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## HELP WANTED: EDUCATED WORKERS AND ENLIGHTENED MANAGEMENT by Elizabeth Bishop and Amelia Preece //

With its recent cover story, "Help Wanted," *Business Week* joined *The Wall Street Journal* and other business publications in proclaiming imminent labor shortages. Continued economic expansion, even at a modest rate, coupled with declining rates of population growth will produce an era of worker scarcity within the decade. But with unemployment persistently above the full employment level, an absolute labor shortage is unlikely. The business press points more specifically to selective labor shortages: a mismatch between the skills demanded by new jobs in service and technology and the skills supplied by new labor force entrants. The Urban Institute estimates that three-fourths of new jobs will require some college education, but only one-half of workers will continue beyond high school. Almost all new job growth is occurring in non-manufacturing sectors -- service, distribution, trade and finance. The increasing technological complexity of these jobs will, say the business press reporters, require proportionately higher-skilled workers.

Some businesses are not waiting for the projected shortages to materialize. They are initiating education efforts now to create a future supply of skilled workers. Business has always spent money to train its managers and executives. Now these efforts are expanding into basic education programs in the workplace and funding of schools and extracurricular activities. Aetna Life and Casualty has recently added a basic skills curriculum to the Aetna Institute for Corporate Education. The total corporate contribution to worker education is a small percentage of the \$127 billion educational budget, but these actions raise important policy questions. There are reasons to question the severity of the projected labor shortage. There are additional reasons to question if such a skills shortage, and the related problem of low productivity, can be solved only by improving education.

**Measuring a Shortage** -- Projecting labor demand is a difficult task, partly because it is highly dependent on estimates of aggregate growth rates. In 1984, the Bureau of Labor Statistics made such projections for 1995. Four of the five fastest growing occupations are computer-related, and all ten of such occupations require education beyond high school. Such examples support the argument of increasing demand for skilled workers. However, there is an important distinction between absolute and relative growth rates. Computer-related jobs are growing the most quickly, but because their absolute numbers are small, all ten such occupations will contribute less than 4% of employment growth projected to 1995.

In contrast, the ten occupations with the largest absolute growth are custodian, cashier, secretary, office clerk, sales clerk, nurse, waiter/waitress, school teacher, and nurse's aide. This group will provide almost 25% of all new employment through 1995. Only nursing and teaching require the completion of a college degree. Shortages are certainly possible in selected areas: declining undergraduate majors in computer science may result in excess demand. But predictions of aggregate skill shortages are ill-founded. More sophisticated versions of the shortage argument suggest that skill requirements for new jobs will rise. As computers expand into low-skilled service work, some employers say the minimum prerequisite skills for cashiers and secretaries will increase. A Bloomingdale's vice-president worries, "You need computer savvy to do basic selling and stockroom jobs."

This argument is based on the assumption that more sophisticated technology requires workers to have more sophisticated skills. According to Russell Rumberger, an education professor at the University of California, the evidence is inconclusive. The historical use of auto assembly and numerical-controlled machines illustrate how technological innovation



can de-skill craft work. Even with computer technology, most users enter data and use programs for which no scientific, mathematical or programming skills are needed. Evidence shows that workers with education in excess of what their jobs require experience boredom, job dissatisfaction and lower productivity. In a different case study of the insurance industry, personal computer technology made possible the integration and upskilling of work formerly fragmented into price quotes, rate adjustment and claims processing. Now one agent is able to provide full services to a client. Rumberger concludes that the degree of skill demanded by technological change depends crucially on how such change is implemented.

Declining population growth rates may tighten some labor markets. Employment is shifting to services, and some service jobs will require much training. But demographics and technology only set boundaries on the set of possible scenarios. The actual outcome of job mix and skill requirements depends on management choices of how such technology is used. Such decisions are more likely to be made in the boardroom than in the classroom.

**A Role for Business in Education** -- Even if the projections of skills needed are overstated, what possible harm can come of increased business spending on education? If the economy can muddle along with a low-skilled workforce, couldn't job growth and productivity expand faster with better trained workers? Because business spending may have multiple and possibly conflicting motives, the answer is not an unqualified yes.

Much business education spending is primarily advertising. Pizza Hut encourages reading by giving free pizza to students who increase the number of books they read. While this strategy is excellent for giving youngsters a taste for (Pizza Hut) pizza, it may not be the optimal way to give them a permanent taste for reading.

Second, business' primary interest is in training workers, not scholars or thinkers. The bulk of business spending is for job-specific and technical skills. But rapid occupational change shortens the useful life of such specific training, as manufacturing layoffs painfully demonstrate. The era of high technology has, in a curious historical twist, revived the classical argument for liberal education. Workers trained for particular machines or software are less useful than those trained to read, write, analyze, calculate, and acquire new skills. Workers trained to learn will do best. Business is understandably reluctant to provide skills so readily transported to a new employer.

Finally, there is an erroneous assumption underlying the proposition that all economic problems can be solved solely by a better educated workforce. The *Workforce 2000* report of the Hudson Institute says: "Boosted by the productivity of a well-qualified workforce, U.S.-based companies would reassert historic American leadership in old and new industries . . . ." The reader can only infer that the blame for America's fall from economic grace lies squarely on the shoulders of ill-educated workers. Surely skill level is part of the story, but it is not the whole story. Much educational productivity depend as much on the organization of the workplace as the traits of workers. Lester Thurow, Dean of MIT's business school, argues that productivity is a characteristic of jobs, and not of workers. The organization of work providing workers with a voice in decision making and opportunities for training and advancement is the essential component of improved productivity. This is demonstrated by the GM/Toyota auto plant in Fremont, California. The productivity gains made are due not to high technology, but rather to work reorganization using principles such as work teams.

With appropriate review, educators can welcome business funding for improving all levels of skills. But business also has opportunities to initiate direct action: higher wages and more intense recruiting can alleviate worker shortages; workplace reorganization can stimulate productivity. The economy is changing quickly both workers and management will have to adapt.

*by Elizabeth Bishop and Amelia Preece*

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