

How to Grow Your Workforce in a Full Employment Economy

STATE
of the
NORTH COUNTY
2019

David Shinder, Workforce Development Consultant

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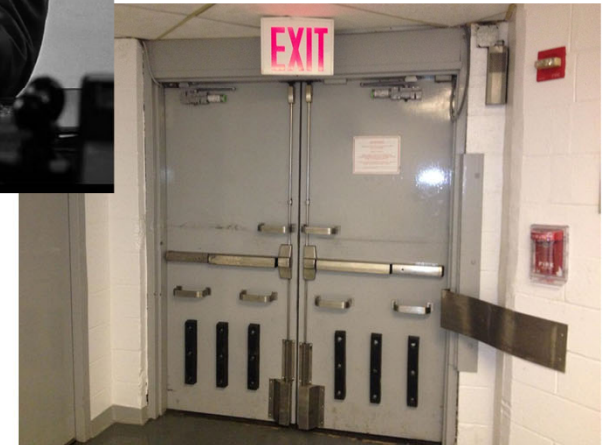
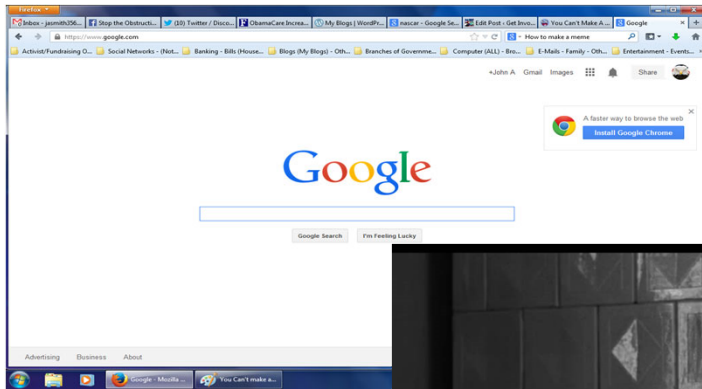
San Luis Obispo County
WORKFORCE
DEVELOPMENT BOARD



Heroes!



So who are you and what's this about?



What's Our Agenda?

I'm glad you asked!

- ❖ **Understanding “workforce development”**
- ❖ **The “full employment economy” is a game changer**
- ❖ **Your “playbook” – finding talent in an economy**

But before we dig in...

“The party of the first part (Chamber), agrees that, under no circumstances, will it infringe upon the vanity of the party of the second part (Shinder) by allowing a co-keynote speaker to upstage him by virtue of:

- Being smarter
- Being younger
- Having a more interesting presentation
- Bearing a striking resemblance to acclaimed British actor Jason Statham

Exhibit A!

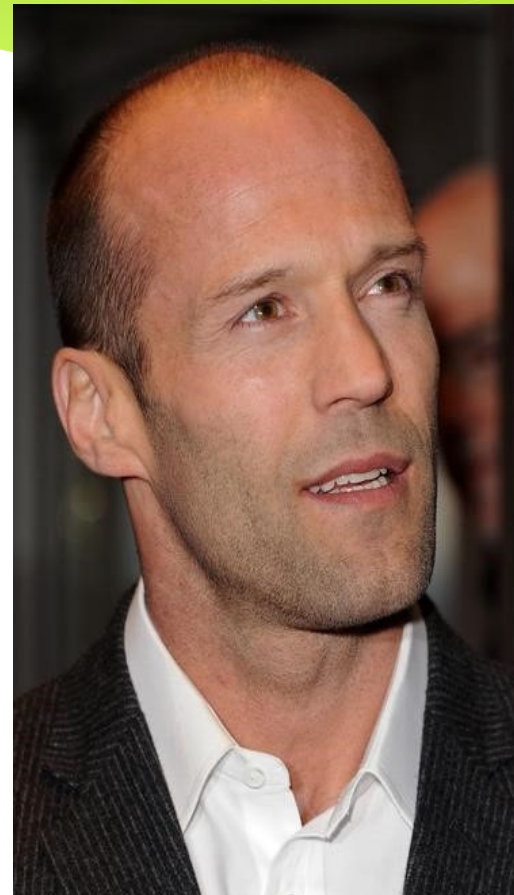
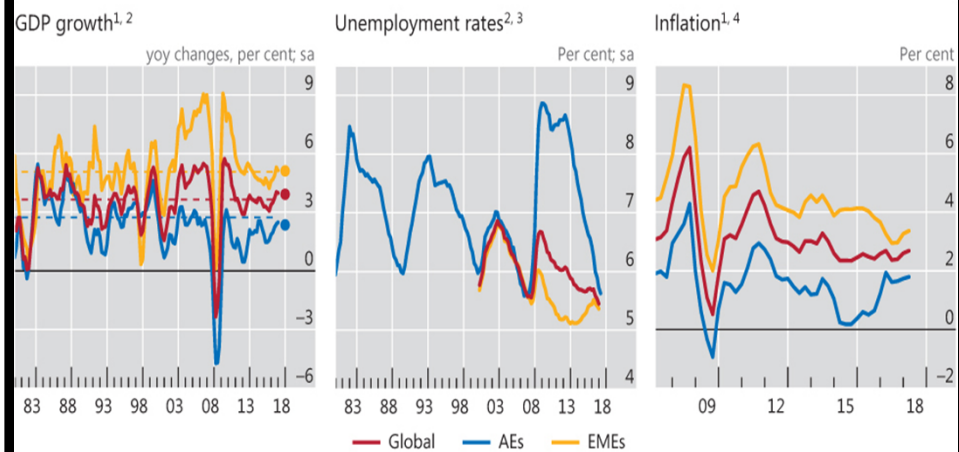


Exhibit B!

The global economy strengthens further as inflation converges

Graph E.1



In the left-hand panel, the dots indicate Consensus Economics forecasts for 2018; the dashed lines indicate 1982-2007 averages.

¹ Weighted averages based on GDP and PPP exchange rates. ² For the euro area, weighted average across individual countries before 1995. ³ Weighted averages based on labour force levels; definitions may vary across countries. ⁴ Consumer prices.

Sources: IMF, *International Financial Statistics* and *World Economic Outlook*; OECD, *Main Economic Indicators*; CEIC; Consensus Economics; Datastream; Global Financial Data; national data; BIS calculations.

© Bank for International Settlements



Understanding “workforce development”

Workforce Development

What is it?

“Workforce development is a discipline that attempts to enhance local and regional economies and prosperity by focusing on preparing people to meet the needs of business and industry.”

Or, more simply...

“What we do to develop the workforce”

- Training
- Orienting
- Evaluating
- Coaching
- Goal Setting
- Continuous Improvement

**Did you know...
your tax dollars fund a public
workforce development system?**

The public workforce system is a network of federal, state, and local offices that function to support economic expansion and develop the talent of our nation's workforce. In order to meet the challenge of the 21st century global economy, the public workforce system works in partnership with employers, educators, and community leaders to foster economic development and high-growth opportunities in regional economies. This system exists to help businesses find qualified workers to meet their present and future workforce needs.

U.S. Department of Labor

What does it look like here?



The “full employment economy” is a game changer

For your consideration...


- Over the next 5-6 years, the anticipated “normal level” of the unemployment rate, in the absence of shocks to the economy, is in a range between 3.75 percent and 4.5 percent. (*Federal Reserve*)
- A decade ago, during the Great Recession, U.S. unemployment peaked at 10 percent in October 2009
- High unemployment lingered well beyond the official end date of the recession
- Economists, workforce development professionals, industry associations, businesses and workers have all remarked on the “new normal” this created:
 - ❑ *higher than average unemployment, less demand, and more supply.*

An Economist's View: A full employment economy

According to Economist Jay L. Zagorsky of Ohio State University, various data officially signal arrival at “full employment.”

He suggests we consider the following:

- ❖ **The Bureau of Labor Statistics reports unemployment is currently under 4 percent (i.e. low).**
- ❖ **The unemployment rate calculation includes anyone 16+ that is actively searching for work, which means students, retirees and others not in the labor force are excluded.**
- ❖ **To the average person, the idea of full employment usually means everyone is working, which would imply a jobless rate of essentially zero. This has never happened.**
- ❖ **Even in a fully employed, robust economy, there will always be a certain number of people who have given up looking for work, who are between jobs or whose skills are temporarily not needed.**
- ❖ **Essentially, the idea of full employment is that so few workers are available that companies need to begin raising wages (and offering other incentives) to attract help.**

- 
- ❖ Economists technically define full employment as any time a country has a jobless rate equal or below what is known as the “*non-accelerating inflation rate of unemployment*” (NAIRU).
 - ❖ Estimates of the measure are based on the historical relationship between the unemployment rate and changes in the pace of inflation. If the unemployment rate is below this number, the economy is at full employment, businesses cannot easily find workers, and inflation and wages typically rise. If not, then there are too many workers in need of a job, and inflation remains low.
 - ❖ NAIRU is currently a little above the unemployment rate, which means the U.S. is technically at full employment and wages are rising.

So, what's this all mean to me?

Month 2019	Unemployment Rate in San Luis Obispo County
January	3.5%
February	3.2%
March	3.3%
April	2.7%
May	2.4%
June	3.0%
July	3.2%

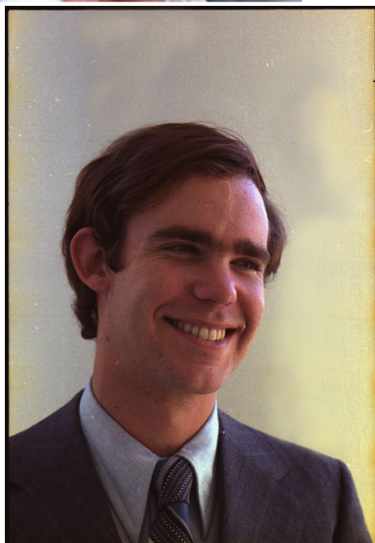
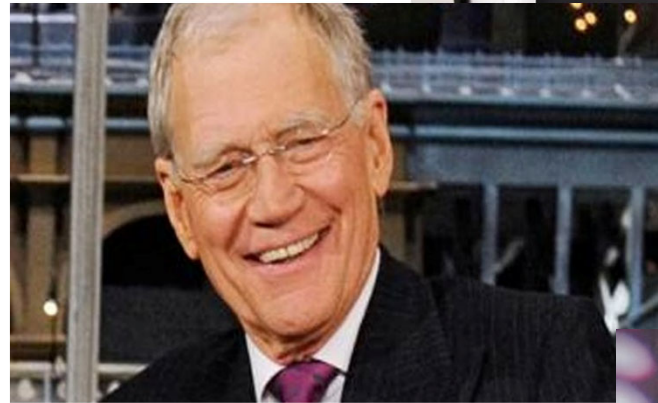
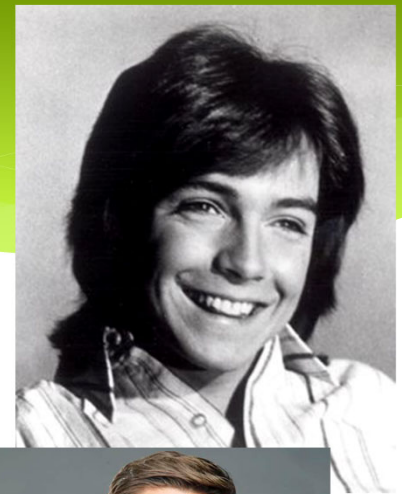
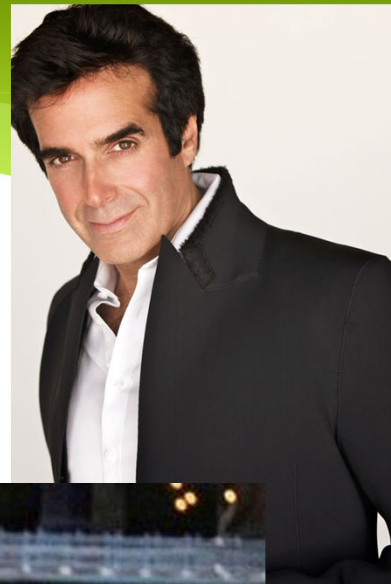
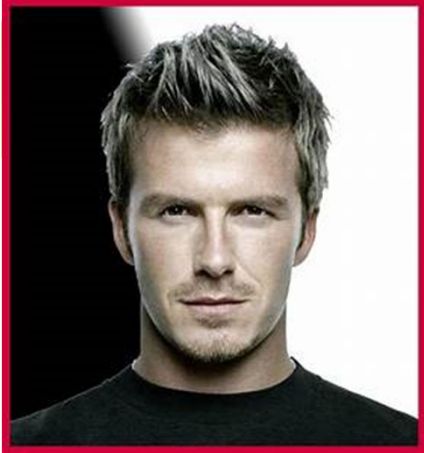
<https://data.edd.ca.gov/Labor-Force-and-Unemployment-Rates/Local-Area-Unemployment-Statistics-LAUS-San-Luis-O/b7n2-tznr/data>

Hence...



**Your “playbook” –
finding talent in any
economy**

David’s Top Ten!



The REAL
David's Top 10
Workforce Strategies
in a Demand-Driven
Labor Market

Strategy 1:

Consider “non-traditional” candidates

- Justice-involved individuals
- English language learners
- Persons with disabilities
- Older workers

Strategy 2:

Build talent “from scratch”

- * Work-based learning, where the business is the trainer
- * On-the-job training
- * Apprenticeship
- * Internships, work experience, transitional jobs
- * Customized training

Strategy 3:

Source talent from reliable “vendors”

- * Workforce Development Board
- * Employment Development Department
- * Education
 - Adult Schools
 - Community College
 - Universities
- * Others

Strategy 4:

Grow talent from within

- * Incumbent work training
- * Training reimbursement
- * Opportunities for promotion
- * Backfill with new “talent”

Strategy 5:

Develop public partnerships

- * Workforce Development Board
- * Education (Adult Education, Colleges)
- * Probation
- * Child Support

Strategy 6:

Build a pipeline

- * From high school
- * From trade school
- * From community college
- * From university
- Start earlier?
 - Middle school
 - Grade school

Strategy 7:

Collaborate with competitors

- * Sector partners
- * Industry councils
- * Working jointly with public sector partners

Strategy 8:

Rethink “requirements”

- * Initial jobs
 - Credentials at application
- * Classifications
- * Promotional opportunities

Strategy 9:

Make work accessible

- * Work hours
- * Job Sharing
- * Transportation
- * Childcare

Strategy 10:

Broadcast your assets

- * Work environment
- * Wages
- * Benefits
- * Accessibility
- * Uniqueness

Key Takeaways...

- * **Every business should embrace workforce development**
- * **Identify and take advantage of local workforce development resources**
- * **Look at the talent pool through a new lens**
- * **Invest in your workforce**
- * **You are your greatest asset in building a skilled workforce**

Thank You!

Cheers

