

# Workforce Competitiveness in a Global War for Jobs and Talent

MVEDA Regional Economic Development  
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# Global War for Talent

## World by 2020:

- 30 million – potential shortage of college-educated workers
- 45 million – potential shortage of medium-skilled workers in developing economies
- 95 million – surplus of low-skilled workers

*McKinsey Global Institute Report, June 2012*

## United States 2010-2018:

- 46.8 million – new and replacement jobs created
- 63% of those jobs will require some post-secondary education or training
- 3 million – shortfall

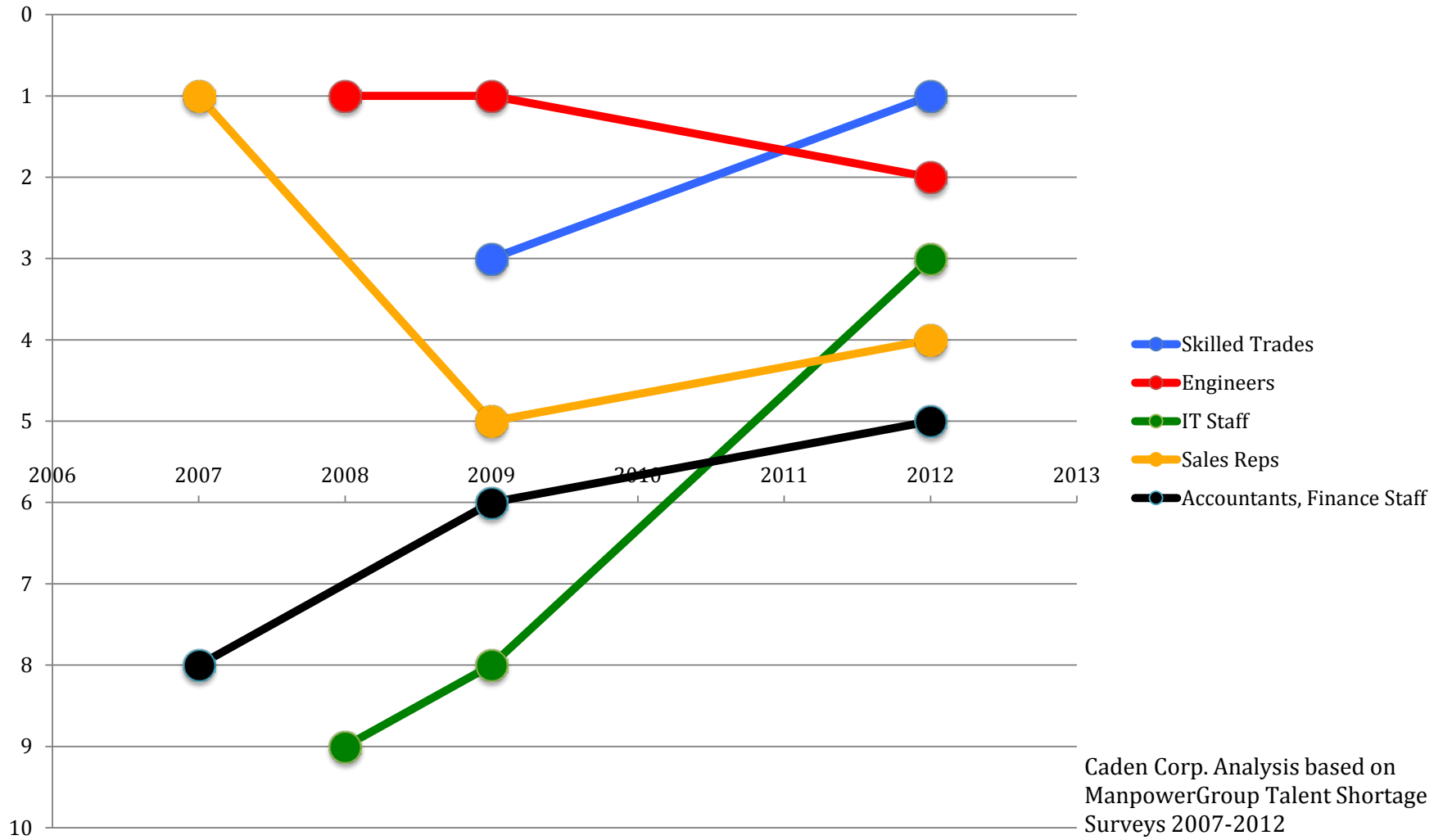
*The Georgetown University Center on Education and the Workforce “Help Wanted” Report, June 2010*

# Wage Inflation 2000-2011

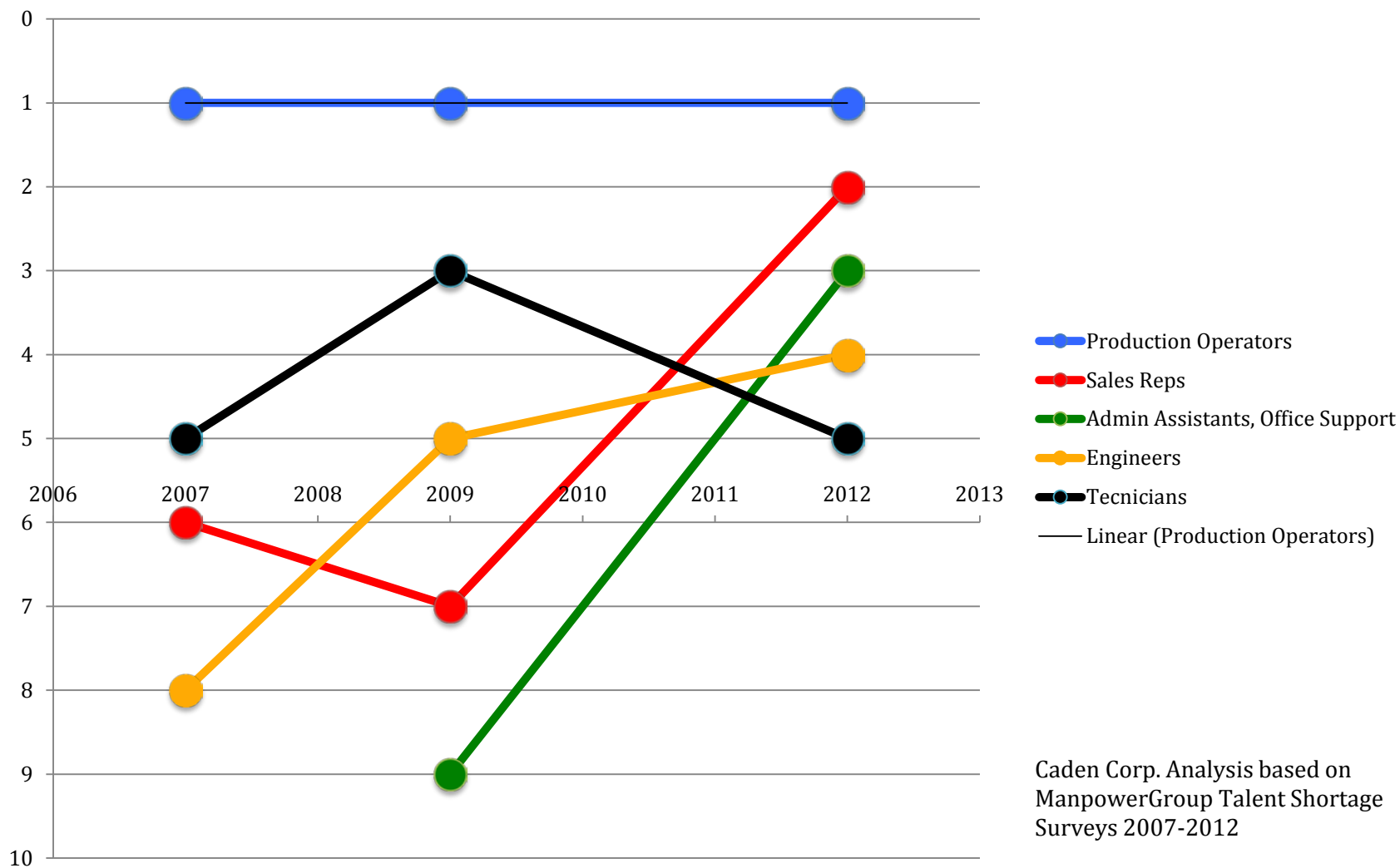
Average pay increased even during recession:

- Worldwide 23%
- Developed Economies 5%
- Asia almost doubled
- China tripled

## Top five most difficult jobs to fill United States 2007-2012



## Top five most difficult jobs to fill Mexico 2007-2012



# TOP 10 JOBS EMPLOYERS ARE HAVING DIFFICULTY FILLING NOW

1. Skilled Trade Workers
2. Engineers
3. Sales Representatives
4. Technicians
5. Accounting & Finance Staff
6. Management/Executives
7. IT Staff
8. Drivers
9. Secretaries, PAs, Administrative Assistants & Office Support Staff
10. Laborers

*ManpowerGroup 2013 Talent Shortage Survey*

# Talent and Economic Development

- Talentism is the new Capitalism
- Human Capital investments (in education) directly impact GDP growth as reported by R. Barro in a study of 100 countries 1960-1995
- Example: South Korea

# Competitiveness

*“Competitiveness is the set of institutions, policies, and factors that determine the level of productivity of a country“*

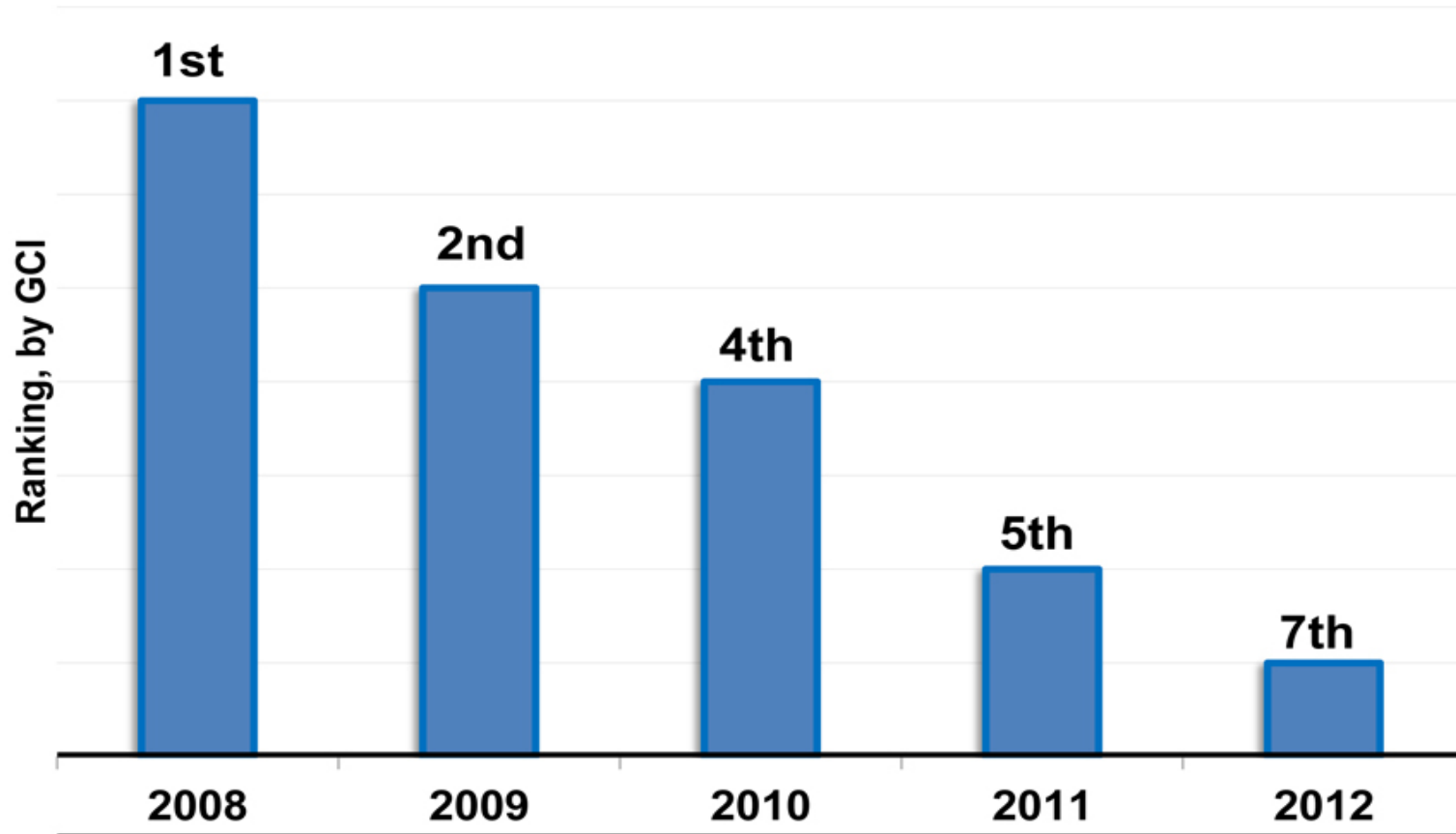
*World Economic Forum Global Competitiveness Report*

*“Competitiveness is defined by the productivity with which a nation utilizes its human, capital and natural resources. ”*

*Michael E. Porter, Harvard Business School*



## United States Global Competitiveness Falls From First to Seventh in Four Years



Source: World Economic Forum, *The Global Competitiveness Report, 2012–2013*.  
Data note: Rankings are based on WEF's Global Competitiveness Index.  
Produced by Veronique de Rugy, Mercatus Center at George Mason University.

# Porter's Rules for Increasing Productivity

The goal of economic strategy is to enhance **productivity**. **This is the only way to create jobs, high income, and wealth in the long run.**

Improving **productivity and innovation must be the guiding principles for every state policy choice.**

Improving productivity does not require new public resources, but **using existing resources better.**

Improving productivity demands that governors **mobilize the private sector, not rely on government alone.**

Economic strategy is non-partisan and about getting **results.**

*Michael E. Porter, Harvard Business School*

# El Paso: Demand/Supply

## Demand Patterns

- Primary sub-region for employment recovery
- 2.4% growth over 2011-2012 (8863 jobs)
- Mostly focused on low-end positions
- 55% of growth is in Retail, Leisure/Hospitality sectors
- Broad, modest growth in manufacturing, construction, business services
- Limited growth in education, government (major employers)

## Recruitment/Skills Issues

- Shortage of nurses, medical technicians, qualified engineers, purchasing specialists, appropriately skilled managers/finance personnel
- Professionals/Managers: weak fundamental skills, limited specialties, must often recruit outside region
- Technical Positions: good theoretical skills preparation but limited understanding of workplace
- Strongly prefer experienced hires

# Dona Ana County: Demand/Supply

## Demand Patterns

- Survey projects 1.3% employment growth over 2011-2012 (1181 jobs)
- 77% of growth is in Manufacturing, Retail, Business Services, and Health Care Sectors
- Demand in Business Services sector is driving administrative wages close to national averages
- Business Services also leads demand for higher-value positions (lawyers, software developers, sales managers, etc.)

## Recruitment/Skills Issues

- Good supply of nurses, health techs from vocational system, but employers must add experienced staff from outside region
- A small manufacturing spike may be straining the labor base. Acute shortage of welders
- Good professional/hi-tech base exists for R&D for new startups (drones, biomass) but who will manufacture products?
- Emerging Santa Teresa impacts are probably large but uncertain

# Key Findings for El Paso and Dona Ana

- Modest recovery underway: strongest in El Paso
- Skill system response most evident among 2-year colleges
  - Student response is especially strong in health sector due to high wages
  - Many students still pursuing credentials for teaching, government, law enforcement, although employment is not growing
- Open positions are generally at low skill levels; small but important demand at professional level; low wages by U.S. standards prevail in most occupations
- Employer Perceptions:
  - vocational education = weak practical skills, need on-the-job training
  - engineering, finance, purchasing graduates lack specific skills for local industry (e.g. supply chain, cost-accounting for production processes)
  - Low communication/STEM skills prevail, poor local supply of candidates for management, sales, many business functions
- Limited employer training investment; expect preparation from schools
- Strong experience preference + limited on-the-job training = barriers for youth

# Ciudad Juarez: Demand/Supply

## Demand Patterns

- Timing of Survey – Uncertain employer intentions
- Forecast 0.11% shrinkage in formal employment. 0.22% in maquilas
- Modest growth in Construction and Professional/Business Sectors
- Suggests strong resilience in light of local violence during survey period, slow U.S. recovery among maquila partners
- Subsequent reports indicate 2012 rebound among maquilas

## Recruitment/Skills Issues

- Maquilas: Labor shortages concentrated among technician-level personnel
  - Students prefer Engineering Lic. over technical credential
  - Qualified technicians bargain aggressively and change jobs to maximize salary
- Individual firms invest to protect supply of highly skilled engineers
- Hospitals: acute nursing shortage
- Hard to find qualified sales reps

# Key Findings for Ciudad Juarez

- Demand Issues:
  - Civic violence was a major issue in 2011 but city is resilient, recovering
  - Maquila sector is an underutilized partner for the region; need larger share of regional leadership/vision from within Ciudad Juarez
  - Need better integration of smaller manufacturing businesses in C.J.
  - Shortage of technician-level personnel is bidding up technician wages
- Supply Issues:
  - Limited access to secondary (and therefore higher) education
  - Good economic alignment, but low status/funding, of vocational secondary (Profesional Medio) education
  - Good quality, but limited scope, of CENALTEC workforce services
  - Emerging 2-year vocational HEI option (UTCJ) should be encouraged
  - Need more English training for international business roles



# Recommendation #1:

Employers must play a more aggressive role in spearheading skills-development initiatives.

- Articulate Skill Needs to Education Partners
- Invest in Experience Programs with Vocational Partners (Apprenticeships)
- Implement Mentorships Internally





# Responsibility for Skills Development

Graph 4

Levels of Skills	Types of Skills	Role of Actors and Institutions
<b>Generic Core Skills</b> <ul style="list-style-type: none"> <li>■ Qualifications</li> </ul>	<b>Skills required in all industry sectors</b> <ul style="list-style-type: none"> <li>■ Being part of a community</li> <li>■ social behaviour in work environment</li> <li>■ Professional behaviour</li> <li>■ Understanding sustainability</li> </ul>	
<b>Sector Specific Core Skills</b> <ul style="list-style-type: none"> <li>■ Capacities</li> <li>■ Qualifications</li> </ul>	<b>Skills and knowledge common to a sector</b> <ul style="list-style-type: none"> <li>■ Process and product</li> <li>■ Production materials</li> <li>■ Health and safety</li> </ul>	
<b>Workplace Job Skills</b> <ul style="list-style-type: none"> <li>■ Competencies</li> </ul>	<b>Skills and knowledge specific to the enterprise and employer</b> <ul style="list-style-type: none"> <li>■ Work procedures</li> <li>■ Machines and equipment</li> </ul>	



# Recommendation #2:

Educational Institutions Should Collaborate with Businesses to Solve Skills Challenges Identified by Employers

- Importance of Orienting Programs to Concrete Employment Demand
- Patterns of Business/Educator Collaboration
- Unique Expertise of HEI
- Importance of Data-Driven Career Services
- Best Practices at K-12 and HEI



# Priorities for Collaboration

Skills Category	Challenge	Response
Professional/Manager	Lack specific preparation for locally available roles: engineering, finance, purchasing, other managers	Skills partnerships for curriculum elements
Professional/Manager/Admin	Weak communication and STEM skills	Articulate business qualifications/standards
Admin/Tech/Manual	Good theoretical/weak practical preparation in health, trades programs	Work experience programs
Business-oriented Graduates	Lack information on full range of options	Career modeling, data-driven career services



## Recommendation #3:

Promote a Culture of Entrepreneurship, and Provide Effective Support for Local Entrepreneurs, Throughout the Region

- Entrepreneurship and Equality/Inclusiveness
- Changing Attitudes
- Entrepreneurship Education
- Best Practices in School Districts and HEIs
- Support for Young Entrepreneurs
- Community Resources and Business Environment





# Promoting Entrepreneurship: Stakeholder Roles

- Schools
  - Identify and Replicate Best Practices (apprenticeship, project learning, Junior Achievement, etc.)
- University-Based Programs for Young Entrepreneurs
  - Launch Pad at University of Miami
  - Silicon Valley Center for Entrepreneurship at San Jose State University
  - Impact Entrepreneurship Group, Waterloo University, Ontario, Canada
- Community Resources for New Startups
  - Build on Hub of Innovation, Innovate-El Paso
  - Public Service Mentorship Model to replace Angels
  - Low-Cost, Easily Delivered Training Modules





## Recommendation #4:

Create Institutions that Unify and Coordinate the Region's Development Planning and Human Capital Initiatives

- Overcome Fragmentation and Lack of Consensus
- Importance of Sharing Information
- Importance of Complementary Potentials among Sub-Regions
- Importance of Speaking with a Unified Voice in State, Federal, and other External Forums



# Quality of Life Ranking

County/Municipality	State	2010 Rank	2000 Rank
Dona Ana	New Mexico	8	7
El Paso	Texas	9	4
Juarez	Chihuahua	30	26

- Quality of Life dimensions are: economic opportunity, education and culture, healthy life and community life.
- The rankings are based on a comprehensive analysis of the US-Mexico border 52 counties and municipalities

*The State of the Border Report, Wilson Center, El Colegio de la Frontera Norte and the North American Center for Transborder Studies*

# Thank You!

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