

Trend Report 2004

All selected source articles chosen for this trend summary are more recent than March 1, 2003. These selected articles are representative of hundreds of original articles and studies reviewed by Future Work staff. The selected categories for organizing the trends are the Minnesota State Colleges and Universities strategic scanning areas. The categories are demographics, economic, societal, technology and competition. The opinions stated in the articles are those of the various source documents and not the view or statement of Minnesota Future Work.

Daniel J. Wagner, editor.

Introduction

The trends included in the 2004 Future Work Report were selected from a wide possibility of trends observed in our economy and society. As a filter we used the following selection criterion:

1. Trends that have a direct impact upon higher education in Minnesota.
2. Industries and or occupations that grew significantly over the last year for which data was available.
3. Trends in each of the five strategic planning categories.
4. Trends that reflect significant changes within the workforce or workplace.

Examples of other trend information considered include the following:

The Minnesota's minority labor force grew from 4.2 percent to 8.8 percent of the state's total work force during the 1990s and will continue to grow rapidly in the current decade and beyond. A special tabulation of Census 2000 data reveals non-white workers are not moving into the upper ranks of Minnesota companies at the same pace as white workers.

The rapid increase of obesity is now considered the biggest health problem in the country. With 65 percent of the nation now overweight or obese, the problem rivals smoking as the nation's top health threat, killing nearly 300,000 people each year.

The rapidly increasing growth of poverty is a national issue. The poverty roll rose to 34.6 million people, more than a third of them children, according to new census data. This trend is difficult to reverse in the immediate future as the country encounters substantial increased budget deficits.

Minnesota's economy will continue to shift from manufacturing to service industries. Medical device manufacturing and other medical technology companies will be one of

the possible growth sectors in manufacturing, while some areas such as electronics and metalworking will face serious competition from foreign manufacturing.

Bioscience continues to grow as an employment area in Minnesota. The diversity of occupations such as process development technician, laboratory technician, biologist, bioinformatics technician, and cell culture specialist provide employment opportunities for people interested in science.

Nanotechnology in Minnesota is identified as a possible growth sector. Some sources indicate the 21st century will be the nanotechnology century and the science will affect all industries

Trend Summary

The following trends were selected for the Future Work 2004 Trend Report.

A shifting demographic pattern in higher education enrollment will result in dramatic change in the workforce. If young men, particularly black males, don't start earning more college degrees, it is possible that in the future most corporate executives could be women, and most high-school dropouts are men. While girls' educational attainment continues to increase, boys' performance at school has stayed flat or worsened for decades, thus adversely affecting men's ability to land higher-paying professional jobs in the future.

Economic issues and skill mismatches in the United States will move even more jobs to other countries. However, US employers will discover that some situations are unsatisfactory and jobs will be returned. As baby boomers retire in large numbers, a dramatic labor shortage could occur in the United States. In 10 years, available jobs could outnumber workers by 6.7 million. It is estimated between 3.3 million to 14 million US service jobs could move offshore in the next 15 years.

Most industries expect a moderate revival in new-job creation in 2004 resulting in some skill and job shortages. The civilian labor force is projected to increase by 17.4 million over the 2002-12 decade. This 12-percent increase is greater than the 11.3-percent increase over the previous decade. Professional and related occupations and service occupations are projected to increase the fastest and to add the most jobs. Virtually all of the projected employment growth in the economy will be posted by the service-providing sector with the goods-producing sector expected to decline.

There is an increased use of temporary and project-based labor. More people will become independent contractors, selling their services on a project, contract, or set-term basis. Instead of hiring temps to cover spikes in work, companies are using contract workers in a planned, deliberate way to contain the costs of staffing permanent hires.

A strong US economy and job market could result in increased job-hopping among the workforce. There is concern about a backlash among employees who have survived layoffs only to face double the workload with little increased compensation and few advancement opportunities. As the economy recovers and job opportunities become more substantial, workers will change jobs at a much higher rate than the past several years. Forty percent of all workers said they planned to change jobs in 2004.

Traditional retirement will continue to change. Most baby boomers will continue working past retirement age. While employment of Americans ages 25 to 54 fell by 1.1 million in the past three years, during the same period employment among the 55-plus set jumped nearly 3 million, with more than 2 million of that gain in full-time jobs.

Flexible employment has gained in popularity resulting in more people working flexible hours, working from home, and using technology to work for employers in distant locations. Almost 10 million workers choose to work part-time in their prime working years. It is also estimated that 28 million Americans regularly worked outside of the office in 2001, up from 20 million in 1999.

Security and managing the mobile workforce is becoming a top priority for business. Due to security threats, spending on security and business-continuity information technology will grow twice as fast as overall IT spending, reaching more than \$116 billion by 2007.

Students are becoming increasingly mobile, encouraging institutions of higher education to collaborate to provide seamless transitions for students who will attend several different colleges. With 90 percent of public 2-year and 89 percent of public 4-year institutions offering distance education courses, over 3,000,000 enrollments were recorded in distance education courses. Internet course enrollment will increase at a very rapid rate, resulting in the students attending many different colleges.

1. Demographics

A shifting demographic pattern in higher education enrollment will result in dramatic change in the workforce.

The Other Gender Gap. Maybe boys just weren't meant for the classroom

The Atlantic Monthly January/February 2004

Three decades ago, reformers' attention was focused on the "higher-education gap" not as many girls went on to college, graduate school, and professional school as boys. Advocates of equality between the sexes fought hard to create gender-specific education programs, fair admissions policies, and professional societies for women. Their efforts were rewarded: from 1970 to 2000 the number of women attending college rose by 136 percent, graduate school by 168 percent, and professional school by 853 percent.

Yet, the higher-education gap opened again-but this time girls were on the other side of it. In the late 1970s, more girls than boys began to enroll in college, and the disparity has since increased. Today women make up approximately 56 percent of all undergraduates, outnumbering men by about 1.7 million. In addition, about 300,000 more women than men enter graduate school each year. (The gap does not particularly affect professional school; almost as many women as men attend.) In short, equal opportunity brought an unequal result.

But boys' educational stagnation has long-term economic implications. Not even half the boys in the country are taking advantage of the opportunity to go to college, which has become almost a prerequisite for a middle-class lifestyle. And languishing academic attainment among a large portion of our population spells trouble for the prospects of continued economic growth. Unless more boys begin attending college, the nation may face a shortage of highly skilled workers in the coming decades.

The trouble with boys is not confined to the United States; boys are being outperformed by girls throughout the developed world. The United Kingdom and Australia are currently testing programs aimed at making education more boy-friendly. Single-sex schools, single-sex classes, and gender-specific curricula are all being tried. Here the United States lags: there are several local initiatives aimed at boys, but nothing on the national level--perhaps owing to a residual anxiety over the idea of helping boys in a society where men for so long enjoyed special advantages.

Boys' underachievement could mean changes in workplace

Duluth Tribune December 2003

Imagine a world where most corporate executives are women, and most high-school dropouts are men. It may sound like science fiction, but some say it will become reality if young men don't start earning more college degrees. While girls' educational attainment continues to skyrocket, boys' performance at school, from elementary through college, has stayed flat or worsened for decades -- meaning men's ability to land professional jobs in the future will decline.

Men earned 43 percent of all bachelor's degrees and 42 percent of master's last year, down from 51 percent of both types of degrees in 1980. Meanwhile, the number of bachelor's degrees awarded to women increased by 21 percent, compared with men's increase of 6 percent, between 1990 and 2000, according to the U.S. Department of Education.

Colleges Struggle to Help Black Men Stay Enrolled

New York Times December 30, 2003

At Medgar Evers, where 97 percent of the male students are black, the number of male students has been disproportionately low for more than a decade. Right now, only 22

percent of the students are male. And the men are far less likely to graduate than the women. The discrepancies are not unique to Medgar Evers. Women outnumber men at most colleges, but the gap is especially large among black students. Nationally, barely a quarter of the 1.9 million black men between 18 and 24 - prime college-going years - were in college in 2000, according to the American Council on Education's most recent report on minorities in higher education. By comparison, 35 percent of black women in the same age group and 36 percent of all 18- to 24-year-olds were enrolled in higher education.

And the graduation rate of black men is lower than that of any other group. Only 35 percent of the black men who entered N.C.A.A. Division I colleges in 1996, for example, graduated within six years. Comparison data indicate 59 percent of the white men, 46 percent of the Hispanic men, 41 percent of the American Indian men and 45 percent of the black women who entered the same year graduated within six years.

2. Economic

Economic issues and skill mismatches in the United States will move even more jobs to other countries. However, US employers will discover that some situations are unsatisfactory and jobs will be returned

Offshore outsourcing

Pioneer Press January 2004

Offshore outsourcing is the practice of using low-cost workers in countries such as India, China, Ireland and the Philippines to do service-related work such as customer service, software programming, bill processing, legal research and X-ray reading.

Minnesota companies such as Northwest Airlines, American Express, Best Buy and Target Corp. are among the local companies that have tapped TCS America, the U.S. arm of India-based Tata Consultancy Services, one of the world's largest providers of offshore information technology outsourcing. SSI, another offshoring firm, has a local client list that includes Cargill, General Mills, American Express Financial Advisors Retirement Services, the Minnesota School Boards Association and Wells Fargo Master Trust and Custody Services. U.S. corporations say they are under heavy pressure from shareholders to cut costs. At least one quarter of Fortune 1000 companies ship some amount of work overseas, according to Forrester Research Inc. in Cambridge, Mass.

The long-term impact was estimated by Forrester in 2002 that 3.3 million U.S. service jobs and \$136 billion in pay would move offshore in the next 15 years. But a University of California at Berkeley study last year estimated that about 14 million jobs are at risk

Got skills?

The Christian Science Monitor 09/02/2003

It's small comfort to people who need a job now, but experts say there's a dramatic labor shortage looming in the United States. In 10 years, available jobs could outnumber workers by 6.7 million, according to a new analysis by the nonprofit Employment Policy Foundation in Washington. By 2030, the gap could widen to 35 million. Shortages are already visible in certain occupations - nursing, for example - but across the board, employers could start to feel a pinch in the next few years. Whether they need people with basic literacy and computer skills or a flair for management, they may just find that they're competing for a piece of a shrinking pie.

Some of the explanation is pure demographics. As baby boomers start to transition out of the labor market, even if they work beyond traditional retirement age, there simply aren't as many younger workers to replace them. The gap is wider when one takes into account the education level needed for the types of jobs being created. There will be 30.7 million job openings for people with at least a two-year college degree in the next 10 years, the EPF estimates. But only 23.3 million people are expected to earn those degrees.

It's Time to Put a Tourniquet on Job Loss

The Capital Times February 24, 2004

Not so long ago, IBM executive Tom Lynch rationalized the company's plans to send thousands of jobs overseas. He spoke during an internal conference call, which he considered private. But one IBM employee leaked a transcript of the call. "Our competitors are doing it and we have to do it," Lynch said. IBM will send thousands of jobs in engineering, software development and information technology to countries that pay one-tenth to one-fifth of U.S. wages. IBM is hardly the only company to send tech jobs overseas. Others include Visa, Apple, Boeing, Microsoft, General Electric, Hewlett Packard, Merrill Lynch and Eli Lilly. During the past year, over 400,000 white-collar jobs have gone offshore.

The irony of all this isn't lost on the AFL-CIO. Last summer, Paul Almeida, president of the union's Department for Professional Employees, described how the U.S. sabotages its own workers. Foreign companies contract with U.S. firms to provide technical work at lowball rates. The U.S. firms train the guest workers, building the foreign firms' expertise. Once they have enough knowledge, they contract to take the work back home for slave wages.

When NAFTA was passed 10 years ago, politicians assured us that we could still have a middle-class standard of living by taking computer classes. Millions of workers followed that advice, and now have nowhere to go. According to Public Citizen, over 412,177 U.S. workers have lost their jobs in one small government program under NAFTA. In addition, studies show the jobs lost to NAFTA are largely replaced by jobs with lower wages. The fastest-growing jobs in the U.S. are cashiers, servers, janitors and retail clerks, according to the Department of Labor. Those jobs don't place anyone on the fast track to financial freedom. Meanwhile, the country continues to hemorrhage

manufacturing jobs. In Wisconsin alone, 84,000 manufacturing jobs have been lost since 2000.

Smaller and Smaller

New York Times March 4, 2004

The world has entered the third great era of globalization.

The first era, from the late 1800's to World War I, was driven by falling transportation costs, thanks to the steamship and the railroad. That was Globalization 1.0, and it shrank the world from a size large to a size medium. The second big era, Globalization 2.0, lasted from the 1980's to 2000, was based on falling telecom costs and the PC, and shrank the world from a size medium to a size small. Now we've entered Globalization 3.0, and it is shrinking the world from size small to a size tiny. That's what this outsourcing of white-collar jobs is telling us - and it is going to require some wrenching adjustments for workers and political systems.

Globalization 3.0 was produced by three forces: First is the massive installation of undersea fiber-optic cable and bandwidth (thanks to the dot-com bubble) that have made it possible to globally transmit and store huge amounts of data for almost nothing. Second is the diffusion of PC's around the world. And third (what I missed most) is the convergence of a variety of software applications - from e-mail, to Google, to Microsoft Office, to specially designed outsourcing programs - that, when combined with all those PC's and bandwidth, made it possible to create global "work-flow platforms."

These work-flow platforms can chop up any service job - accounting, radiology, consulting, software engineering - into different functions and then, thanks to scanning and digitization, outsource each function to teams of skilled knowledge workers around the globe, based on which team can do each function with the highest skill at the lowest price. Then the project is reassembled back at headquarters into a finished product.

Thanks to this new workflow network, knowledge workers anywhere in the world can contribute their talents more than ever before, spurring innovation and productivity. But these same knowledge workers will be under more pressure than ever to constantly upgrade their skills in this Darwinian environment.

"We created a worldwide network which connected all the resource pools on the planet, and suddenly we changed the rules of the game," said Nandan Nilekani, C.E.O. of the Indian software giant Infosys - which last year received nearly one million applications from Indian techies for 9,000 software jobs. You cannot wish away this new era of globalization, he added. "It will not go away."

So now I wonder: when they write the history of the world 20 years from now, and they come to this chapter - Sept. 11, 2001, to March 2004 - what will they say was most important? The attack on the World Trade Center and the Iraq war? Or, as suggested, the

convergence of PC's, telecom and work-flow software into a tipping point that allowed India to become part of the global supply chain for services the way China had become for manufacturing. Creating an explosion of wealth in the middle classes of the world's two biggest nations, India and China, and giving both nations a huge new stake in the success of globalization. I wonder?

Offshore Jobs in Technology: Opportunity or a Threat?

New York Times December 22, 2003

Is the offshore outsourcing of technology jobs a cataclysmic jolt or a natural evolution of the economy? The short answer is that the trend is real, irreversible and another step in the globalization of the American economy. It does present a challenge to industry, government and individual workers. But the shifting of some technology jobs abroad fits into a well-worn historical pattern of economic change and adjustment in the United States. "To be competitive and to maintain and improve American living standards, we have to move up the technology food chain," said Craig R. Barrett, the chief executive of Intel. That may seem like easy advice from someone perched at the top of the food chain, but Intel represents a good example of a company that successfully navigated an earlier round of threats from international competition, from Japan in the 1980's.

In the early 1980's, Japanese chip-makers appeared to be taking the semiconductor industry by storm, supported by their banks and their government. The Japanese were focused on the market for memory chips, which store data. At the time, Intel was getting battered and still received much of its revenues from memory chips. It made a bet-the-company decision, abandoned the memory-chip business and focused on microprocessors, the bit-processing engines in personal computers. The bet, of course, paid off as the personal computer business blossomed. In retrospect, Intel's triumph might seem to be a foregone conclusion. But it did not necessarily look that way back then. Remember, those were the days when the term Japan Inc. struck fear in corporate boardrooms across America, and there was a resonant ring to the bleak prognosis of the nation's economic future.

Some offshore work has returned to the United States, but whether the few reported cases represent any kind of incipient "backlash," as it is sometimes portrayed, is uncertain. Lehman Brothers confirmed last week that it had stopped using offshore India workers for its internal computer help desk, and earlier this month Dell Computer acknowledged that some of its technical support for corporate customers had been brought back to the United States.

Most industries expect a moderate revival in new-job creation in 2004 resulting in some skill and job shortages.

To Understand U.S. Jobs Picture, Connect the Dots, and Find the Dots New York Times
January 12, 2004

The labor force in America is limited to people who are working or who tell interviewers in the household survey that while they are not working, they are actively seeking work. These are the people classified as employed and unemployed. They totaled 146.9 million in December. Everyone else was on the sidelines, and those sidelines have become more crowded since the booming economy began to wind down in 2000.

The best measure of this growth on the periphery is labor force participation rate - that is, the percentage of the working-age population listed as either working or unemployed. It has fallen 1.3 percentage points, from a peak of 67.3 percent in 2000 to 66 percent last month. Most of these dropouts "would still be in the labor force working or trying to work if the economy were doing better," said Andrew Sharpe, a labor economist who is helping to direct a project financed by the Rockefeller and Ford Foundations to develop a more realistic measure of unemployment.

Even the bureau recognizes the inadequacy of its official unemployment rate. Buried in its monthly employment release is an alternative unemployment rate, called "labor underutilization." That rate was 9.9 percent in December, down from 10.1 percent in November, but unchanged from the previous December and 4.2 percentage points higher than the official unemployment rate last month. Trying to measure more realistically the slack in the labor market, the bureau adds to the officially unemployed - that is, those actively seeking work - the part-timers who want more hours as well as those who tell the interviewers in the household survey that while they are not currently job hunting, they would take a job if one came along.

Many early retirees and self-employed consultants would also like to have jobs, but since they tell the interviewers that they are retired or self-employed, they are not counted in calculating the "labor underutilization rate." If even some who fit that description were included, that rate would rise above 10 percent, economists say.

BLS RELEASES 2002-12 EMPLOYMENT PROJECTIONS

Bureau of Labor Statistics, U.S. Department of Labor February 11, 2004

The civilian labor force is projected to increase by 17.4 million over the 2002-12 decade, reaching 162.3 million by 2012. This 12-percent increase is greater than the 11.3-percent increase over the previous decade, 1992-2002, when the labor force grew by 14.4 million. Changes in the demographic composition of the labor force are expected because of changes both in the composition of the population and in the rates of labor force participation across demographic groups.

Virtually all of the projected employment growth in the economy will be posted by the service-providing sector, reflecting its large relative size. Making up 75.3 percent of the total employment in 2002, this sector will continue to enhance its dominance by almost eclipsing the 130 million job mark by 2012 and increasing its share of the total employment to 78.2 percent. Construction is the only goods-producing sector in which employment is projected to grow. Manufacturing, however, is expected to decline by 1

percent, a much smaller decline than what occurred in the previous decade. Nonetheless, employment in goods-producing industries is expected to decrease from 16 percent to 14 percent of total employment.

Professional and related occupations and service occupations-two groups at opposite ends of educational and earnings ranges-are projected to increase the fastest and to add the most jobs, accounting for more than half of total job growth over the 2002-12 decade. Three-tenths of the growth in these occupations is projected to take place in healthcare and social services, a quarter in government and a seventh in professional, scientific and technical services. Construction and extraction occupations are projected to grow at the same rate as the average for all occupations-15 percent. Office and administrative support occupations, production occupations, and farming, fishing, and forestry occupations are projected to grow much more slowly than average.

Nine of the 10 fastest growing occupations are health or computer (information technology) occupations. Healthcare practitioners and technical occupations are projected to add 1.7 million jobs as the demand for healthcare services continues to grow rapidly. Computer and mathematical occupations are projected to add 1.1 million jobs, and grow the fastest among the eight subgroups. The demand for computer-related occupations should increase, despite the recent downturn, as a result of rapid advances in computer technology and the demand for new computer applications, including those for the Internet and Intranets. More than a third of new jobs will be in computer systems design and related services.

The 10 occupations adding the most jobs employ a large number of workers and come from a wide range of occupational groups. An associate or bachelor's degree is the most significant source of post- secondary education or training for 6 of the 10 fastest growing occupations. Short-term on-the-job training is the most significant source of post-secondary education or training for 6 of the 10 occupations with the largest job growth.

Job Outlook 2004 for Students: Job market brightens for Class of 2004

National Association of Colleges and Employers December 2003

As the stock market inches upward and the economy's health shows signs of improvement, employers predict that they'll hire 12.7 percent more new college graduates from the class of 2003-2004 than they did from the class of 2002-2003. Although more than half of the employers who answered the annual Job Outlook survey say they plan to increase the number of new college graduates they hire, be forewarned: not everyone plans to increase the number of new grads they'll hire. More than a quarter of employers say they will hire fewer graduates than last year. About a fifth of employers say they plan to hire the same number of new grads from the class of 2003-2004 as they did from the class of 2002-2003.

By sector, the outlook is best among employers from the service industry. Manufacturers are significantly more conservative in their hiring projections. Service employers plan to

hire 22.2 percent more new grads this year than they did last year, and most often reported having firm plans in place to recruit on campus during spring 2004. The Top five undergraduate majors targeted are: Business Administration, Accounting, Economics/Finance, Management Information Systems, and Computer Science. Manufacturing employers plan to hire 3.4 percent more new graduates this year. The Top five undergraduate majors targeted are: Mechanical Engineering, Electrical Engineering, Accounting, Business Administration, and Chemical Engineering.

Just under a third of employers say they will hire students graduating with two-year degrees. The job outlook for two-year grads is best among the government/nonprofit sector where more than a third say they would be looking for these new grads. Among service sector employers, a little less than a third of employers say they will hire two-year graduates. Fewer manufacturers—approximately 25 percent—plan to bring two-year grads on board. By type of employer, utilities and insurance companies and engineering/surveying firms hold the most promise for two-year graduates.

More Companies to Hire in Second Quarter

New York Post March 2004

People looking for work this spring could find the strongest U.S. job market in more than three years, even as companies remain reluctant to hire, a new survey shows. Roughly one in four employers plan to add workers in the second quarter of the year to keep pace with increased demand for their products or services, according to a survey of 16,000 businesses by Manpower Inc.

The survey found 28 percent of companies expect to hire more people in the second quarter, while 6 percent intend to cut jobs. The rest anticipate no change or are uncertain about hiring prospects from April to May. The second-quarter results, when seasonally adjusted, are the strongest since the first quarter of 2001, soon after the economy officially entered a recession, according to Manpower, a Glendale, Wis.-based staffing company. The number of companies expecting to hire is nearly twice that of a year ago and marks the third straight quarter of increased hiring projections. William Mezger, chief economist with the Virginia Employment Commission, said companies cannot continue to rely on increased productivity to satisfy increased demand. "As time goes on ... employers eventually have got to do some hiring," he said.

What Labor Shortage? Debunking a Popular Myth

University of Pennsylvania review of Peter Cappelli's study August 27, 2003

Like many false beliefs, the forecast of a widespread labor shortage -- the inability to fill jobs at prevailing wages -- has its basis in truth. People who argue that a labor shortage will befall corporate America blame it on a demographic change that is quite real -- the small size of the so-called "baby-bust" generation, the group of people that followed the baby-boom generation into the labor market. The number of people in the baby-bust

cohort, who this year fall between the ages of 23 and 37, is about 16% smaller than the massive baby-boom generation, whose members were born between 1946 and 1962.

Cappelli's study lays out in detail why it is erroneous to assume that a smaller baby-bust cohort and the aging of the boomers -- who will begin to retire soon -- will lead to a labor shortage. For one thing, the fact that the baby-bust cohort is smaller overall than the baby-boom cohort does not mean that every sub-group within the baby-bust group has to be 16% smaller. Colleges, for example, did not cut back on the size of their graduating classes when the baby-busters came through school. The overall number of college graduates since the baby-busters left high school has actually gone up because more students who might not have gone to college are being pulled into the system of higher education. And it is college graduates who are most in demand by employers.

As for the fear that the retirement of baby boomers will contribute to a labor shortage, Cappelli says that this assumption is predicated on the unrealistic expectation that the boomers will quit work at age 65. Unlike their parents and grandparents, many boomers will continue to work past 65, even though they may change the kind of work they do.

What's more, not only will the general population continue to grow, so will the labor force, according to the study. The Bureau of Labor Statistics estimates that the labor force will rise from 153 million in 2000 to 159 million in 2010. The assertion that the labor force will be smaller in the years ahead is, Cappelli says, simply wrong. Moreover, the baby-bust cohort will be followed by an even larger generation of people, who are now in their teens and 20s. "The wrong implication to take away from the study would be to say there's no reason to worry about anything concerning employment because there's not going to be a labor shortage. A tight labor market can come back in matter of months if the economy picks up steam. The real issue then will be to have a system of practices in place of finding good people, hiring them when you need them and keeping the good ones."

There is an increased use of temporary and project-based labor. More people will become independent contractors, selling their services on a project, contract, or set-term basis.

The not-so-temporary worker

Chicago Tribune August 24, 2003

Time was when temping lived up to its name: Contract workers showed up, did the assignment and moved on to the next one. Permanent employees didn't have to pay too much attention to here-today, gone-tomorrow workers. They pay attention to them now. More and more temporary workers aren't so temporary after all. One emerging characteristic of the "jobless recovery" is how companies are using contract labor. Instead of scrambling to hire temps to cover spikes in work, companies are using contract workers in a planned, deliberate way to contain the costs of staffing permanent hires.

In the meantime, managers who are programmed to think of temp workers as bodies who plug holes, not individuals, have found that they must completely realign their management styles so they don't breed resentment among temps, says Brooks Holtom, an assistant professor at Georgetown University's McDonough School of Business in Washington.

In his studies, part-time and temporary workers are quick to feel like commodities if they aren't given opportunities to solve workplace problems and fit into the team of permanent workers, he said.

Too often the needs of temporary workers fall off the radar screen of managers. Managers must placate their bosses' demand for producing more, more cheaply and, at the same time, prop up the morale of the workers they supervise. It's a balancing act that leaves many managers with little emotional energy left over to spend on contract workers, Holtom notes.

At the same time, permanent staff can be uneasily aware that contract workers hope to be offered full-time positions as a result of their extended audition. The presence of temps can serve as a constant reminder to staffers that their own positions could be outsourced. In addition, the temps often make more per hour than permanent staffers--even as some of the temps envy the full-time status of staffers.

Temp and contract-to-hire conversions quite common

Atlanta Constitution Journal December, 2003

Contract staffing has been a key area of job growth the last several months and from all indications, the trend is likely to continue. "The opportunities are increasing every day and, because the economy is improving, we expect the trend to continue through December and into next year," said Pat Kennedy, chief operating officer of Atlanta-headquartered staffing company Acsys Inc., a member of the Vedior group of companies. Kennedy said she is seeing an increase in full-time as well as temporary opportunities, just more of the latter. Noting that her firm places accounting, finance, and information technology professionals, Kennedy said, "When companies begin to dip their toes into the pond by adding jobs back, they often add contract staff before hiring additional full-time personnel."

In case you think accepting a temporary job will delay your search for a full-time job, think again. Temporary workers are frequently invited to become full-time employees of organizations where they have been assigned. Phyliss Murphy, owner of the California recruiting firm P. Murphy & Associates. "Even when employers don't say at the outset that their goal is to hire a full-time person, many ultimately decide to hire top-performing contract employees," said Murphy, who places IT professionals. Recruiters, who place personnel in other fields, including administrative support and customer service, report the same trend. "For the person who's been at the same company all or most of their careers, temping provides opportunities to explore other organizations and other

industries," said Kennedy. "Also, people may find networking opportunities within the company they're working for on a contract basis."

According to Frank Moran, president of the West Los Angeles-based staffing company Team One Employment Specialists LLC, referrals from temporary employers frequently lead to full-time jobs in other companies. "Many temporary workers make the mistake of thinking, 'I'm only here for a week so performance really doesn't matter.' Nothing could be further from the truth," he said. "You build your reputation and network of referrals by temping. Everyone likes to help a good worker and one of the key ways temporary workers get new jobs is through referrals from employers for whom they are temping." Of course, the immediate earning potential of a contract position is important, as well. The income earned can pay current obligations and buy additional time to search for the right full-time position, noted Kennedy.

The Just-in-Time Worker

Chicago Tribune August 24, 2003

Some companies are staffing their top jobs with temps. Even though contract executives cost at least 25 percent more than a permanently hired officer, companies are experimenting with the idea of hiring them just to accomplish particular business goals, says Dan Baumgartner, managing partner with Tatum Partners, an Atlanta-based firm that places executives with companies across the country. "CEOs are hiring on a just-in-time basis when they're not ready to commit full time and aren't sure what they need," he said.

They are sorting out the skills that are core to the company's growth strategy and seeking contract executives for the projects that are needed to get the company to a certain stage of growth or market status. The rub comes when plum assignments get tossed to temps. "It can be a real touchy situation," said Jack Downing, managing partner for the Chicago office of Cleveland-based WorldBridge Partners, which places executives on assignments.

The trick, he says, is to reassure staffers that a contract worker is there to assist them so they don't burn out. But contractors who are assigned to initiate new programs take the praise--and sometimes the financial rewards--away from full-timers who may feel that the boss has sidelined them. "It gets weird in sales roles where there are commissions involved," Downing said. He has witnessed situations in which contingent sales executives are called in to manage the trials of new products. The products take off and the temp execs quickly gain not only rich commissions but also the first, lucrative customers.

A strong US economy and job market could result in increased job-hopping among the workforce. There is concern about a backlash among employees who have survived layoffs only to face double the workload with little increased compensation and few advancement opportunities.

Forty Percent of Workers Plan to Change Jobs in 2004, New CareerBuilder Survey Reveals
Career Builder December 30, 2003

Topping the list of New Year's resolutions for four-in-ten workers is finding a new job in 2004, according to a new CareerBuilder.com survey. Workers are motivated by the desire to find a more satisfactory work experience, make more money and advance their careers. The new CareerBuilder.com survey, "Plans for 2004," was conducted from November 18, 2003 to December 4, 2003 of more than 1,900 workers.

Nearly one-in-four workers (24 percent) say they are generally dissatisfied with their jobs. Although this is an improvement over the 29 percent who said they were dissatisfied in a CareerBuilder.com survey completed in December 2002, more workers today are on the prowl for a new job opportunity compared to a year ago. Thirty-five percent of workers said they planned to change jobs in 2003 compared to 40 percent of workers planning to find new positions in 2004.

Sixty percent of surveyed workers did not receive a bonus in 2003 and 40 percent did not receive a salary increase. The vast majority of workers received a salary increase of five percent or less and only 18 percent received an increase of 10 percent or more. Of those who did receive a salary increase, 45 percent indicated that the amount did not meet their expectations. For these workers, 46 percent plan to change jobs next year. Nearly four-in-ten workers (39 percent) report dissatisfaction with opportunities for career advancement at their current jobs with 82 percent stating they did not receive a promotion in 2003.

"The lack of a promotion figures prominently in how workers feel about their jobs," said Ferguson. "Receiving a promotion enables workers to gain additional experience, obtain public recognition for a job well done and advance their careers. For workers, who were overlooked for a promotion in 2003, only 27 percent are satisfied with their jobs and 65 percent plan to find a new position in 2004 rather than wait for a promotion at their current place of employment."

Statistics suggest growing job-seeker optimism warranted

Atlanta Journal-Constitution March 5, 2004

The Hudson Employment Index, a monthly nationwide survey of more than 9,000 employed Americans, found U.S. workers' attitudes regarding employment conditions were more positive in January compared with a similar poll conducted in December. In fact, according to the Hudson data, the number of Americans worried about losing their jobs fell to 17 percent in January, the lowest level in a year and down from 20 percent a month earlier. Thirty-one percent of employees polled even projected new hiring by their companies in the near future.

Growing job confidence was also evident in the data by the number of survey respondents who said they would consider changing jobs. The last couple of years,

recruiters commonly remarked about the difficulty of getting employed individuals to consider new jobs because they feared being the last person hired, and potentially the first fired, if the new company they joined ended up downsizing. According to the Hudson data, one third of those surveyed are actively searching for new jobs while two thirds said they'd consider new positions.

More good news for job seekers comes from a study regarding the pace of re-employment for people who lose their jobs. The latest quarterly Career Mobility Index commissioned by New Jersey-headquartered career services company Lee Hecht Harrison found that half of those laid off during the fourth quarter of 2003 have already found new employment. Lee Hecht has more than 90 offices in the U.S. "This is the fastest rate of re-employment we've seen since the impact of 9-11 was felt," said Susan Howington, senior vice president and general manager of Lee Hecht's Irvine, Calif. office. The Career Mobility Index indicated that the percentage of Americans finding new jobs within the quarter they were let go hovered around 50 percent from January through September of 2001.

The days of signing bonuses and quirky perks may be history, but experts see a hiring boom ahead.

Miami Herald January 2004

Whether you've been eager to switch employers for some time or are just starting to think about landing a new job, the economy may be on your side in 2004. A hiring boom could begin as early as the first quarter as U.S. companies budget for staff expansion in the new year. Renewed hiring is already underway and should accelerate as the year progresses, according to labor-market experts.

Jobs likely will flow to the hard-hit travel, trade and financial sectors from construction and housing, which have been going gangbusters on low interest rates and tax cuts, said Joel Prakken, chairman of Macroeconomic Advisers, a consulting firm in St. Louis. "As the economy picks up, the resources that flowed to the construction sector are going to have to flow back to the business sector to finance the rise in capital expenditures we expect," Prakken said. "Businesses," he said, "are finding they're going to have to modernize their equipment as the economy starts rebounding."

A nationwide shortage of pharmacists and nurses also poses promising prospects for those seeking jobs in healthcare. What's more, Prakken said, the stock-market rebound is generating "wealth effects," where consumers tend to spend more after seeing their net worth rise on paper, and that may lay the groundwork for more service-sector jobs.

3. Societal

Traditional retirement will continue to change.

What Does the Future Hold for the Employment Market?

Barron's January 2004

The 2003 Retirement Confidence Survey of the Employee Benefits Research Institute found that 70% of all baby boomers expect to be earning a paycheck past retirement age. A good idea,, under the circumstances. From 2004 through 2013, the Treasury will have to borrow an additional \$3.9 trillion to pay for Medicare and Medicaid combined, according to calculations by economist Jagadeesh Gokhale of the American Enterprise Institute, based on estimates by the Office of Management and Budget. To make matters worse, Social Security will start running a deficit around then. If nothing is done to cut costs or raise revenue, additional borrowings through 2023 will hit \$7.4 trillion.

Baby Boomers Are the 'Sandwich-ed Generation,' as Financial Obligations Prevent Real Retirement

Senior Journal August 25, 2003

Baby Boomers who already feel sandwiched between financial obligations to children and aging parents can look forward to more of the same, plus unprecedented levels of debt for themselves, in retirement. That is the sobering conclusion of the Allstate Financial ``Retirement Reality Check," a survey released by Allstate Financial, a business unit of The Allstate Corporation. According to the survey, more than one in three Baby Boomers (37 percent) will be financially responsible for parents or children during retirement. And 7 percent of boomers will be financially responsible for both parents and children in retirement.

On average, those surveyed said they would need \$30,000 per year for basic living expenses during retirement. Factoring in a return on savings and inflation, to have that, Boomers will need approximately \$1 million upon retirement. But surveyed Baby Boomers have saved only a fraction of that amount.

Yielding to retirement proves tough for some boomers in exciting careers.

New York Times August 2003

For many boomers, the answer is to never really retire. They refashion their jobs into full-time hobbies, or they do something else entirely and try not to think about the past too much. Experts say the key to achieving a happy transition from a career that becomes more of a life than a job: Stay busy, find a new interest and focus on the potential of what lies ahead. Moving from a rewarding job to a role as a couch potato is a sure prescription for misery. "We were meant to be active, creative people who move and do things," said Alexandra Duran, a career counselor and workplace issues writer in New York. "You have to reorient your expectations. You have to replace one expectation with another."

Working Beyond the Traditional Retirement Age

Vital Aging Network-Minnesota 2003

In "cliff retirement" people withdraw completely from regular full-time employment with the expectation of living their remaining years in retirement. This has been the traditional approach for most people during previous years, but there has been an increasing need to re-think this approach for the following reasons:

Demographic change has added almost 18 years to the average life span since the beginning of the 20th century; people are not only living longer but also in better health

There has been a major shift over the last 30 years so that employment in all of the industrialized countries is now predominantly in services rather than manufacturing. The emphasis today is more on knowledge workers than physical labor, which means that more people are in good physical condition and may wish to work beyond the traditional retirement age

All industrialized countries are confronted with an aging and shrinking workforce, with labor shortages projected for the future in all of the countries (see OECD publication, Reforms for an Ageing Society)

All of the industrialized countries are confronted with the dilemma of how to reform social programs that are financially unsustainable

Many people 55 and older want to continue working, with many preferring to work on a part-time basis, for a variety of reasons including recognition that they will be living longer, so they don't want to sit on the sidelines during all of those additional years. The Netherlands, for example, has created a network of 55+ clubs so that older people can continue to work if they wish to do so.

A Fondness for Gray Hair
US News March 8, 2004

Age and wisdom may finally be gaining the advantage over youth and beauty in the workplace. Despite the toughest job market in a decade, Americans 55 and over are holding more jobs and are now becoming targets for corporate recruiters. Employment among the 55-plus set jumped nearly 3 million in the past three years, with more than 2 million of that gain in full-time jobs. And in what AARP describes as the first salvo in a new recruiting war for the gray-haired, Home Depot recently announced an alliance--the first of its kind--with the group. AARP's 35 million members are being encouraged to apply for the retail giant's 140,000 anticipated openings this year.

Meanwhile, employment of Americans ages 25 to 54 fell by 1.1 million in the same period, and the number working full time has dropped by nearly twice that. That's a marked reversal from previous recessions: Employment of older workers fell by more than half a million from 1989 through 1992, while employment of younger workers leapt by almost 3 million. "It is remarkable," says Joseph Quinn, a Boston College economist who has been studying older Americans' work habits for decades. "A 100-year-old trend towards earlier retirement is over."

New Ideas Draw Older Workers

Workforce Management March 2004

Many economists say that in the coming decade, worker shortages will cause companies to scramble for ways to recruit and retain older workers. At Baptist Health South Florida, a nonprofit health-care provider with 10,000 employees, preparation for the graying of the American workforce is already in full swing.

Unlike most industries, health care faces severe worker shortages right now, especially in areas like nursing and technology. But at Baptist, turnover is only 9 percent annually, about half the industry average. Turnover among employees 50 and older is only 7 percent. And employee surveys indicate that the most satisfied workers at Baptist are those over 50.

The company is taking advantage of new pension laws that can encourage older employees to stick around longer. Like many other firms, the company used to lose older workers because of a quirk in the laws governing defined-contribution retirement plans. Employees who wanted to tap into their retirement savings before age 65 had to officially retire. Many found other jobs. Baptist quickly changed its plan in 2002, when a new law allowed workers to draw from the plan at age 59 1/2. Some older workers use this policy to reduce their work hours while using their retirement savings to keep a steady salary. "It's better to have a part-time worker than no worker at all," says Carl Gustafson, corporate vice president of human resources.

Baptist also implemented a "Bridgement of Service" policy, which allows anyone who quits and comes back within five years to pick up where they left off in terms of seniority and benefits. Any worker can also accrue up to 1,000 hours of paid time off, which some use for longer vacations as they near retirement to test whether they want that much free time.

Flexible Employment has gained in popularity resulting in more people working flexible hours, working from home, and using technology to work for employers in distant locations.

Part-Time by Choice

Employment Policy Foundation November 2003

Nearly 10 million workers choose to work part-time in their prime working years. Of the more than 9.5 million working part-time by choice, nearly 40 percent of those workers were working part-time for reasons related to work-life balance-childcare, personal or family obligations or education. A new study by the Employment Policy Foundation (EPF) found that 7 in 10 part-time workers in their prime working years (ages 25-65) are working part-time by choice. Of the more than 9.5 million working part-time by choice, nearly 40 percent of those workers were working part-time for reasons related to work-life balance-childcare, personal or family obligations or education.

EPF's analysis found that, not surprisingly, women were significantly more likely than men to both work part-time and to do so for reasons related to work-life balance. Almost one in five working women between the ages of 25 and 65 work part-time, compared to just over one in twenty men. Despite men's larger share of the overall workforce between the ages of 25 and 65, there are almost three women for every man in the part-time workforce.

The proportion of part-time workers also varied by occupation. For both genders, workers in service occupations were most likely to work part-time-20.9 percent of employed men and 36.5 percent of employed women. Though both men and women in professional occupations were less likely to work part-time than the average man or woman, a significant number did-over 4.0 million. Management, business and financial occupations showed the greatest disparity between the percentages of men and women who worked part-time, with the percentage of men working part-time one-third the percentage of women.

EPF's analysis also focused on the reasons why individuals chose to work part-time in their prime working years. The study found that reasons varied based on gender, education and occupation, but common themes included childcare, personal and family obligations and education. Women were significantly more likely than men for reasons related to work-life balance (45.5 percent of women who worked part-time versus 12.3 percent of men). College-educated workers (those with at least a 2-year degree) were also more likely than non-college educated workers to choose part-time work for balance reasons-43 percent versus 34 percent. Workers in traditional "white-collar" occupations chose to work part-time for reasons related to work-life balance than workers in "blue-collar" occupations.

Overall, approximately 11.6 percent of employees work part-time in their prime working years. Over 71 percent do so by choice, because it allows them more flexibility to pursue their goals and desires outside of their jobs. For many workers, part-time employment offers an opportunity to earn an income and time to pursue activities outside the labor market, including education and rearing a family.

For some, telecommuting is too isolating

Newhouse News Service August 10, 2003

The International Telework Association and Council estimates that 28 million Americans regularly worked outside of the office in 2001, up from 20 million in 1999. Multiple surveys find that employees welcome being able to work remotely, are more productive and are more loyal to companies that give them more flexibility. Employers also see pluses. AT&T Corp., based in Bedminster, N.J., estimates it realizes some \$150 million in business benefits each year from telework, including higher productivity, real estate savings and enhanced recruitment and retention. Seventeen percent of AT&T managers work at home full time and 33 percent do so at least once a week, said Joseph Roitz, telework director, who works from his home in Little Rock, Ark.

Most telecommuters started working from home in hopes of striking a happier balance between job and family. Now some are finding that they labor more hours and endure greater stress, only to see their careers nose-dive. New research suggests employees may add tension to their lives by telecommuting if they don't first make a careful assessment of their personalities and employment situations. "People have trouble shutting work off," said Ellen Ernst Kossek, professor of human resources at Michigan State University, one of the study's authors. "There's confusion for family members. They see you home and they want to ask you a question, and then you yell at them."

Along with researchers at Harvard University and Canada's Simon Fraser University, Kossek interviewed 300 employees and 95 managers across the nation. They learned that workers' home lives suffered if they telecommuted with inadequate space or technological infrastructure. Even if those problems were absent, telecommuters complained that family and friends didn't understand or respect the fact that they had full-time jobs. Others missed the give-and-take among colleagues and the casual hallway encounters that kept them in the know.

4. Technology

Security and managing the mobile workforce is becoming a top priority for business.

Managing and securing your mobile workforce
Cisco Systems Inc. December 19, 2003

We are quickly morphing into a mobile workforce. Users perform day-to-day business from places we never thought possible. Airports, coffee shops, hotels, convention centers and commuter trains have become extensions of the office. Even airplanes are beginning to offer connectivity to passengers, something unheard of only a few months ago. In

short, the Internet and wireless mobile networks have made information access available to users from nearly anywhere.

Mobility can offer huge gains in productivity, so we must embrace and manage it. A study on wireless LAN benefits conducted by NOP World Technology for Cisco Systems and published last month, for example, showed a 27% increase in productivity and an annual savings of almost \$14,000 per mobile employee. Moreover, Gartner Inc. predicts that the number of North Americans using WLANs on a frequent basis will grow from 4.2 million in 2003 to more than 31 million in 2007.

Enterprises must be prepared. Wireless networks create another avenue for unwanted parties to access your network. To optimize the value of a mobile workforce, you must mitigate the associated risks. To accomplish this, there are two key areas to focus on: tracking and managing a broad and growing mix of mobile assets, and protecting data stored on both mobile devices and in the corporate network.

Security Remains a Top Spending Priority

IndustryWeek Magazine September 30, 2003

The widespread blackout in Italy, following so closely on the heels of August's blackout in parts of the United States and Canada, seems to reinforce the need for business-continuity preparedness. Not to mention ongoing battles against worms, hackers, viruses and the everyday events that threaten to take down IT systems. Due to these ongoing threats, advisory firm IDC predicts that worldwide spending on security and business-continuity information technology will reach more than \$116 billion by 2007 -- growing twice as fast as overall IT spending. Spending could surpass \$70 billion by the end of 2003, IDC says, with much of the spending focused on immediate security needs. However, continued growth will be sustained by security demands required by privacy regulations including HIPAA

"Corporate spending on security and business continuity has been held back by two factors -- uncertainty about the severity of risk posed by security threats and ongoing budget austerity," says John F. Gantz, chief research officer and senior vice president at Framingham, Mass.-based IDC. "However, any skepticism about the potential consequences of a security breach is fading fast as enterprises seek to improve their ability to manage organizational risk."

IT Security Named 'Hottest' Job of the Year

IT Management September 4, 2003

Forget being called a nerd back in high school. It's time for the techies to have the last laugh. IT security specialist has just been named the hottest job for 2003 and 2004, according to Challenger, Gray & Christmas, a Chicago-based international outplacement firm. And the post of chief privacy officer just got the nod for the highest-paying hot job, bringing in an average salary of \$122,360. An IT manager or security manager came in ninth on the list of high-paying hot jobs with an average salary of \$91,470.

The security industry came in second, just behind preventative health care, for the hottest industry of this year and next. "Anti-terrorism measures will increase the need for security personnel," reports Challenger, Gray & Christmas. "There is also growing concern among companies to protect their greatest asset: information. Additionally, employers are increasingly concerned about the people they are hiring, which will give rise to investigative services."

Security and IT managers are earning salaries of more than \$91,000, according to the report. And a survey of top corporate information systems security executives for Fortune 500 companies found that the average overall compensation level was \$237,000. "Corporations are collecting more information than ever due largely to the data-gathering capabilities of the Internet," says John Challenger, chief executive officer of the outplacement firm. "Companies will need individuals to make use of this information, but more importantly, they will need people to protect this information."

5. Competition

Students are become increasingly mobile encouraging institutions of higher education to collaborate to provide seamless transitions for students who will attend several different colleges.

Distance Education at Degree-Granting Postsecondary Institutions

U.S. Department of Education, National Center for Education Statistics. 2003

During the 12-month 2000–2001 academic year, 56 percent (2,320) of all 2-year and 4-year Title IV-eligible, degree-granting institutions offered distance education courses for any level or audience.

In the 12-month 2000–2001 academic year, there were an estimated 3,077,000 enrollments in all distance education courses offered by 2-year and 4-year institutions. There were an estimated 2,876,000 enrollments in college-level, credit-granting distance education courses, with 82 percent of these at the undergraduate level.

Twelve percent of all institutions indicated that they planned to start offering distance education courses in the next 3 years; 31 percent did not offer distance education courses in 2000–2001 and did not plan to offer these types of courses in the next 3 years. Public institutions were more likely to offer distance education courses than were private institutions. In 2000–2001, 90 percent of public 2-year and 89 percent of public 4-year institutions offered distance education courses, compared with 16 percent of private 2-year and 40 percent of private 4-year institutions.

College-level, credit-granting distance education courses at either the undergraduate or graduate/first-professional level were offered by 55 percent of all 2-year and 4-year institutions. College-level, credit-granting distance education courses were offered at the undergraduate level by 48 percent of all institutions, and at the graduate level by 22

percent of all institutions. Fifty-two percent of institutions that had undergraduate programs offered credit-granting distance education courses at the undergraduate level. Further, college-level, credit-granting distance education courses were offered at the graduate/first-professional level by 52 percent of institutions that had graduate/first-professional programs.

Among all 2- and 4-year institutions in 2000–2001, 19 percent had degree or certificate programs designed to be completed totally through distance education. Among the 56 percent of institutions that offered distance education courses, 34 percent had degree or certificate programs designed to be completed totally through distance education. Institutions were more likely to offer distance education degree programs than certificate programs. Among the institutions that offered distance education courses in 2000–2001, 30 percent offered degree programs and 16 percent offered certificate programs.

MnSCU ITS Management Reports

MnSCU February 2004

MnSCU reported 214 FYE in Fiscal year 2000 enrolled in Internet courses. This enrollment increased to 4,078 FYE in 2003. The Internet enrollment represents 3.1% of MnSCU's total enrollment. In 2002 MnSCU had 2,852 students concurrently enrolled in two or more institutions. This was 1.7% of total enrollment.

Distance Education Enrollments in Indiana, 2002-2003

Indiana Higher Education Telecommunication System March 2003

Indiana learners continued to respond in large numbers last year to educational opportunities made accessible through technology. In its annual report on college e-learning trends for 2002-03, the Indiana College Network reported 68,232 course enrollments at public post-secondary institutions—an increase of 42% over the previous year, and a five-year increase of 438%.