

# MARKETPLACE



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POINT OF VIEW | BECK TAYLOR, professor of economics at Samford University

## Poverty hobbles business work force

Congress' recent proposal to raise the federal minimum wage has once again seemingly put at odds members of the business community and the country's working poor.

Sympathetic calls for the provision of a living wage for our lowest-skilled workers are set against business owners' legitimate concerns about increasing costs, subsequent unemployment, and higher prices for consumers.

Lost in this all-too-familiar rhetoric are business' real interests in solving the poverty problem.

Far beyond the immediate impacts a higher wage floor may have for business owners, or even beyond the short-term beneficial effects such a wage increase may have on the less fortunate, efforts to address and resolve our country's poverty crisis will pay large and lasting dividends for local, state, and national economic development.

At the core of any business enterprise are its people — well-trained, industrious, and innovative workers who allow an organization to prosper and to



meet the needs of those it serves.

At the same time, the availability of quality employees is absolutely crucial to any efforts to lure new investment and economic activity to a region. Any shortage of this valuable human capital can undermine attempts to attract direct investment, either domestic or foreign, as companies desire to locate into regions that have an ample supply of qualified workers.

What does this have to do with poverty? There is growing evidence the pervasiveness of poverty inhibits a region's ability to supply the stock of workers companies need to succeed.

Economists like myself, along with other social and behavioral scientists, are beginning to understand more fully the links be-

tween economic resources, or the lack thereof, and human capital development, that is, the process by which people acquire personal characteristics — such as knowledge, intelligence, experience, training, and education — that are associated with the types of workers companies depend upon.

At an individual level, poverty places severe limitations on a person's chances of developing the traits that businesses value most.

The relationship between poverty and development extend even into the infant and preschool years. My own research indicates that even the youngest children who live in poverty score significantly lower on measures of cognitive, language, and emotional intelligence. Other researchers have shown that deficits in these areas, along with many of the health-related risks that generally accompany poverty, prevent many children from achieving the appropriate amount of school readiness before kindergarten and inhibit children's subsequent success in grade school and high school. Of course, academic achievement

is directly correlated with the quality of the work force.

Why should business care about poverty? Beyond the compelling arguments for corporate social responsibility in addressing many of society's ills, persistent and pervasive poverty handicaps a region's ability to create, sustain, and retain an attractive work force.

If capable people are the life's blood of any effective organization, then poverty represents a deadly plague that potentially prevents society from generating a qualified and sustainable work force for economic development.

I am confident that communities that most effectively address the root causes of poverty and the urgent problems that poverty creates, particularly those communities whose business leaders take an active role in these efforts, will become those same communities who provide the healthiest opportunities to attract and sustain economic development and growth in the future.

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