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## Staircases or Treadmills? Labor Market Intermediaries and Economic Opportunity in a Changing Economy.

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space for human rights within the heterodox and institutional labor economics fields. One glaring defect, however, runs throughout this book: human rights and what a human rights philosophy means for society are addressed and conceptualized so superficially that neither like-minded nor dissenting readers will have much to go on. McIntyre gives little history of the philosophical debates surrounding the modern human rights movement. The book casts universal human rights within an exclusively individualist predisposition; the fundamental and even radical social obligations they place upon nation-states are largely ignored.

Given the legal world's tendency to see human rights as exclusively individual rights claims, there is a need within this book but also generally across the social sciences for a clear articulation of the social formula of human rights. This is especially important for workers' rights, which have historically derived their protection through collective means. The Cold War claim that economic and social rights are secondary to civil and political rights no longer stands. Human rights advocates and scholars have spent a generation trying to move beyond this false, misleading dichotomy. Human rights are not exclusively individual legal claims. At their foundation, human rights constitute a new philosophy of the obligations of government within society and economic life.

Lost in this debate is the concept, now recognized by the Inter-American Court of Human Rights, that workers' rights can often be realized only when underlying "double transgressions"—layered rights violations—are addressed. This approach holds private actors like corporations accountable but equally charges the nation-state with wrongdoing where public policy maintains an unequal socio-economic order that exacerbates rights violations and hinders their effective remedy. This integrated conception of human rights justiciability is not new. It comes from Article 29 of the Universal Declaration of Human Rights, which explains that each category of human rights exists in relation to others. Subsequent human rights declarations have elaborated this point, arguing it is the first responsibility of all governments to protect human rights, and universal human rights are not separate and distinct but indivisible, interdependent, and interrelated. In the words of Simone Weil, these are not the rights of "the men of 1789."

Adoption of a like definition and understanding of human rights in this book might have resulted in conclusions quite different from those McIntyre reaches. The central critique might in that case have turned to institutional labor economics

itself, which arguably has a bleak track record in protecting workers' rights. The renewal of classic institutional labor economics and its balancing imperatives and voluntarist negotiation of labor protections brings us no closer to solving The Labor Problem. What is needed is a new labor institutionalism consistent with the human rights philosophy and its role for government in combating inequality and protecting the rights of workers.

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### Labor Economics

*Staircases or Treadmills? Labor Market Intermediaries and Economic Opportunity in a Changing Economy.* By Chris Beener, Laura Leet, and Manuel Pastor. New York: Russell Sage Foundation, 2007. 312 pp. ISBN 978-0-87154-169-7, \$32.50 (cloth).

This volume is a comprehensive study of how different labor market intermediaries (LMIs) work. The authors broadly define an LMI as any institution that intervenes in the matching between firms and workers. This includes a vast array of organizations ranging from private sector temporary help agencies to head hunters, public sector agencies, trade unions, and community colleges. The project the authors undertake is correspondingly ambitious: rather than restrict themselves to the study of one particular type of LMI, as has been done in most of the literature (the most commonly studied type being temporary help agencies), they try to shed light on how all of these different intermediaries between firms and workers operate.

In the first part of the book, Beener, Leet, and Pastor provide a detailed description, based on field research and conversations with focus groups, of how the different types of LMIs work, and develop a compelling analytical framework to analyze how this very diverse set of organizations can facilitate or improve the matching between workers and firms. They categorize and discuss the roles of intermediaries as providing services to support either *market-meeting* (facilitating the basic job-matching process), *market-molding* (favorably influencing individual characteristics such as training and networking), or *market-making* (serving as the employer of record following placement, for example). I found this section to be one of the most interesting in the book. It succeeds in

fleshing out the actual workings of the different types of LMIs and, in so doing, revealing their heterogeneity. The authors also identify some important innovations these intermediaries could try to make in the services they provide (taking a bigger role in promoting labor mobility and job growth, for example) and discuss difficulties encountered by LMIs that have in fact attempted to provide new services to employees.

The authors then go beyond general descriptions of how these markets function and make a unique effort to provide a thorough quantitative analysis of the labor market effects of different LMIs by presenting empirical evidence from two original surveys. These surveys were undertaken in Milwaukee and Silicon Valley—two *a priori* very different environments, with different labor force characteristics and different industrial compositions. Examining a sample of workers from each of those two markets, the authors collected detailed information on, among other things, which type of LMI (if any) they used, their wages, their demographic characteristics, and their social networks (which can serve as an important alternative way to find jobs). They made a special effort to identify and classify different types of LMIs, in order to be able to quantify their role in the labor market.

The evidence suggests that, indeed, these intermediaries are not all the same. In particular, the use of temporary help agencies to find a job is apparently correlated with lower hourly wages and benefits (relative to no LMI use); the use of private placement agencies is correlated with higher wages; and no wage effect is found for the use of other LMIs. That the authors are on to some real economic relationships is suggested by the further finding that these patterns are observed fairly consistently across the two regions.

The book also presents interesting findings related to social capital. Workers can find jobs through formal LMIs or through informal networks of friends, family, or colleagues. Workers' survey responses to questions regarding the use of these alternative methods suggest that the more important the social network being used, the less likely a worker is to use temporary and permanent placement agencies; but there is no statistically significant relationship between the strength of the social network and the use of other types of LMIs. The authors also describe several other interesting correlations revealed by their data, such as differential use of certain LMIs by different race groups.

Unfortunately, the use of this unique and very detailed dataset, a resource that enables the authors to distinguish between different types of LMIs, comes at a cost. Specifically, since these

data cover only a cross-section of workers in two particular regions at a given point in time, we cannot tell if the observed correlations would hold in another macroeconomic environment, or if, on the contrary, they are driven by some unobserved characteristics of these workers. Generally speaking, the survey does not lend itself in any way to causal interpretation. The authors are aware of this and very upfront about it, they are careful to caution against over-generalizing their findings, and they convincingly shore up the credibility of those findings by citing similar results from previous studies that used data not subject to the same limitations. However, this shortcoming of the study's design does limit the degree to which one can infer policy consequences from the results.

That said, the richness of the data serves to illustrate the diversity of LMIs, which, in my view, is the strongest lesson to take from the analysis. One needs to distinguish carefully between the roles of temporary help agencies and unions, of community colleges and headhunters. The sample sizes are too small to allow definitive conclusions, but the authors point to important issues for future research and help us frame the questions that need answering in this literature: Why does temporary help agency use come with a wage penalty? What is the role played by other types of LMIs that do not seem to have any wage effects? And beyond the effect for employees, what is the profitability effect for firms employing those workers, and for the LMIs themselves? *Staircases or Treadmills?* lays the groundwork for the study of these issues, highlights their economic and social importance, and significantly improves our understanding of how labor market intermediaries work.

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*The Economics of Imperfect Labor Markets.* By Tito Boeri and Jan van Ours. Princeton: Princeton University Press, 2008. 319 pp. ISBN 978-0-691-12449-0, \$49.50 (paper).

*The Economics of Imperfect Labor Markets* is a wonderful new textbook on how institutions and public policies influence labor market outcomes. The title may, in fact, be a little misleading: this is not a book about the economic theory behind the operation of markets in the presence of imperfect competition, information asymmetries, and other deviations from perfect markets. That book would