Social Networks as Inequality Mechanisms: a Role for Workforce Development Policy?

Paper to be presented at:
International Labor Process Conference
March 2013
Rutgers University

Jessica Santos
jsantos@brandeis.edu
PhD Student, Social Policy
Heller School for Social Policy and Management
Brandeis University
Contents

Abstract .............................................................................................................................................. 3

Part I. Durable Inequalities .................................................................................................................. 4
  Durable Inequalities in Employment Systems .................................................................................... 4
  Opportunity Hoarding Operationalized: The Role of Social Networks in Employment .................... 5
  Multiple Labor Markets .................................................................................................................... 7
  How Opportunity Hoarding Cements Racial and Ethnic Inequalities ............................................. 9

Part II. Dual Embeddedness: a Role for Policy .................................................................................. 10
  Structure Versus Agency .................................................................................................................. 11
  The Political Economy of Workforce Development ....................................................................... 12
  Policy Innovations to Reduce Durable Inequalities in Employment .............................................. 15
    Workforce Intermediaries .............................................................................................................. 16
    Workforce Innovation Networks .................................................................................................... 17
    Sector-Specific Training .................................................................................................................. 19
    Targeted Programs to Place and Advance Racial/Ethnic Minorities ........................................... 20
    Policy Developments and Potential Impact .................................................................................. 21

Conclusion ......................................................................................................................................... 22
Abstract

Dominant theories of inequality in employment systems focus on human capital (Borjas, 2010), discrimination (Pager & Shephard, 2008; Reskin, 2012), segregation (Jacobs, 1989), and segmented labor markets (Sorenson, 1977). Charles Tilly’s (1998) concept of opportunity hoarding also helps to explain differential employment outcomes faced by marginalized populations, by focusing on relational inequality processes. Tilly and Reskin (2003) advocate for research that highlights how inequality is produced rather than focusing on why it exists. This paper applies the idea of opportunity hoarding to employment and investigates the mechanisms by which social networks reinforce inequalities, extending this concept to theorize a new role for workforce development policy in generating pathways to greater equity.

The United States has experienced increased polarization in the labor force as evidenced by growing inequalities in wages, benefits and the quality of jobs. Across employment sectors, racial and ethnic minorities have been the hardest hit by this polarization. Despite inconclusive evidence about the relative role of strong (Lin, 2000) and weak ties (Granovetter, 2003), social network theory suggests that opportunity hoarding may be a contributing mechanism for inequality in employment processes. This paper synthesizes current research findings on the role of social networks and social capital in employment, documenting the process of opportunity hoarding and its implications for racial and ethnic minorities.

The concept of dual embeddedness (McDonald, et al., 2102) positions job seekers within a network of social relations as well as within a web of social institutions reflective of the broader political economy. In the US, organizational structures and hiring processes institutionalize mechanisms of inequality, masking the opportunity hoarding process so that it is invisible to the American public. This paper reviews U.S. workforce development policies to
answer the question, *if opportunity hoarding through social networks is a mechanism that results in inequality, how do employment policies reinforce or mitigate opportunity hoarding?* Policies will be analyzed from the U.S. Department of Labor, the Administration for Children and Families, and regional and local innovative demonstration projects.

**Part I. Durable Inequalities**

**Durable Inequalities in Employment Systems**

Job allocation in the US labor market (re)produces what Charles Tilly calls durable inequalities, “those that last from one social interaction to the next, with special attention to those that persist over whole careers, lifetimes, and organizational histories” (1998, 6). Although individual-level characteristics (such as human capital) and components of decision-making (such as discrimination) play an important role in matching job seekers with open positions, structural factors (segregation and segmented labor markets) and relational factors (social ties and networks) are also significant drivers, and continue to be overlooked in dominant explanations of labor market inequality.

This paper explores how relational processes, based on categorical differences in social groups established outside of the labor market, become internalized and institutionalized within employment systems through social networks. From this perspective, the “interpersonal transactions or ties” within networks and groups become the unit of analysis, rather than the individual (Tilly, 1998, 18). More specifically, Tilly distinguishes between two key causal mechanisms, both of which are present and interact in employment systems to create inequality:

“First, where powerful, connected people command resources from which they draw significantly increased returns by coordinating effort of outsiders whom they exclude from the full value added by that effort; call this mechanism **exploitation**
Second, when members of a categorically bounded network acquire access to a resource that is valuable, renewable, subject to monopoly, supportive of network activities, and enhanced by the network's modus operandi; name this mechanism opportunity hoarding.” (Tilly, 2005, 74)

Exploitation in employment occurs when “members of firms ease their work by mapping external categories to internal categories,” and opportunity hoarding occurs when “members of firms employ categorically organized networks outside their firms to carry on important activities” such as recruitment, sponsorship, informal job matching, and promotion (Tilly, 1998, 80). This paper focuses on the second mechanism – opportunity hoarding - although in many cases it works in tandem with and reinforces exploitation.

**Opportunity Hoarding Operationalized: The Role of Social Networks in Employment**

Opportunity hoarding can take many forms, most of which leverage social networks to either maintain advantages for those in power, or restrict categorical groups from accessing opportunities. This section reviews the processes by which social networks assist individuals and groups in attaining employment, including promotions. These processes are distinct from formal job search or job matching mechanisms, which are based on the idea of a free and open labor market in which job seekers are matched with job openings based on their individual characteristics (supply) and the overall availability of jobs (demand). Informal job matching through networks, on the other hand, occurs when individuals mobilize their contacts for information and/or influence (Trimble & Kmec, 2011).

The quality and quantity of informal job matching varies by occupational status. Elliot (2000) separates managerial from non-managerial occupations and then follows Tilly’s (1998) suggestion and categorizes the non-managerial occupations into skilled versus unskilled labor,
resulting in 3 distinct occupational classes. Based on an analysis of 2,368 respondents from the Multi-City Survey of Urban Inequality in the early 1990’s, Elliot found that social networks operate differently within each class: individuals in lower-skilled jobs are more likely to seek out contacts and activate personal networks; skilled or professional middle-range job seekers often rely more heavily on educational credentials and formal job searches; and non-searching, which occurs when individuals are nominated for a position even though they were not looking for a job, is more common in managerial and executive occupations (Elliot, 2000). McDonald (2005) confirms these trends and highlights the importance of non-searching at the high end of the occupational distribution - based on data from 5,411 individuals in the 1978 cohort of the National Longitudinal Survey of Youth, 40% of all who acquired executive positions were non-searchers (McDonald, 2005, 8).

Inside referrals play a key role in passing on information about jobs or influencing those in power to hire someone in their network. This is the case both for people who are actively looking for work and for non-searchers. In an analysis of 2030 individuals from the Multi-City Survey of Urban Inequality (1992-1994), Elliot (2001) found that inside referrals, whether requested (by a job seeker) or unsolicited (for non-searchers) accounted for a third of all job matches. He also shows that inside referrals, compared to other types of job matching, are more likely to result in ethnically homogenous jobs, “insider referrals tend to reproduce the ascriptive characteristics of incumbent workers, thereby helping to maintain ethnic segregation on the job over time” (Elliot, 2001, 421).

Beyond broad categories of occupational class, McPherson, et al. (2001) found that social ties also form within the workplace among workers who occupy similar jobs or roles within an organization. Thus, networks are shaped not only by the composition of a workplace as a whole
but also by occupational segregation patterns that tend to track certain groups of individuals into
certain types of jobs (McPherson, et al., 2001, 434). Opportunity hoarding, therefore, is shaped
by the context and composition of groups that tend to dominate certain occupational classes,
positions, and roles within the labor market, a specific profession, or an organization.

**Multiple Labor Markets**

These studies present a picture of inconsistent labor markets that vary according to
occupation and context. Labor markets can be placed on a continuum from open to closed,
depending on whether job opportunities are advertised formally or not, posted externally or
internally within an organization, filled by word of mouth, or created for certain individuals. As
Elliot (2001, 401) points out, “many employment opportunities become detached from the open
market.” This distorts the dominant explanation of how labor markets operate - under the
economic principles of supply and demand. Detachment of opportunities from the labor market
is a form of what Max Weber called “social closure”:

“A social relationship may provide the parties to it with opportunities for the satisfaction
of spiritual or material interests. If the participants expect that the admission of others
will lead to an improvement of their situation... their interest will be in keeping the
relationship open. If, on the other hand, their expectations are of improving their
position by monopolistic tactics, their interest is in a closed relationship.” (Weber, 1968

Boundaries constructed within organizations by those in power determine the degree to
which relationships, or in this case hiring processes, remain open. In the most extreme cases, in
which a “non-searcher” is promoted into an unadvertised position, or a position is created for
someone, the individual never enters the market. Instead they are sought out, or brought into a
closed labor market through their networks.
Table 1 summarizes some of the key findings about how social networks and labor markets operate by occupational class. Out of the three occupational classes described above, the middle class consisting of technical and skilled non-managerial occupations appears to come closest to maintaining an “open” job market. This is due to the structured nature of professional occupations, many of which require workers to complete and maintain certifications, degrees, and/or licenses. Structured educational certification/licensing processes can be considered to represent another form of opportunity hoarding that does not rely on social networks – instead, jobs are reserved only for individuals and groups that hold markers of their membership in a profession. For the purposes of this paper, we will stay focused on opportunity hoarding that is defined by group membership in social networks and not membership in formal professional occupations.

Table 1. Qualities of Social Networks and Labor Markets by Occupational Class

<table>
<thead>
<tr>
<th>Lower skilled</th>
<th>Higher skilled</th>
<th>Managerial</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Common to activate personal networks for job searches</td>
<td>• Minimum threshold of educational credentials common to jobs in this category</td>
<td>• 40% of all executive positions found by non-searching (McDonald, 2005, 8).</td>
</tr>
<tr>
<td>• Employers encourage and rely on referrals to distinguish between potential applicants</td>
<td>• Formal searches most common</td>
<td>• Individuals brought into jobs are chosen by those in power</td>
</tr>
<tr>
<td>• Relatively closed market</td>
<td>• Contacts or referrals can be used to distinguish between applicants</td>
<td>• Networks used to influence decision-makers</td>
</tr>
<tr>
<td></td>
<td>• Networks provide information about openings</td>
<td>• Relatively closed market</td>
</tr>
<tr>
<td></td>
<td>• Most open market</td>
<td></td>
</tr>
</tbody>
</table>
How Opportunity Hoarding Cements Racial and Ethnic Inequalities

Employment systems reflect larger societal patterns of homophily, “the principle that a contact between similar people occurs at a higher rate than among dissimilar people.” Homophily is pervasive in social networks across a range of social characteristics, but is strongest along racial and ethnic lines, when compared to homophily by age, gender, class, and other characteristics (McPherson, et al., 2001). In other words, social networks tend to be homogenous by race and ethnicity even when those networks bridge other types of social divides, including class. Social networks are also embedded within the context of opportunity structures such as a regional population, a labor market, or an organization. The level of homophily in that structure (baseline homophily) sets the stage for the creation of networks. For example, in a predominantly white male dominated workplace, white men are more likely to have homogenous networks (they interact more often with other white men), while minority workers in the same workplace are more likely to have a heterogeneous network (they are likely to interact with white men, as well as other minorities).

An individual’s ability to leverage their social ties to attain employment is linked to their racial/ethnic group membership in several ways. The information and influence exchanged within social networks is directly related to levels of social capital, or the “resources embedded in one’s social relationships” (Trimble & Kmec, 2011), and the ability of individuals to mobilize that social capital for their benefit. For example, Smith (2000) found that white men are more likely to mobilize white and influential contacts to assist them in a job search, which results in higher returns than other types of contacts, than white women and Latinos. Non-searching is a more common pathway into elite occupations for white males than for racial minorities (McDonald, 2008). Immigrant groups have been characterized as having exceptionally strong
social networks and establishing pathways to employment and business ownership within their communities, but the key point is whether these networks continue to allocate workers into similar positions within the labor market, or whether they are useful in overcoming disadvantage (Cederberg, 2012).

Furthermore, it cannot be assumed that all racial and ethnic groups support co-members, especially if referrals come at a perceived or real cost. Smith (2005) found that low income African Americans were reluctant to provide referrals, partially due to negative perceptions about their peers and partially due to fear that it would compromise their own job. This suggests that access to influential ties does not always result in resource mobilization. In other words, the social position and relative power of both the job seeker and the informal contact, as well as the level of trust between contacts, impact the depth to which the relationship results in opportunity. Evidence confirms that social networks operate in complex ways among racial and ethnic groups, and are shaped by the context in which they form. In professions and organizations where certain racial/ethnic groups are more likely to occupy positions of power (often white men, but not always), and where informal networks are utilized for job referrals, placement and advancement, this process cements durable inequality.

**Part II. Dual Embeddedness: a Role for Policy**

At this stage, some key questions that may emerge include: 1) What about racial or ethnic minorities who have risen quickly through the ranks in their profession and are now CEOs and key decision-makers - this isn't true for everyone, so why can't others do what they did?; 2) Employment counselors and coaches tell us that "it isn't what you know, but who you know," so why shouldn't I use my networks to get a job or advance my career?; and 3) This information may already be known by policy-makers or those familiar with the labor market - what do you
suggest we do about it? The following sections attempt to answer some of these questions and present policy-level recommendations that may begin to shift some of the underlying social-structural patterns in the US labor market.

**Structure Versus Agency**

The answer to the first question relates to an ongoing structure versus agency dilemma in social science. Mark Granovetter (1985) uses the term "embeddedness" to discuss "the extent to which economic action is embedded in the structures of social relations, in modern industrial society" (481), and positions himself between classical and neoclassical economics on the one hand, and deterministic sociologists on the other.

"Classical and neoclassical economics operates... with an undersocialized conception of human action, continuing in the utilitarian tradition. The theoretical arguments disallow by hypothesis any impact of social structure and social relations on production, distribution, or consumption" (483).

"Oversocialized conceptions of how society influences individual behavior are rather mechanical: once we know the individual's social class or labor market sector, everything else in behavior is automatic, since they are so well socialized" (486).

Instead of taking either of these polarized views, Granovetter argues "that most behavior is closely embedded in networks of interpersonal relations and that such an argument avoids the extremes of under- and over-socialized views of human action" (504).

In other words, social network theory is not as deterministic as Charles Tilly's "durable inequality" thesis may sound. Many racial and ethnic minorities have found ways to advance in the US labor market within or outside of their professions, using a combination of assets which may or may not include their social networks. That fact does not disprove or discredit the importance of analyzing the underlying patterns of inequality in US social relations as they relate to the labor market.
The Political Economy of Workforce Development

To answer the second question posed above, social networks and the social capital that individuals can leverage through their connections are not inherently "bad," nor do they lead to inequality in a vacuum. In fact, this paper argues that networks are an essential factor in workforce development. The extent to which networks matter, however, depends on the political economy within which networks operate. McDonald et al. (2012) use the concept of dual embeddedness to suggest that individuals are situated within networks, and “at the same time, these actors (individuals and firms) are embedded in a broader set of economic institutions” (74). Therefore, solutions may not lie at the individual level, but rather at a systemic level. A restructuring of the power relations and networks between systems-level actors (organizations and institutions) within workforce development would lead to different outcomes, even if individuals continue to leverage their connections for job placement and advancement.

Several key beliefs form the basis for an understanding of the political economy of workforce development in the US today. Spencer (2009) argues that over history, the concept of work as "bad" or "irksome" has shaped much of our mainstream understanding of work under capitalism. "Like the mercantilists, the classical economists were broadly in agreement that work had to be extracted from unwilling workers" (9). This has partially contributed to social networks and relational theories being sidelined in mainstream employment theory:

"There is a fundamental issue here about how human nature is defined, for at the heart of the mainstream paradigm in economics is the view that human happiness is increased only by the consumption of additional goods, including 'leisure'. The position of political economy, in contrast, is that there are definite (non-financial) benefits to productive activities. These benefits take a number of different forms. For example, they include the social contacts forged in the work sphere. Work, unlike most consumption activities, is largely a cooperative venture and helps to build important personal ties between people to
realise and express their potential to be creative. Indeed, a mark of meaningful work is that it enables people to experience self-development and self-actualization” (4).

This emphasis on consumption, and on work as a means rather than an end, was adopted by neoclassical economists in the mid-twentieth century with strong influence from Austrian economists and remains dominant today (Spencer, 2009). "With the move to embrace the Austrian approach, neoclassical economists came to view the supply of labour as a simple trade-off between income and leisure and as a result ignored the role and impact of work itself." (Spencer, 2009, 70).

These beliefs work in tandem with the concept of a free market which is self-regulating. In the context of employment, the labor supply (workers) and the demand (job openings) self-regulate in a matching system that results (theoretically) in full employment.

Networking within the US labor market produces different results from informal networking than in other locations. For example, McDonald et al. (2012) compared the US’ loosely regulated and hierarchical labor market with that of Germany, which has tighter institutional labor market regulations: First, in the US informal networking operates differently according to individual characteristics and occupational class, compared to in Germany where jobs are more tightly linked to educational credentials; and second, informal searching and non-searching results in higher wages than formal job searching in the US, while it has no differential impact on wage in Germany (McDonald et al., 2012).

US workforce development policies since World War II have largely "favored human capital investment, or supply-side strategies, rather than public job creation or sectoral strategies that sought to affect employer or industry decisions and behaviors" (Giloth, 2004, 11). This places the locus of change squarely on the individual and suggests that anyone who has been unable to secure employment or advance in the labor market must have a deficit in human capital.
Education and training programs, including those focused on “soft skills” and sector-specific training, are common expressions of US workforce development policy (US DOL), which reflects this “embeddedness” within a political economy of employment which prioritizes human capital. The majority of funding is targeted to low-income individuals or offered to students in the form of Pell Grants (NSC), and is focused on upgrading individuals’ skills in order to place them in low or middle-income jobs. Theoretically, these programs expand opportunity by enhancing job-seekers qualifications; “in the world of work and labor markets, the presupposition prevailing that inequality results from variation at the individual level” (Tilly, 1998, 30).

Education is important: in 2010 individuals with a High School degree made $14 on average compared with $26 by individuals with college and more; however an analysis of the Panel Study of Income Dynamics showed that education and personality characteristics explained only one third of the variance in wages (Osterman & Shulman, 2011, 41-43). Based on the research cited in Section I, it is likely that social networks make up for some of this variance. Furthermore, as was shown above, networks operate differently among job seekers and non-seekers depending on their racial and ethnic background as well as their position and occupational class.

Besides the clear emphasis human capital, another reason workforce development policy may not acknowledge or prioritize the role of social networks is that informal referrals and networks for recruitment are established norms within many organizations and occupations. These processes are encouraged by employers and maintained by a range of actors for several reasons: 1) managers prefer familiar models; 2) recruiting through social networks lowers costs; and 3) this process maintains advantages for privileged groups (Tilly, 1998, 81; 156). Despite the significant influence personal referrals can have on a hiring decision, the dominant narrative
within employment reinforces the idea that individuals get hired or promoted solely on the basis of their skills and characteristics. Privileged groups that benefit from opportunity hoarding will likely attribute their success to merit. Therefore, opportunity hoarding remains a prevalent but hidden mechanism within organizations and professions, which makes it harder to analyze and to change.

**Policy Innovations to Reduce Durable Inequalities in Employment**

This section reviews some innovative workforce development policies, and discusses their impact on durable inequalities reflected in employment systems to answer the question: *if opportunity hoarding through social networks is a mechanism that results in inequality, how do employment policies reinforce or mitigate opportunity hoarding?*

Workforce training policies are unlikely to mitigate opportunity hoarding, unless they are accompanied by innovative approaches that incorporate relational analyses and focus on groups as well as individuals as the unit of analysis. Three emerging strategies that incorporate some of these factors include: 1) an emphasis on employing and advancing racial and ethnic minorities; 2) the use of job placement “intermediaries”; and 3) new configurations of institutional collaboration between workforce development programs and employers.

In 2000, the Organization for Economic Cooperation and Development (OECD) launched a Forum on Social Innovation to facilitate the dissemination and transfer of best practices in social innovation. Their definition is orientated towards work and the workforce: "Social innovation seeks new answers to social problems by: 1) Identifying and delivering new services that improve the quality of life of individuals and communities; and 2) Identifying and implementing **new labour market integration processes**, new competencies, new jobs, and new forms of participation, as diverse elements that each contribute to improving the position of
individuals in the workforce” (OECD). The policies and programs presented here expand beyond the traditional focus on training and incorporate innovative approaches to mitigate opportunity hoarding and impact durable inequality.

**Workforce Intermediaries**

As illustrated in Figure 1, workforce intermediaries are stakeholders that coordinate both the “supply” and “demand” sides of the labor market to more effectively meet both job seeker aspirations and employers needs. In effect, they operate by positioning themselves as a link within the social networks that determine job placement and advancement.

**Figure 1. The Role of Intermediaries in the Labor Market**

![Diagram of the labor market showing supply and demand sides with intermediaries as a link]

Source: Theory of Change for Workforce Innovation Networks (WINs), January 2002

Intermediaries can include “employers, trade associations, Workforce Investment Boards, unions, stakeholder partnerships, community-based organizations, national non-profits, and for-
profits” (WINs, 3). The most effective intermediaries tend to be employer-based or employer-supported.

An example is WorkSource Partners, a Massachusetts organization that works with long-term care employers to advance Certified Nursing Assistants (CNAs) on a career pathway to become Licensed Nurse Practitioners (LPNs). From 2001 – 2005, WorkSource partnered with Genesis Healthcare and Intercare Alliance and “provided career counseling and education services to 350 Genesis employees; enrolled 74 Genesis employees into pre-college classes to prepare for the LPN program; enrolled 69 Genesis and Alliance workers into evening LPN training programs; and graduated 60 evening LPN students. In addition, Genesis ended its use of agency nurses to fill LPN vacancies at its five Agawam facilities, for a savings of $500,000 per year, and Agawam reduced its CNA turnover rate by 30 to 40 percent” (WINs Guidebook, 2003). As an intermediary, WorkSource not only connected job seekers with advancement opportunities, expanding their networks, but also worked within an occupation (CNAs) in which racial and ethnic minorities are commonly overrepresented. Although the program did not have an explicit goal to reduce/ethnic inequalities in employment, the impact was likely one in which individuals who have historically been excluded from advancement achieved new opportunities.

**Workforce Innovation Networks**

The use of intermediaries as described above is one of many strategies employed by Workforce Innovation Networks (WINs). Out of 1,002 low-wage workers surveyed in 2003, 66% indicated that they have used personal contacts in job searches and 64% have used want ads, while only 21% have used a government agency or a local training organization (Lake Snell Perry & Associates, 2003, 9). This is consistent with the idea that job seekers rely on both formal and informal channels to look for work. In theory, intermediaries can provide alternate
pathways and networks for opportunity, but in order for that to occur, new organizational and systemic collaborations between workforce development partners must become institutionalized so that job seekers view these intermediaries as an inherent part of the overall system, or a new norm. This reinforces Tilly’s (1998) analysis of how change occurs; “relevant identities consist not of individual conditions but of relations across boundaries. Change comes from a shift in the organization, resource base, or social ties of at least one or two major participants” (99).

Jobs for the Future, the Institute for a Competitive Workforce, and the Center for Workforce Success identified 5 roles that WINs can play: organize, advise, advocate for, and provide/broker services to employers; provide or broker workforce services for workers and job seekers; work with providers to improve workforce services; help govern/advise workforce institutions and systems; and engage in research and development (WINs, 2008). As the relationships between employers and other partners that interact and intervene in the labor market shift, it is likely that the power relations between stakeholders also will shift. This creates a new forum in which to identify and address inequalities.

Several types of WINs have been supported by the Department of Labor Employment and Training Administration (ETA) Workforce Innovation Fund, which awarded its first grants in June 2012. This opportunity is unique in that it explicitly addresses systems level change as well as individual level education and training: “by focusing on change at both the service delivery and the systems levels, and by requiring rigorous evaluation of each investment, ETA seeks to ensure that these investments form the basis for broader change and continuous improvement in the operation of the public workforce system” (DOL).

While new collaborations are a key component to systemic change, stakeholders must agree on a shared purpose. Few workforce partnerships have explicitly taken on the task of
reducing inequality. This is often seen as a byproduct or added benefit if it happens to occur as a result of a workforce development program that is implemented in a universal fashion. Two exceptions are programs that are either sector-specific or targeted at an underserved population.

**Sector-Specific Training**

Traditional workforce training programs work with individuals to identify potential careers, support them through training, and (sometimes, not always) offer job placement assistance. Sector-specific training, on the other hand, occurs in partnership with industry leaders and employers, often being developed by partnerships such as WINs described above to identify and target specific gaps within a certain sector. This ensures that job seekers are trained for occupations that are in high demand, while also assisting employers and the overall economy by filling gaps in the labor market. Holzer (2008) reinforces this concept, “targeting training for the disadvantaged to these [in-demand] sectors and jobs might thus serve a dual purpose of supporting economic development while also helping the poor, and thus improving labor market efficiency as well as equity” (Holzer, 2008, 65).

If sector-specific programs offer services universally, but create advancement opportunities for low-wage occupations in which racial and ethnic minorities are overrepresented, they have a significant chance of mitigating opportunity hoarding. The Massachusetts WorkSource Partners program described above is focused on healthcare, and on advancing CNAs to LPN positions, which hopefully was an occupation defined as “in demand” by local and regional employers. Power sharing relationships between training providers, workforce development professionals, and employers are key to ensuring that competing interests (recruiting students into training for profits, moving low-income or racial/ethnic minority workers into higher level positions, and filling jobs with highly qualified individuals)
are negotiated. Effective sector-specific training programs utilize organizational partnerships and intermediaries to ensure a win-win situation for all stakeholders.

**Targeted Programs to Place and Advance Racial/Ethnic Minorities**

The strategies presented thus far, and various combinations thereof, may or may not have an impact on durable inequality in employment systems, depending on how they are carried out. If workforce stakeholders and partners truly intend to reduce opportunity hoarding and promote equity, targeted workforce development programs for racial and ethnic minorities are likely to have the greatest impact.

In 2010, the US Administration for Children and Families funded 32 demonstration projects nationally to “provide eligible individuals with the opportunity to obtain education and training for occupations in the healthcare field that pay well and are expected to either experience labor shortages or be in high demand” (HPOG funding announcement). New Hampshire received $12 million for their “Health Profession Opportunity Project” (HPOP) to train a minimum of 800 low-income adults and 200 incumbent workers in the areas of allied health, long-term care, health information technology, and nursing. HPOP also committed to train a minimum of 25% racial, ethnic and linguistic minorities during the 5-year project. Only 7.7% of the total state population, minorities are disproportionately underrepresented in NH higher education and health workforce systems. HPOP provides participants with support in the form of tuition, supportive services, case management, and job placement.

HPOP also reconfigured institutional partners by engaging the Division of Family Assistance, the Department of Labor, the Workforce Investment Board, Lutheran Social Services, the Community College System, and a range of health care training institutions and employers. The project utilized social networks and pre-established relationships with ethnic
community-based organizations to conduct targeted outreach and as of October 2012, over 40% of all HPOP participants were racial, ethnic or linguistic minorities (HPOP program tracking). HPOP also works with employers and business associations to identify and promote the value of a diverse workforce, encouraging hiring managers to expand their networks and consider diverse professionals for advancement into middle and upper-level occupations. HPOP operates at multiple levels, locating individuals who have been excluded from employment opportunities and offering them strategic financial and personnel support, while at the same time expanding the social networks embedded in the program between businesses, educational leaders, and job developers to maximize success.

Policy Developments and Potential Impact

The strategies presented in this paper represent innovations in workforce development that have the potential to reduce opportunity hoarding and expand opportunity for racial and ethnic minorities in employment systems. Table 2 illustrates the potential impact of each policy or program on members of three main occupational classes, following the framework used by Tilly (1998) and Elliot (2000). If workforce development programs such as education and training are conceived and implemented without an equity framework, they have the potential to reinforce societal inequalities and exclude marginalized groups such as racial and ethnic minorities from accessing opportunity. On the other hand, programs that combine elements of workforce intermediaries, new institutional partnerships, sector-specific training, and targeted outreach to marginalized groups may result in new social arrangements and networks. As networks expand to reduce social closure and policies incentivize more open labor markets, the US political economy of employment may shift to provide increased opportunity and equity.
Table 2. Potential Impact of Policies or Programs on Inequality by Occupational Class

<table>
<thead>
<tr>
<th>Policy or Program</th>
<th>Implications for Occupational Class</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unskilled Labor</td>
</tr>
<tr>
<td>Education/Training</td>
<td>Individual focus, may offer pathway into low-income jobs</td>
</tr>
<tr>
<td>Intermediaries</td>
<td>Establish key links with employers and decision-makers, but are underutilized by job seekers</td>
</tr>
<tr>
<td>WINs</td>
<td>By linking to employers, focus is on jobs for which there is sufficient demand</td>
</tr>
<tr>
<td>Sector Training</td>
<td>As people move into mid-level positions, more jobs open up</td>
</tr>
<tr>
<td>Targeted programs</td>
<td>Outreach through ethnic community-based orgs likely to increase minority representation in program</td>
</tr>
</tbody>
</table>

**Conclusion**

Between 30-60% of people who find a job say they weren’t searching; that is to say, the job found them (Granovetter, 2005). This process is especially salient within elite and managerial occupations. However, U.S. employment policy remains largely focused on individual training, job creation, and the matching of labor with job openings through the market economy. Other interventions are possible, but they may challenge the “unquestioned economic
orthodoxy” of neoliberalism (Vallas, 2012). If we are to reverse the growing polarization in labor markets and the differential effects on racial and ethnic minorities, more creative solutions will be required. One underexplored area is the potential of workforce development policy to incentivize new configurations of social networks and institutional patterns that reduce opportunity hoarding and promote employment equity.
Bibliography


Health Profession Opportunity Project (HPOP) program tracking. Internal documents provided by the NH Office of Minority Health & Refugee Affairs, November 2012.


