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ABSTRACT

Four major trends reshaping the American economy are having a tremendous effect on the number and nature of jobs in the United States: (1) corporate downsizing; (2) the outsourcing of work and services; (3) increasing use of "contingent" workers; and (4) the increasing income disparity between high school and college graduates. These trends have had astoundingly little effect on public policy. In this environment, community colleges face both economic and educational challenges. Community colleges are quick to add new programs, but too often do not understand the natural way that firms learn. Rather than working against the economic forces that affect the workforce development problem, community colleges should leverage natural patterns of business-to-business communication and information gathering and strive to better understand the supplier networks. If community colleges are to be successful in utilizing the natural ways that firms learn, their ability to deliver relevant training to currently employed workers whose skills need upgrading will be of critical importance, and will require colleges to rethink what the outcomes of training programs should be. Community colleges also need to develop two-way partnerships with secondary schools in school-to-work transition. Colleges must be willing to adapt successful models from nontraditional sources and to find new and better applications of learning technologies, learning strategies, and pedagogies. The greatest hurdle is changing the way the country thinks about employment and training programs. This will require community colleges to become even more involved and to assume a leadership role in the political process of redefining national priorities. (KP)

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Abstracts

THE CHALLENGES AND OPPORTUNITIES OF WORKFORCE DEVELOPMENT

Hilary Pennington

Several major trends are at work reshaping the American economy of the 1990s. Four in particular are already having a tremendous effect on the number and nature of jobs in the United States, yet have not been met with adequate public policy or institutional responses. These trends are: 1) the downsizing occurring in many companies, 2) the growing move to the outsourcing of work and services, 3) the increasing use of a "contingent" work force, and 4) an increasing income disparity between people who have completed college and those who have only a high school degree.

It is estimated that in 1993, U.S. employers cut their \$2.6 billion payroll by about \$800 million. The number of people employed full-time by Fortune 500 companies shrank from about nineteen percent of the work force twenty years ago to less than ten percent today. Everywhere the trend is toward companies becoming "lean and mean." That, in turn, has been accompanied by pressures affecting how companies organize their work, and what they seek from community colleges.

At the same time, companies are increasingly turning to the outsourcing of work and services. Concerned with costs, profit margins, and productivity, companies are returning to the basics of their work and contracting out extraneous functions.

A partial result of downsizing and outsourcing is the growth of "contingent," part-time workers. One in every three American workers today is a contingent worker. Some of the jobs being converted to a contingent work force may seem appropriate—roles such as clerks, security guards, sales clerks, and assembly line workers—but contingent workers are performing other types of jobs that may be surprising. Doctors, high school principals, accounting technicians, computer technicians, lawyers, bank officers, and many other professional fields are also seeing growth in the number of contingent workers. Ninety percent of all the new jobs created in February 1993 were temporary. Many people who got those jobs wanted full-time employment. The single largest employer in the country is Manpower, Inc., a temporary services agency which issued about 560,000 W-2 forms last year. If current rates continue, contingent workers will outnumber permanent workers by the end of this decade. As a result, the United States is seeing the

beginnings of a two-tiered work force: one tier composed of a decreasing core of full-time workers; and a second tier composed of a growing number of contingent workers, who have no benefits and little access to training and education offered by their employers.

Accompanying these trends is a growing disparity in wages earned. Large numbers of people were dislocated from their jobs in the last recession, and half of the people reemployed are making less money than before they were dislocated. Over the 1980s, 48 of the 50 states reported a growing and disturbing disparity in income distribution. The difference in earnings between high school graduates and people who graduate with a college degree is dramatic. About ten years ago, college graduates earned 30 percent more than high school students; that gap has now grown to 60 percent. More than ever before, what a person earns depends on what they have learned.

Public Policy and Institutional Response

What is astounding about these trends is how little effect they have had on public policy. Congress, legislatures, and governing boards should be creating institutions and policies that make it *easy* for people to get in and out of the labor force—accompanied by ongoing opportunities for learning as their needs change. Funding formulas for higher education should reward colleges for serving part-time students in the same manner that they reward them for full-time students. The problems of transferability of credits must be solved. New ways must be found to give modular credentials so that if workers are displaced and need to be retrained to do something else, credits previously earned could be used toward a new credential. Remarkably, there is very little political constituency for a system with such mobility. This is a peril to our nation.

The country needs more firms that are creating high-performance work places and demanding high skills of their workers. Should work be organized in a way that requires high skills, or in a way that de-skills jobs and makes it inevitable that those jobs move out of the country? Community colleges have a vested interest in this decision and must get more involved in "the demand

side of the equation." They should try to influence how companies think about work organization, and in turn, how that affects the need for training. In this environment, community colleges face two major sets of challenges and opportunities: economic and educational.

Economic Challenges for Community Colleges

Community colleges are quick to add new programs—customized training, better quality management—but too often do not understand the natural way that firms learn. Firms learn from each other. Ignoring this fact has led to two separate systems of workforce development—one a sort of homegrown network commonly used and understood by business and industry, the other created by educational institutions. In the natural course of things, firms talk directly to each other and are influenced considerably by their suppliers. A lot of learning happens through these supplier networks. Overlooking this fact of nature may have unintended consequences for educational institutions, particularly community colleges, who continue to court companies in an attempt to create customized training programs that may or may not be a good match for the firm's needs.

There is a growing philosophy in economic development circles that public sector money would be spent more effectively if used to facilitate firm-to-firm learning, rather than used to create more educational programs. For example, a state might give money to a consortium of companies organized around a common learning or training need. Community colleges, rather than working against the economic forces affecting the workforce development problem, should leverage these natural patterns and strive to better understand the supplier networks—and the learning chains that exist between manufacturers and suppliers.

Educational Challenges for Community Colleges

If community colleges are to be successful in utilizing the natural ways firms learn, their ability to deliver relevant training to currently employed workers whose skills need upgrading will be of critical importance—and will require colleges to rethink what the outcomes of training programs should be. Some of the large temporary services companies have leveraged their training programs into a competitive advantage that highlights how colleges need to be thinking about training. While most companies seek to funnel several applicants into one job, the "temp" companies invert that funnel and use their training programs to equip one person for many different jobs. Community colleges should be structuring their training with the same philosophy.

Community colleges also need to reach back to high schools in a way that is only beginning to happen in the

emerging tech-prep and school-to-work transition initiatives. Community colleges wanting a true partnership with the secondary system in school-to-work transition should reexamine the stereotypes surrounding educational quality in the public school system. There may be more innovation happening in the high schools than in many community colleges in terms of contextual learning, learner-driven teamwork, project-oriented learning, and interdisciplinary activities. Colleges must recognize that their secondary school colleagues bring much to the effort and that true partnership must be a two-way street.

Preparing for the Future

Colleges must be willing to adapt successful models from nontraditional sources and to find new and better applications of learning technologies, learning strategies, and pedagogy. Faculty in community colleges need to integrate techniques that are currently being used elsewhere—not just in other community colleges, but in the private sector. Community colleges could learn a lot by adopting learning technologies from private enterprise and, in the process, would better prepare students for what they can expect in the world of work.

The greatest hurdle, however, is how this country thinks about employment and training programs. Too often these programs are seen as serving only the margins of society. Training is only for those who fall out of the work force—the dislocated, the disadvantaged, the dropouts. Public attitudes and policies must change so that these programs move from the margins to the mainstream. This will require community colleges to become even more involved and to assume a leadership role in the political process of redefining national priorities.

Community colleges are wonderful, flexible, innovative, entrepreneurial institutions. They are fortunate that their mission takes them at this critical juncture to the intersection of education, jobs, economic development, workforce preparation, and reform. If they seize this great opportunity and make it theirs, community colleges can revitalize one of our nation's most vital resources—its work force.

Hilary Pennington is president of Jobs for the Future, a national non-profit organization that conducts research, provides technical assistance, and proposes policy innovation on the inter-related issues of workforce development, economic development, and learning reform. This article is excerpted from a keynote address to the Workforce 2000 Conference in New Orleans, LA, February, 1994. For more information, contact the author at One Bowdoin Square, Boston, MA 02114 or (617) 742-5995. Guest editor—John J. Sbraga.

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