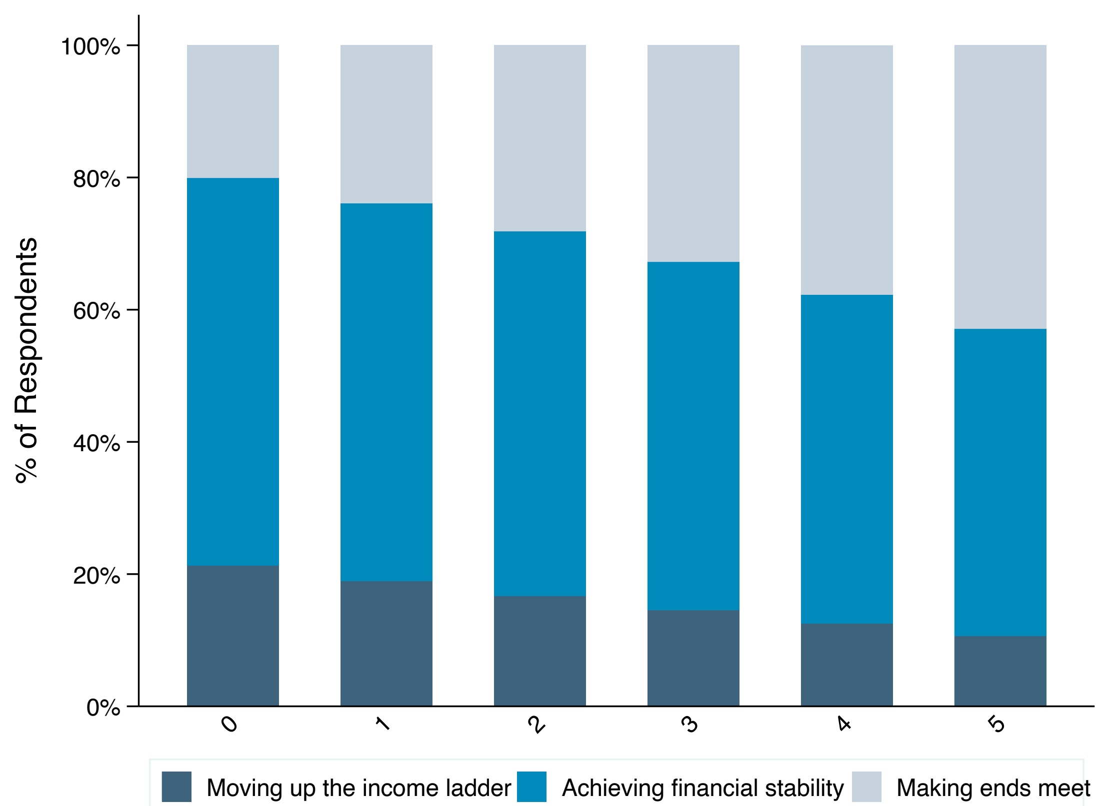
Appendix Figure 2. Predicted Distribution of How Workers Think Their Family is Doing Economically by Schedule Instability Scale, Controlling for Worker Characteristics



Appendix Figure 3. Predicted Distribution of What Workers are Working Towards by Number of Benefits, Controlling for Worker Characteristics



Appendix Figure 4. Predicted Distribution of What Workers are Working Towards by Schedule Instability Scale, Controlling for Worker Characteristics



Endnotes

1. Number of non-wage benefits is a sum of the number of non-wage benefits that workers receive from their job. The eight possible benefits include a health plan or medical insurance, dental benefits, paid maternity or paternity leave, paid sick days, paid vacation days, a retirement plan other than Social Security, tuition reimbursement, and childcare provision or subsidy.

2. Schedule instability exposure is a sum of the types of schedule instability that the worker experiences in their job. The five possible types include being asked to keep one's schedule open and available for the employer, having a scheduled shift cancelled, having an employer change the timing or length of a scheduled shift, having to work a closing shift and then work the next opening shift with fewer than 11 hours off in between, and receiving one's schedule less than two weeks in advance.

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