CREATING THE WORKFORCE OF THE FUTURE: A REQUIREMENTS ANALYSIS

The brave new world of tomorrow is shaping up to be one of intense global competition for a vital scarce resource, work. The standard of living in a nation, state, or community depends upon the productive behavior of its citizens which, in turn, is dependent upon an adequate supply of appropriate jobs. Traditionally, people who want a better quality of life migrated to find jobs that would enable them to attain it. Today, corporations relocate segments of their enterprises to attain strategic advantage. While such strategic decisions are multi-dimensional, a major influence in the relocation decision is the existence of a workforce capable of adding value. The dynamic relationships among workforce skills, competitive advantage, and quality of life have new meaning in an environment of global markets and invisible borders where work often can migrate with greater ease than people.

During periods of relative prosperity such as we are currently enjoying in Georgia, it is difficult to get people to attend to long-term issues involving workforce development. Blissful prosperity was also the condition in Wales for many decades when its major industries provided an adequate supply of jobs. It took the demise of the coal and steel industries in Wales during the decade of the nineteen-seventies to bring about the reforms that now enable the Welsh workforce to help attract business relocations from around the world, including more than 150 from North America. Wales was fortunate in the sense that the rapid decline of its industrial base created a crisis situation that, in turn, generated a public consensus for system change. An effective system simply converts inputs into outputs using state-of-the-art transformation processes. System efficiency requires coordinated/integrated action among its subsystems. Competitive, redundant, independent action by subsystems diminishes system efficiency and often adds costs that may limit effectiveness as well. Under normal conditions, system reform is plagued by public indecision expressed in the form of not wanting to change something that still functions at what seems to be an adequate level.

System changes to improve workforce development are complicated by the number and variety of stakeholders involved, jurisdictional issues within the public sector, and interdependencies that make it difficult to sustain small-scale improvements without addressing overall system reform. Georgia, like other states, is involved with multiple streams of federal mandates and monies designed to help specific groups improve their capacity to be productive citizens. Top-down programs may or may not align well with community needs. Even when the alignment is excellent, multiple program authorities and structures add administrative inefficiencies and costs that could be avoided by using more integrated systems. States like Kentucky, North Carolina, and Wisconsin have attempted to streamline their administrative systems by creating workforce
development cabinets, commissions, and boards charged with mandates to improve coordination and cooperation, reduce wasteful duplications of effort, and ensure the user-friendliness of services at the community level.

One of the major drivers for system change in many states was the initiative in the Congress during 1995-96 to combine a number of federally-supported education and workforce development programs into a block grant to states along with guidelines to ensure the monies were spent to meet local needs. It was in response to this anticipated legislation that many states began to reform their internally complex structures so they would be ready to take a greater leadership role in workforce development. Several states were amazed at the system inefficiencies uncovered by their program audits and consequently initiated improvements even though the reform legislation stalled in the Congress. Apparently, block-grant legislation will be revisited by the Congress next term.

The research underlying this Policy Brief started in 1994 as an investigation of system reform in Wales, progressed to include reforms in England and Scotland in 1995-96, and culminated with a study of best practices in workforce development in selected states during 1996-97. The results were combined to describe a workforce development system capable of helping communities attract needed jobs in the future. While the system requirements are idealistic enough to generate general acceptance, the decisions and investments needed to bring them about are likely to stimulate debate. Some of the major implementation issues are described here along with options decision-makers may want to consider.

POLICY ISSUES

The requirements for a workforce development system capable of competing successfully for jobs in the global economy for the next several decades are similar from country to country and state to state. Meeting those requirements, however, poses unique challenges on a state-by-state basis. Some of the key policy issues for Georgia are described briefly here.

- **Local needs, statewide programs, and equity.** Georgia’s economic development achievements, workforce development infrastructures, and job openings are not evenly distributed. The prosperity of the Atlanta region stands in sharp contrast to pockets of economic decline in South and North Georgia. Even within the Atlanta region, parts of the inner city have needs that are quite different from the suburbs. The problems are compounded in troubled communities by the outward migration of youth, skilled workers, and employers. Top-down federal and state programs designed to meet widespread needs are not easily customized at the community level. Well intentioned fairness to all does not address the special needs of many communities with unique circumstances.

- **Categorical programs and user-friendly services.** Federal programs designed to improve education and workforce development are categorical in nature, that is, they are targeted to address specific problems (e.g., illiteracy), meet the needs of specific groups (e.g., persons with disabilities), or to help people with temporary needs (e.g., unemployed job-seekers). With a myriad of programs, eligibility criteria, service delivery sites, and administrative structures, citizens in need may or may not find the best mix of services for which their multiple problems make them eligible.

- **Public sector programs and private sector jobs.** Much of the infrastructure to prepare people for success in the world of work is in the public sector while most of the jobs are in the private sector. Public sector programs can not be driven by the needs of specific employers, nor can they not afford to ignore them. Private sector decisions (e.g., relocations to/from) impact public sector decisions (e.g., build/close schools), private sector job training builds upon basic education foundations, and private sector success generates resources (tax base) for public sector infrastructure development. In spite of the obvious interdependencies, few formal mechanisms exist for joint public/private sector strategic planning for workforce development.

- **Present prosperity and long-term development.** Changing the workforce development system requires vision, time, resources, and diligent effort. An improved system requires substantial lead time to produce a more competent workforce. If a state or community waits until a crisis is upon them to initiate change, it could be one or two decades before the positive effects are realized. It will take visionary, decisive, multi-sector leadership to begin now to create a workforce development system in Georgia that can compete successfully for jobs in the global economy in the year 2020.
POLICY OPTIONS

The report from which this Policy Brief is drawn considers a number of policy options to address present and future workforce development issues. It recommends:

- Creation of a leadership structure to oversee workforce system development and implementation. The leadership structure (board, cabinet, commission) would be designed to integrate present and future workforce development subsystems. This structure would be comprised of heads of key agencies involved in workforce development and private sector leaders appointed by the Governor. The leadership structure should be given meaningful system responsibilities and the authority to carry out plans and programs. It should then be held accountable for its decisions and actions. It should be charged with the task of system creation. Then, following the approval of the appropriate oversight person or group, it should be charged with basic operational responsibilities to get its mission accomplished.

- Adoption of criteria for an ideal workforce training and education system. Adopting criteria similar to those of the State of Washington (Table 1) would provide a structure within which to begin to address issues of localization and customization of services, accessibility and user friendliness, public-private sector coordination, and accountability.

- Building a system for the future based upon the known successes of present workforce development efforts. Much has been learned from the experimentation in other states and countries about the requirements for a workforce development system designed to meet long-term needs. Rather than engage in basic experimentation, policy-makers in states that have not yet reformed their systems should begin by selectively adopting what others have found to be successful (Table 2) and customizing and fine-tuning it to meet local needs.

- Establish priorities for implementing workforce system changes. Workforce system reformers have five basic actions to bring system requirements in line: policy development, resource commitment, structural change, innovation, and attitude change. Given the complexity of the changes needed for total system reform, it is suggested that each requirement be approached in terms of the high priority actions to be taken (Table 3). Analysis of this sort suggests starting points and patterns to facilitate system change.

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For a free copy of the study from which this Policy Brief is drawn, or of any of the other publications listed, call the Fiscal Research Program at 404/651-4342, or fax us at 404/651-2737.

ABOUT FRP

The Fiscal Research Program is one of several prominent policy research centers and academic departments housed in the School of Policy Studies. The FRP, directed by Dr. David Sjoquist, provides research and technical assistance in the evaluation and design of state and local fiscal policy, including both tax and expenditure issues. These briefs are published periodically to provide a overview of important public policy issues currently facing the state. The FRP maintains a position of neutrality on public policy issues in order to safeguard the academic freedom of authors. Thus, interpretation or conclusions in FRP publications should be understood to be solely those of the author. For more information on the Fiscal Research Program, contact Jeanie Thomas at 404-651-0518.
1. Be customer driven - organized around the needs of students, workers, and employers;

2. Be easy to find and enter, and be designed so that people can move easily among and between programs and the workplace;

3. Meet the needs of all learners, including those who have been under-served in the past because of racial, ethnic, or cultural differences; gender, disability, or learning style;

4. Provide support services such as career counseling, child care and financial aid to those who need them;

5. Be competency-based, so that all students are able to master the skills and knowledge they need in as much or as little time as they need to do so;

6. Be staffed by people who are prepared to teach a diverse student body, and who have relationships with employers that help them stay up-to-date on changes in their own fields;

7. Be Coordinated with private sector training programs, with social and other services, and with economic development strategies;

8. Be based upon full partnerships between (sic) business, labor, and training and education representatives;

9. Promote the dignity of work and the value of workforce training and education;

10. Rely on the best labor market information, so that people acquire skill that local industries need;

11. Provide students and workers with a foundation of basic skills the equip them to be lifelong learners; and

12. Be accountable for results, and committed to using outcome measures to continuously improve program quality.

An acceptable workforce development system for the future must:

- Be customer-driven and multi-sector - organized around the needs of students, workers, employers, and the public.
- Provide competitive advantage for long-term economic development so communities can attract and retain a broad portfolio of work capable of sustaining their desired quality-of-life.
- Attempt to simulate the motivational conditions known to produce successful outcomes, i.e., the interaction of profit-maximizing firms and utility-maximizing workers who jointly agree to an investment in training.
- Continuously improve the basic educational programs which serve as the foundation for lifelong learning in a world of work characterized by technological change.
- Be grounded in public policies that encourage people to seek the dignity and independence afforded by meaningful work and discourage unnecessary dependence on public assistance.
- Be built upon a compelling vision of the future that produces the buy-in needed to rise above partisan politics and program "turfism" so all stakeholders are energized to attain common objectives.
- Have the physical, technological, fiscal, and human resources needed to provide comprehensive, timely, flexible/customized services to present and future job-seekers and employers.
- Be accessible, seamless, user-friendly, and meaningful so people use it not only to solve problems but also to seek-out opportunities to advance their knowledge and skill and improve their job status.
- Be managed via standards developed by stakeholders, "localized" to meet community needs, and coordinated via "institutional intelligence" to achieve the system attributes of synergy, effectiveness, and efficiency.
- Be accountable for results, continuous quality improvements, strategic planning, and infrastructure development in order to meet both the present and future needs of its customers.
Table 3.
Hypothesized Starting Points to Implement Workforce Development System Requirements

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<tr>
<th>System Requirements</th>
<th>Hypothesized Implementation Action Priorities:</th>
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<tr>
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<td>Policy Development</td>
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<tr>
<td>The Workforce Development System of the Future Must:</td>
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<tr>
<td>Provide customer-driven services that are relevant, accessible, seamless, and user-friendly</td>
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<td>Be based upon timely, valid training needs assessments</td>
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<td>Generate synergy and articulation between public and private sector education and training programs</td>
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<td>Be linked strategically and operationally to economic development</td>
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<td>Must be customized to meet community needs and built upon community strengths</td>
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<tr>
<td>Provide competitive advantage to individuals, employers, and communities</td>
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<td>Generate incentives to motivate positive outcomes from training</td>
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<td>Be built upon a strong foundation of basic skills</td>
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<td>Employ state-of-the-art training methods and technologies</td>
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<td>Encourage and reinforce economic independence through work</td>
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<td>Be managed by measurable standards agreed upon by stakeholders</td>
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<td>Avoid counterproductive and costly infrastructure redundancies</td>
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<td>Develop stakeholder commitment and involvement through strong, visionary leadership</td>
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<tr>
<td>Generate and utilize &quot;institutional intelligence&quot; to help insure efficiency and effectiveness</td>
<td>*</td>
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<tr>
<td>Be accountable for results, quality improvements, strategic planning, and infrastructure</td>
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RECENT PUBLICATIONS

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