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For the past quarter century, capitalism in the advanced economies has moved forward in an impressive but not inclusive fashion. The winners are clear. First, it is industries that trade outside of their own local area, such as pharmaceuticals or software. These innovate and upgrade in order to compete broadly and achieve large scale. They have prospered relative to dispersed industries, such as local banking or healthcare provision, that don't trade outside their own area. Second, it is workers who are asked to use their creativity to engage in independent judgment and decision-making at work. Such workers have high job security and have experienced healthy wage growth. This is in stark comparison to those who are asked to carry out routine-intensive, repetitive tasks who not only feel intense wage pressure but also have little or no job security.

In combination, the very biggest winners are creative workers in traded industries. This fortunate 13.9% of the American workforce earns a 78.5% premium over the national average – a premium that has grown smartly from 74.0% in 2000. At the other end of the scale are routine workers in local

industries. They make up by far the biggest category of U.S. employment at 44.8% of workers. Their wages are low and falling further behind: in 2000, they earned 31.7% less than the U.S. national average and by 2014 the gap had widened to 36.8%. Capitalism gives the former group a warm and lucrative embrace while the latter gets the cold shoulder.



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In order to produce a more broadly inclusive capitalism, we need to see a transformation in how work is structured and valued. The economy can't depend solely on the slow substitution of creative jobs for routine jobs. The creative content of routine jobs must be enhanced.

Currently, there is a self-fulfilling prophecy in the routine sector of the economy. If employers discourage or prohibit independent judgment and decision-making, jobs become and remain routine jobs where low pay is commensurate with the low ability of the employee to create value in these conditions. These low-paid, low-skill jobs then cannot attract the kind of applicant that would have the skills to upgrade the job, setting in motion a vicious cycle.

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If instead, employers purposefully create workplace environments that promote employee judgment and decision-making, even seemingly routine jobs can and will become more creativity-intensive. This, in turn, will improve productivity and enable the employer to pay higher wages. Ultimately, it will attract better talent to these positions, creating a virtuous circle.

In this way, the creativity-intensity of routine jobs will increase and indeed hasten the replacement of routine jobs with creative jobs. While there are undoubtedly those who would argue that this is impossible – believing that routine jobs will always be routine jobs – history shows that leading companies have won in their industries in part by encouraging independent judgment and decision-making from employees who would be seen and treated as routine workers in competitor companies.

Take Toyota, Four Seasons, QuikTrip, Trader Joes, Whole Foods and Costco. These companies have made it a central feature of their strategies to provide workers with more decision-making authority and more opportunities to display independent judgment. They have also paid commensurately higher wages. The result is a virtuous circle of higher wages, higher sales, lower employee turnover, superior customer service, improved productivity, and striking competitive success. This is the fastest and most productive way forward for the U.S. economy: the transformation of a routine-intensive exclusionary economy into a more inclusive, creativity-intensive one.