Why are workers giving up hope?

Workforce officials are tapping big data to understand the causes and consequences of a shrinking labor force in a booming economy.

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It should be open season for job-hunting workers in the Pittsburgh region.

The region’s unemployment rate, at 4.7 percent, is the lowest in nine years. Education, health care,
technology and financial services sectors report steady hiring. Business leaders say the city has a shot at winning Amazon’s second headquarters and the promise of 50,000 jobs and a $5 billion investment. In September, the Brookings Institution described Pittsburgh’s economy as the “future.”

Still, the pool of people who say they are looking for a job is on the decline.

“The job-seekers are a little bit more depressed here, or less hopeful,” said Vera Krekanova Krofcheck, chief strategy officer for Partner4Work, a publicly funded workforce development agency that connects job-seekers with employers. “All the great things happening in the economy cannot be denied, but people do not feel like they’re a part of it.”

Especially mystifying is the data that show among those giving up are those of prime working age: white men aged 25 to 54.

The shrinking workforce has been a phenomenon across the country, but one that is especially concentrated in southwestern Pennsylvania, where officials say technological advances and the rust-to-robots transition have left people behind.

The hunt for missing pieces of the puzzle has driven Ms. Krofcheck to embark on research remarkable for a workforce board. Such organizations are known for arranging job skills training and crafting high-level policies in the background of a region’s economy.

But with a new team of researchers, Ms. Krofcheck is tapping big data and listening to discouraged workers themselves — and publishing conclusions that may challenge long-held beliefs espoused by business leaders and politicians.

“Any kind of labor market data out there — people do not necessarily factor into the equation,” she explained. “It’s always ‘where are the jobs’ and ‘how much do that pay,’ but not how people behave.”

The quest for answers will likely keep her busy for a long time, but her early conclusion is that employers are as much to blame for the discouragement as workers.

**Top ten highest Pittsburgh-area employment industries**

*As of first quarter, 2017*
Why did you quit?

Hundreds of people file through the PA CareerLink offices in Downtown each year, where job-seekers can find state-funded computer labs and classrooms with programs to connect them with employers.

Over a period of several weeks earlier this year, Ms. Krofcheck and a researcher, Edgar Largaespada, stopped by to find people who had quit their jobs without having another lined up.

The researchers asked a simple question: Why?

Gathering about 400 anonymous responses from 30 focus groups, they published a report in October that peeled back answers to a trend that takes people out of the labor force in large numbers.

People who quit their job with nothing else lined up — roughly 87,000 in Pittsburgh every quarter, according to Partner4Work — talked about high-stress environments, getting injured and being unable to return, getting fed up with long bus rides, family members getting sick.

The report, called “Resignation: Understanding Why Workers Choose Non-Employment,” hits at the heart of what Partner4Work is trying to do: tell the stories of people forgotten by the positive Pittsburgh narrative.

Ms. Krofcheck also has begun pulling information from the state’s unemployment insurance program that sends checks to jobless residents for up to 26 weeks.

By analyzing the numbers, big questions can be answered about average Pittsburghers: What does their career look like? How many jobs have they held, and how long have these jobs lasted? How likely are they to get the next job? Who has more success: people who have more jobs and shorter tenures or people who have fewer jobs and longer tenures?

Partner4Work has released several reports this year that shine a light on the concerns of workers: People who obtained commercial driver licenses talked about the freedom of the open road but worry that autonomous cars could put them out of work. Older workers shared their frustrations with being treated by hiring managers as overqualified and slow-learners.

Though the nation’s some 500 regional workforce boards have access to such information, it’s rare that they analyze it, said Bryan Wilson, director of the Workforce Data Quality Campaign, a Washington, D.C.-
based initiative that, among other things, helps states better use labor data.

“There are gaps in what data is collected,” Mr. Wilson said. “There’s a lack of tools that analyze how the supply of skilled workers matches the employer demand — if enough students are graduating from post-secondary programs compared with the number of job openings.”

Ms. Krofcheck’s report concluded with a message to Pittsburgh businesses: “Partner4Work is sharing these experiences to challenge the assumptions these job-seekers face from prospective employers who flag gaps in their resumes.”

Ms. Krofcheck saw Pittsburgh with fresh eyes when she joined Partner4Work in 2006, then known as the Three Rivers Workforce Investment Board.

Arriving from her native Czech Republic, where she had been a management consultant for nonprofits, she heard the stories of adoration: the city’s post-steel rebirth, the transition into the service economy, the tech-driven innovation with world-class universities as the engine.
but there was an undercurrent to the story.

After the Great Recession hit in 2008, economists focused on job growth and unemployment rolls. Politicians celebrated the post-recession recovery in this region, marking the decline of joblessness from a peak of 102,000 people in February 2010 to 56,100 in October 2017, according to the U.S. Bureau of Labor Statistics.

A deeper analysis of the same data show just one of every 10 people who left the unemployment rolls in the past seven years actually held a job in the region in October. The rest left the labor force altogether.

In the big picture, the region’s workforce shortages can be seen as tied to demographics, with older workers retiring faster than younger people can replace them. Pittsburgh’s population has declined in recent years, with people moving to other metro areas, and university graduates are likely to move away for jobs.

In the past four years, the majority of government-tracked job classifications in the Pittsburgh region showed modest to high growth: computer systems, services for the elderly, highway construction among them, according to a Post-Gazette analysis of employment across nearly 200 largest professions. At the same time, industries like metals manufacturing, dry cleaners, oil and gas pipeline construction and grocery stores shed workers.

Five highest percentage gaining, and five highest percentage shrinking Pittsburgh-area industries, from 2013-2017

Source: U.S. Department of Labor

Five highest total gaining, and five highest total shrinking Pittsburgh-area industries, from 2013-2017

THE UNCOUNTED

(From post-gazette.com)
Employers and flexibility

If it’s not because of laziness or imprudence that people drop out of the workforce, employers perhaps need to get more creative with how they hire.

Among those who have decided to look for work again — like the job-seekers at PA CareerLink — many have experience to put toward a job even if it doesn’t exactly line up with employers’ official requirements.

Ms. Krofcheck estimates 6,000 job-seekers in the region have “some college” experience, and most have two or three years toward a bachelor’s and associate’s degree that they never finished. Many prime-age workers were decades into a career when they lost their jobs and have skills that don’t transfer directly — like the roughly 1,400 people who have lost their jobs in iron and steel mills since 2013.

In October, 64 percent of online job ads in the region required education of a bachelor’s degree or higher, according to Partner4Work’s labor market (https://www.partner4work.org/uploads/jobsreport_october2017_001.pdf) report. About 56 percent asked for three to five years of experience or more.

If employers were more flexible, Ms. Krofcheck reasoned, the pool of candidates would expand. She is beginning to get people to listen.

In a 2016 report (http://www.post-gazette.com/business/career-workplace/2016/05/04/Pittsburgh-jobs-workforce-shortage-Allegheny-Conference/stories/201605050023), business leaders with the Allegheny Conference on Community Development warned of a coming 80,000-worker shortfall by 2025. The Allegheny Conference, the preeminent group of executives and investors in the region, partners with other groups to advance business interests.
In that workforce report, employers acknowledged a need to change.

“We’ve got to figure out how to connect [workers] to opportunities, how to get the companies to bring them in and train them, and do whatever they need to do,” said Dennis Yablonsky, CEO of the Allegheny Conference, last year.

Further, the group selected Stefani Pashman, who has led Partner4Work for the last seven years, to take the reins after Mr. Yablonsky steps down at the end of the year.

“Those of you who know me know I am not patient,” Ms. Pashman told a packed Carnegie Hall at the Allegheny Conference’s annual meeting in November. “We are not living in your grandfather’s Pittsburgh, and this will not be your grandfather’s Allegheny Conference.”

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