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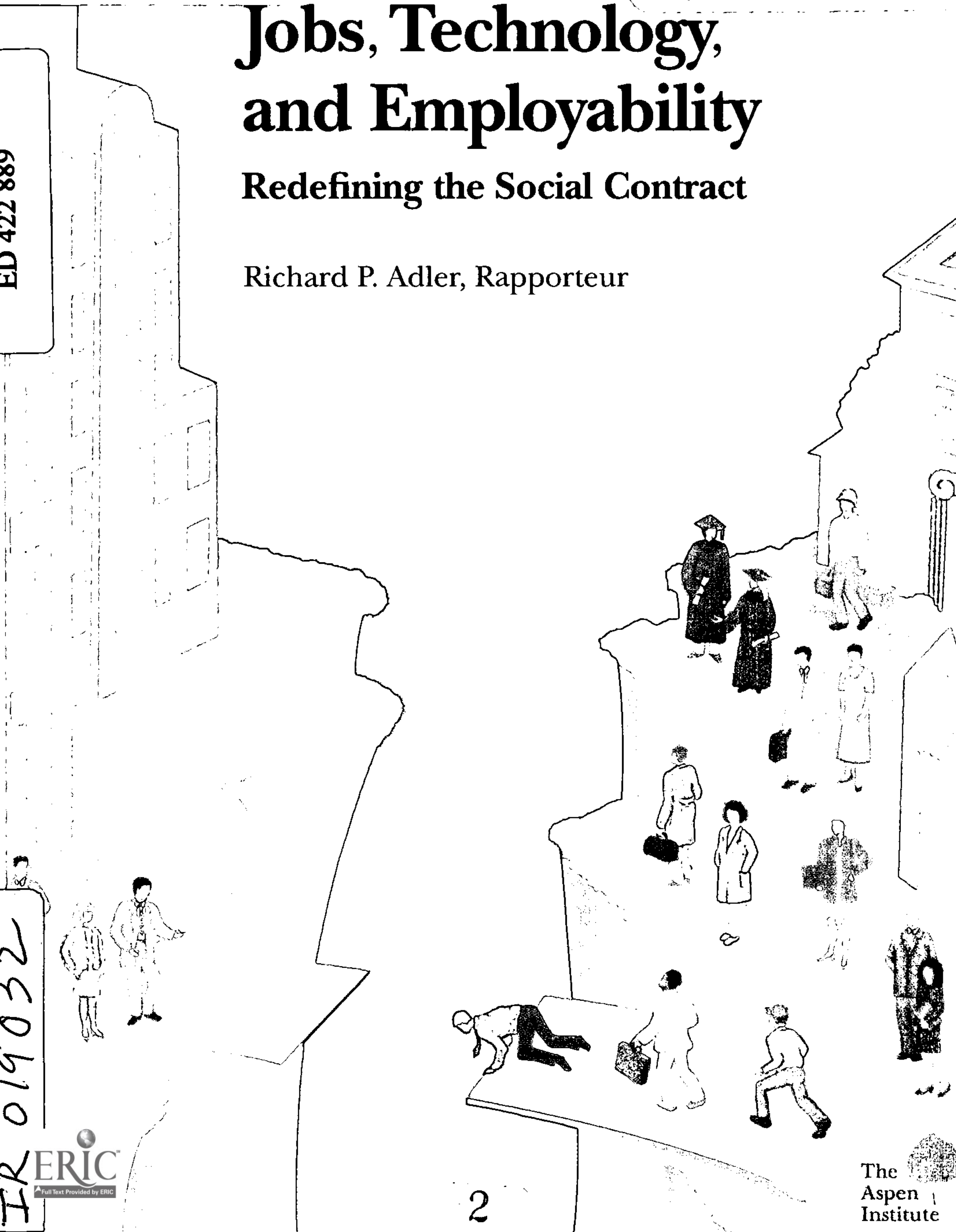
ABSTRACT

The topic of the 1997 annual meeting of the Aspen Institute's Forum on Communications and Society (FOCAS) sprang from the previous work of the FOCAS in the areas of education, lifelong learning, and technology. This report examines the changing nature of the employee-employer relationship and whether the economic, technological, demographic, and social trends driving the global economy will lead to the development of a new "social contract" between them. It is an informed observer's interpretation of the discussions that took place at the meeting in Aspen. The main themes of the conference are placed into a broader context to allow for the understanding of the changing employment relationship, and the collaborations and other initiatives suggested by conference participants are highlighted. Following an "Introduction" and "Overview," the body of the report is divided into four sections: (1) "The New Economy"; (2) "Learning and Employability"; (3) "New Initiatives, New Proposals"; and (4) "Beyond Employability." An Afterword "Beyond Employability" (John Epperheimer), a list of conference participants, and a brief profile of the Aspen Institute Communications and Society Program are also included. (AEF)

Jobs, Technology, and Employability

Redefining the Social Contract

Richard P. Adler, Rapporteur



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Jobs, Technology, and Employability: Redefining the Social Contract

A Report of
The Aspen Institute Forum on
Communications and Society

Richard P. Adler
Rapporteur

The Aspen Institute
Communications and Society Program
Charles M. Firestone
Executive Director
Washington, DC
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The Aspen Institute
Suite 1070
1333 New Hampshire Avenue, NW
Washington, DC 20036

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Contents

Foreword

The economic and social transformations taking place in society are having a profound impact on the modern workplace and, consequently, on the relationship between employees and employers. Driven by a variety of factors, including advances in technology, the globalization of commerce, increased competition, changes in the demographics of the workforce, increased mobility, and changing skill requirements, the business imperatives of the new knowledge economy are forcing organizations to reconsider the industrial era foundation upon which employment has been based—that is, the metaphoric "social contract" that served as a stabilizing force in both the private and public sectors. This relationship held that the employer would provide decent pay and security of employment in exchange for the employee's loyalty and hard work. But employees and employers alike are discovering that the rapidly changing environment of the digital era brings with it a new set of requirements—including the development of different, more dynamic, and more flexible working relationships. This raises the question, as we look ahead to the future, what will take the place of the old social contract?

Employability and the New Employment Relationship

To keep up with the rapid pace of change, workers need to anticipate, recognize, and adapt to the changing requirements of the new economy and the new workplace. In other words, in order to remain employed, workers must be employable. This means developing new sets of skills and acquiring new foundations of knowledge. As the Committee on Economic Development has noted, in the global, competitive labor market, "the most sought after workers will be those with the most education and occupational proficiency." But while many workers are aware that what is required is different from the old paradigm, there are still many others who cannot figure it out or do not know how to help themselves. The obvious place to look for help, the formal educational system, often is not a great help; it is slow to adapt to change and is failing to prepare young people adequately for the workplace of the future. Because many schools are failing in this regard, businesses have to do more training. Furthermore, the educational system does not reach many of those who are already in the workforce.

Just as organizations require more flexibility *from* their employees, they must also become more flexible *for* their employees. The initial impulse of many organizations facing the transition from the industrial paradigm to the highly competitive new economy was to restructure as leaner organizations. This has meant massive layoffs in some firms and industries, a flattening of organizational management hierarchies, and a focus on reengineering processes. In the pursuit of the right structure, many organizations have overlooked the greatest contributor to securing competitive advantage in a knowledge-based economy: people. The effect of this "leaner and meaner" approach, while positive in the short term for the companies, has often been devastating for individuals and entire communities, and forebodes long-term problems for organizations that do not address the widening skills gap in the workforce. If it is unrealistic to expect an employer to promise lifetime employment in such a dynamic and uncertain environment, is it unreasonable to ask what companies can offer in its place to foster a highly skilled, hard working, and loyal workforce?

Increasingly, savvy employers are viewing investments in people—in particular, skills training to heighten their employability within the organization and beyond—as crucial to the company's long-term success. Many organizations are creating opportunities for learning and then use the knowledge developed to foster the performance of individuals, teams, and the entire company. Evidence suggests that companies who commit themselves to the learning process are better able to adapt in a rapidly changing environment. And such companies position their people to acquire the skills and expertise they will need to remain employable in a changing economy.

The Aspen Institute Forum on Communications and Society

It is possible, then, that a new social contract might be created, one that is based on a new understanding of employability and new roles for employees and employers. This is the idea that drew a distinguished group of chief executive officers and government and nonprofit leaders to Aspen, Colorado, for the 1997 annual meeting of the Aspen Institute's Forum on Communications and Society, held in late July. A list of participants in the 1997 annual meeting appears in the Appendix of this report. *Jobs, Technology and Employability: Redefining the Social Contract,* is a summary of their deliberations.

The Forum on Communications and Society (FOCAS) is a CEO-level body, convened by the Aspen Institute's Communications and Society Program, that annually addresses subjects relating to the societal impact of the communications and information sectors. The FOCAS is comprised of approximately 25 chief executive level leaders from business, government, and the nonprofit sector who share a common belief that the solutions to the greater problems facing society—in education, jobs, healthcare, and civic life—will come not from any one sector acting alone, but from collaborative efforts of leaders who are committed and involved. Membership changes from year to year.

Specifically, the FOCAS seeks to find ways that communications and information technology can be employed to improve society, first by taking a critical look at how advances in these fields will impact traditional democratic values and institutions, and then by asking what policies the private and public sectors should pursue, individually and collectively, to foster a better and more democratic society. The FOCAS does not attempt to duplicate existing activities, but rather seeks to identify crucial issues where collaboration can make a difference to society. This annual forum provides an environment for thinking about the implications of the emerging information infrastructure and what kind of society we want to shape for future generations.

The topic of the 1997 annual meeting, "Jobs, Technology, and Employability: Redefining the Social Contract," sprang from the previous work of the FOCAS in the areas of education, lifelong learning, and technology. This work is captured in the previous FOCAS publication, *Creating a Learning Society: Initiatives for Education and Technology*. Participants in the earlier meetings noted that continued economic growth, particularly in the increasingly important markets for communications and information goods and services, will hinge on workers who are adept at incorporating information and technology into all aspects of work and who can adopt new uses for information and technology. Businesses are already experiencing the troubling effects of a workforce with inadequate information and technical skills, and are having to invest significant resources in employee training and remediation. FOCAS members articulated a broader concern for creating incentives for individuals to pursue learning opportunities on a continual basis. The greatest incentive for most people, the FOCAS members reasoned, is the ability to get and keep a job, to support themselves and their families.

While there was not universal agreement about the existence or the desirability of a social contract between employees and employers, there was near unanimous concern about the economic and social implications of a workforce with inadequate skills for the future. Additionally, there was general acceptance of the notion that the employment relationship is changing and that a new relationship might be forged from the intersection of the needs of organizations, individual workers, and communities. This raises the question of how the public and private sectors can work together to insure a highly skilled and competitive workforce for the future. Or, as one participant in a preliminary working session observed, "the goal should be to look for interventions and strategies for making the transition between the old and the new paradigm happen better."

This report is an informed observer's interpretation of the discussions that took place in Aspen. Richard Adler has insightfully extracted the main themes of the conference, placing them into a broader context for understanding the changing employment relationship, and highlighting the collaborations and other initiatives suggested by conference participants. The following are only a few suggestions of the many possible collaborations that are possible. Some are already being tried, while others are initiatives which require further development. They are offered here to stimulate further discussion on the most workable solutions to the problem of employability.

We should emphasize that this report is the rapporteur's interpretation of the conference, and we caution the reader that, while the record may demonstrate general consensus on some issues, the statements made in this report should not be taken in any way as the views of any particular participant or organization unless otherwise specifically noted. Additionally, while FOCAS members make every attempt to attend the annual meeting, there are times when individual members are unable to do so, and their membership in the FOCAS should not be construed as representing their assent to the material in this volume.

Acknowledgments

There are numerous individuals whose interest and commitment of time, intellect, and resources have made the FOCAS and this report possible. First, the Communications and Society Program gratefully acknowledges the 1997 members of the Forum on Communications and Society for their commitment to this project. These individuals are listed on the inside front cover of this report. We also are indebted to the participants in the 1997 annual meeting, listed in the Appendix to this report, for grappling with the problem of employability and suggesting initiatives to address the problem. John Epperheimer, formerly at the Career Action Center and now vice president of MindSteps, Inc., gave a thought-provoking presentation to lead off the conference, and provided a summary of his presentation which we include as an afterword in this publication. We are also grateful to the American Society for Training and Development and ASTD president Curtis Plott for their permission to reprint several case studies of effective training and development initiatives. Participants in a 1996 preparatory session laid the groundwork for the agenda at the 1997 annual meeting. A list of representatives who attended this preparatory session appears in an additional Acknowledgments section in the back of this volume. We thank Richard Adler for writing another interesting and eminently readable conference report. Finally, we also wish to acknowledge the work of Amy

Korzick Garmer, associate director of the Communications and Society Program, whose background paper on learning and employability was not only useful to conference participants but was helpful in writing this report as well; and Gia Regan, program manager, for her design and production work on this report, and her coordination of the Aspen conference.

Charles M. Firestone
Executive Vice President, Policy Programs
and
Executive Director, Communications and Society Program
The Aspen Institute
August 1998

Jobs, Technology, and Employability: Redefining the Social Contract

Introduction and Overview

The mid- to late-1990s has been a time of considerable prosperity in the United States. The country has enjoyed steady economic growth accompanied by low inflation. This prosperity has been reflected in strong corporate profits, robust consumer confidence, and a stock market that reached new heights. The vibrant economy has also generated high levels of employment: in 1997, the U.S. unemployment rate fell to a 24-year low of 4.6 percent. And in areas where economic activity has been particularly strong, such as California's Silicon Valley, the unemployment rate has fallen below three percent.

All this good economic news has, however, been accompanied by a more troubling trend: Major corporations have continued to announce the elimination of large numbers of jobs. These moves are being made by companies in a wide range of industries located in different parts of the country, and includes companies that are profitable as well as those that are facing financial losses. In just the last quarter of 1997, for example, the following announcements were made:

- In December, the Eastman Kodak company announced that it was cutting a total of 16,600 jobs from its workforce, a sharp increase from a figure of 10,000 jobs that it had announced just one month earlier that it had targeted for elimination. Rochester Mayor William Johnson Jr. expressed dismay over the unexpected news and commented that "thousands of workers who have been committed to helping turn this company around are now unsure of their own future as well as Kodak's."

- Two days earlier, Boeing Co. announced that it would eliminate up to 12,000 jobs in 1998, despite the fact that the company has been struggling to fill a record backlog of orders for commercial aircraft. Shortly before the announcement, in fact, Boeing had offered to pay a bonus to employees who had taken early retirement to entice them to return to work.

- Personal computer maker AST Research indicated that it was laying off up to 1,120 workers, which would reduce the company's total workforce by 37 percent. The company had already eliminated some 1,300 jobs over the previous 18 months.

- In November, Levi Strauss & Co. said that it planned to lay off 6,395 workers. The company stated that it was cutting 34 percent of its manufacturing jobs in the United States and closing 11 manufacturing plants as part of a $208 million downsizing.

- The same month, General Electric announced a restructuring plan that could involve eliminating as many as 2,600 jobs in its appliance division in Louisville, Kentucky. The move came despite the fact that GE has been highly profitable. According to one analyst, "GE is taking [this] action not because it's facing losses but to enhance its profitability."

- Donna Karan International, a manufacturer of women's apparel, reduced its workforce by 15 percent in an effort to "streamline" the company.

- In October, Silicon Graphics Inc., maker of computer workstations, announced that it would eliminate as many as 1,000 jobs out of a total workforce of 11,000.

The pattern continued into 1998. Announcements of significant job cutbacks were made by firms ranging from blue-chip corporations such as GTE, Chase Manhattan Bank, and Philip Morris, to such one-time high-fliers as Nike and Netscape.

While major job cutbacks generate headlines, the fact is that an average of 300,000 Americans have lost their jobs each week over the past year. Even in good economic times, 2.5 workers out of every 100 lose their jobs each year (in periods of recession, nearly four workers per hundred lose their jobs annually).

The continuing stream of announcements about large-scale layoffs has an impact that goes well beyond those who are immediately affected by the loss of their jobs. It contributes to a sense of insecurity on the part of many, perhaps most workers. When even companies that are profitable may decide to undertake major cutbacks (in order to become more profitable), it is difficult for any worker to feel completely secure.

The world now seems remote in which workers joined a company assuming that they would spend their entire careers there, and that if they worked hard, they could expect to rise through a series of increasingly responsible and rewarding positions until they reached retirement. The extent to which that world ever existed as anything other than an ideal is open to question, but it did provide a model for employers and employees. A very different model is one is a world in which everyone is either self-employed, a temporary worker, or an independent contractor with no job security and no loyalty to any organization beyond themselves. In a world of "virtual companies" in which nearly everyone is a contingent worker, the very notions of "employer" and "employee" might no longer be meaningful.

We have not yet reached a world populated solely by virtual companies and contingent workers, but we seem to be somewhere between the two worlds. The goal of the 1997 Aspen Institute Forum on Communications and Society (FOCAS) meeting was to attempt to explore the unfamiliar territory between the two worlds to see if some new paths could be found that make economic sense for employers and that are fair to employees. Specifically, the meeting explored the prospects for the development of a new "social contract" between companies and their workers that would replace the old promise of lifetime employment with a commitment to ensure that workers remain "employable" through continuous upgrading of job and career management skills.

To provide a context for this exploration, we first review the ways in which the world has changed and the impact that these changes have had on American companies and their employees. Among the trends that have transformed the U.S. economy are the emergence of a highly competitive global marketplace, a labor force that is much more diverse, and a dramatic decline in union membership. Employers have responded to these trends by restructuring their workforces to make themselves more competitive. They have also attempted to become more efficient by investing in new technologies, and to become "leaner" and more flexible by making greater use of part-time and temporary workers and by "outsourcing" nonessential functions.

While many corporations have flourished in this new environment, their employees have found themselves facing increased pressure. Inflation has stayed low in large part because wage increases have remained small. Workers who are worried about keeping their jobs have been reluctant to demand higher wages. And while it is true that in the current economic climate, most workers who lose their jobs should have relatively little trouble finding new ones, the experience of losing a job is still often a painful if not traumatic experience.

The Aspen meeting examined new strategies that would enhance workers' economic security while allowing employers to continue to take the steps required to keep themselves competitive. The participants considered private and public policies needed to enable all workers to:

1. join the labor force and get a decent job;
2. maintain the knowledge and skills required to keep a job; and
3. make a successful transition to new employment when a job ends.

There was unanimous agreement among the participants about the critical role that education must play in preparing young people to join the workforce. Schools need to do a better job in providing the higher-level skills that are required for many jobs. In addition to acquiring necessary skills, students need to be exposed, through mechanisms such as apprenticeships and internships, to the professions they wish to enter.

Given the ever-growing pressure for increased performance, workers need access to continuous training in order to keep their knowledge current and upgrade their job skills. Unfortunately, the average corporate expenditure per worker for training has fallen over the past decade because spending on corporate training has not expanded as fast as the total workforce. And on-the-job training is not available equally to all workers: large companies provide more training than smaller companies, and workers who have higher levels of education and advanced skills receive a disproportionate share of all training.

If workers are to remain "employable," they also need to be able to assess their skills and be trained in career management. A few pioneering companies have undertaken programs to encourage their employees to become "career resilient," which means they are ready and able to move to a new job—either inside or outside of the company—when the opportunity arises. Though initial results are promising, it is too soon to tell how satisfactory such programs are for both employers and employees.

Perhaps the liveliest topic of discussion at the Aspen Institute meeting concerned the extent to which private sector companies should be expected to provide workers with benefits that go beyond their immediate employment. There was considerable debate as to the extent to which government should take responsibility for providing essential benefits such as health insurance and pension plans if we are moving toward a world in which frequent job changes are the norm rather than the exception. There was broad agreement, however, that more needs to be done to encourage the development of local, regional, and national public-private partnerships that will ensure that all workers receive the training and other resources they need to get a job and remain employed.

The New Economy

The U.S. economy has changed in a number of fundamental ways. Perhaps most dramatically, it has become an integral part of the world economy. This country no longer has a monopoly on technical knowledge or manufacturing expertise. High quality goods can be produced virtually anywhere in the world and shipped quickly to markets where there is a demand for them. Capital flows to wherever it can earn a satisfactory rate of return.

Evidence for the reality of the global marketplace can be found in virtually every home and office in the country. They are filled with fax machines, copiers, television sets, and microwave ovens from Japan and Korea; laptop computers from Taiwan; cellular phones from Sweden; textiles and apparel from Malaysia, the Philippines, Hong Kong, Singapore, and China; fresh fruits and vegetables from Mexico, Peru, and Ecuador. We import ever greater amounts of petroleum from Saudi Arabia, Kuwait, and Venezuela, automobiles from Japan and Germany, and commercial aircraft from Europe and Brazil. In fact, the United States imports more goods than any other country in the world and has run a chronic trade deficit for more than a decade.

Global competition now extends well beyond the production of physical goods. Thanks to the proliferation of computer and communications technologies and the spread of technological know-how, information-based industries are taking root and growing rapidly around the world. For example, there are thousands of workers in India who are performing data entry for U.S. airline companies. American insurance claims are being processed in Ireland. Computer programmers and computer scientists living in the former Soviet Union are now working for U.S. firms. And one of the fastest-growing segments of the Israeli economy is made up of companies developing software and services for the Internet.

As the economies of other nations develop, they pose a greater threat to American workers. As former Federal Communications Commission chairman Reed Hundt observed, "every American must fear that their job can be taken by someone outside the United States." In fact, there are whole industry segments—particularly in manufacturing—that were once important parts of the U.S. economy that no longer exist, having been taken over by lower-wage foreign competitors.

Yet this country continues to prosper. The United States is the world's largest exporter as well as its largest importer whose performance is even more impressive when viewed in contrast to the rest of the industrialized world. Most European countries have been struggling with sluggish economies and high levels of unemployment. Japan continues to experience slow growth and the nations of Southeast Asia that seemed poised to challenge U.S. dominance in a number of key sectors have run into problems that have slowed or halted their rapid growth.

There are several reasons to account for the strength of the U.S. economy. First, the economy has proved to be remarkably resilient in restructuring itself to respond to new threats and opportunities as they arise. This change has not been directed by any governmental industrial policy that attempts to identify "winners" and "losers." Companies that have faltered have been allowed to shrink or disappear, while pools of venture capital are readily available for entrepreneurs who have good ideas for starting new enterprises. A broad movement toward deregulation has removed protections that existed in industries ranging from airlines to telecommunications and has spurred greater competition. In addition, pressure from investors to increase shareholder value has motivated even profitable corporations to become more efficient and more profitable.

Another factor that appears to be playing a role in the country's economic success is the long-heralded impact of information technology. American businesses have invested billions of dollars in purchasing computers and automating their processes. Nearly two-thirds of all American workers now use a computer as part of their jobs.[4] For many years, the tangible benefits of the massive investment in technology proved elusive, but it appears that these investments are finally beginning to pay off in increased efficiency and effectiveness, particularly in service industries where increased productivity has been especially difficult to achieve. Computer applications have become more sophisticated and companies have learned how to structure themselves to take advantage of the power of their systems.

As the world has become smaller and more competitive, the pace of change has accelerated. This speed-up is particularly evident in high-tech industries, where product development cycles grow ever shorter. In a documentary screened at the FOCAS meeting, a representative of Sun Microsystems, a manufacturer of computer workstations, summed up this trend when he noted that "most of the products that we will sell a year from now haven't been invented yet." This acceleration is not confined to high technology. Nancy Cole, president of the Educational Testing Service, noted that "the main thing that all employees are dealing with is the rate of change." She added that ETS, a nonprofit organization that had been stable for a long time, is now experiencing "drastic changes" that put stress on everyone involved.

The Changing Workforce

As the economy is changing, so is the composition of the United States' labor force. One of the most dramatic shifts is the increasing diversity of American workers (see table 1). Over the past four decades, women have entered the work force in massive numbers and now make up nearly half of the total labor force. The one wage-earner family in which one partner, typically the

TABLE 1

United States Labor Force (LF) Composition

							Projected				
	1980		**1990**		**1995**		**2000**		**2005**		**1980-2005**
	No.*	**% LF**	**No.**	**% LF**	**No.**	**% LF**	**No.**	**% LF**	**No.**	**% LF**	**Growth**
Total LF	106.9		125.8		132.3		140.0		147.1		138%
Men	61.5	57%	69.0	55%	71.4	54%	72.2	53%	76.8	52%	125%
Women	45.5	43%	56.8	45%	60.9	46%	65.8	47%	70.3	48%	155%
White	93.6	88%	107.4	85%	112.0	85%	117.7	84%	122.9	84%	131%
Black	10.9	10%	13.7	11%	14.8	11%	15.7	11%	16.6	11%	152%
Hispanic**	6.1	6%	10.7	9%	12.3	9%	14.3	10%	16.3	11%	267%

* Millions
** May be any race

Source: U.S. Bureau of Labor Statistics

wife, devotes herself to being a homemaker and mother, seems to be a thing of the past.

Among other important changes:

The labor force is becoming more ethnically diverse. Hispanic participation has been growing especially rapidly. Over the next decade, the number of working Hispanics will grow at more than twice the rate of the overall labor force. Over the past year, according to Raul Yzaguirre, president of the National Council of La Raza, fully 40 percent of all new hires were Hispanic. Demographic trends indicate that the population of this country is becoming even more multi-cultural and will eventually be one-quarter Hispanic and one-twelfth Asian.

The U.S. labor force is aging. The Bureau of Labor Statistics estimates that the number of people in the workforce aged 55 to 64 will increase from 9 percent today to 12 percent in 2005, while the number of workers aged 25 to 34 will decline over the same period from 26 percent to 21 percent of the workforce.

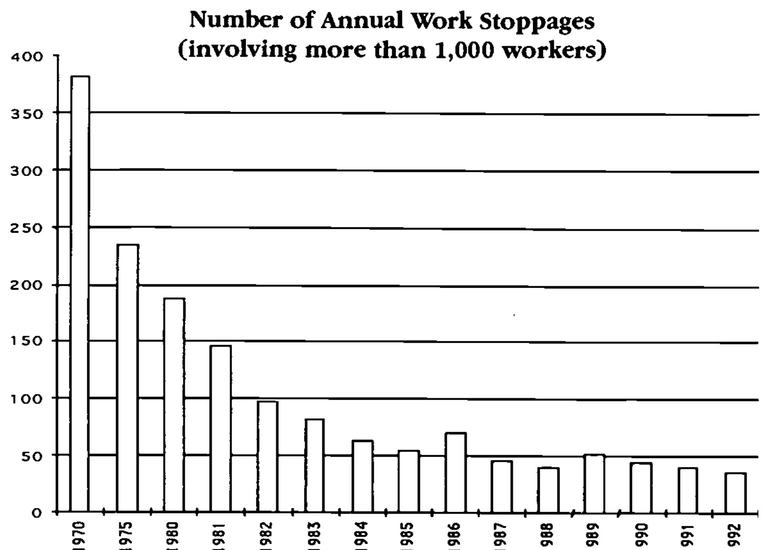
There has been a steady decline in union participation. While 23.8 percent of workers were union members in 1977, just 14.5 percent of workers belonged to unions in 1996. The diminishing strength of unions is reflected in an even sharper drop in the number of work stoppages (see figure 1). From a high in 1970 of more than 350 stoppages involving a total of more than two million workers, the number dropped to 17 in 1996 involving fewer than 200,000 workers.

Implications for Employers

These changes have brought considerable pressure on a wide range of institutions (including businesses, nonprofit organizations, and government agencies) to operate more efficiently. This pressure has had several different effects. One of the most dramatic has been the trend toward "downsizing," particularly by large corporations, that led to the elimination of some 3.5 million jobs between 1989 and 1997.[5]

Downsizing has become a populist political issue. Filmmaker Michael Moore has made a career out of his campaign against what he characterizes as corporate callousness through such things as his documentary *Roger and Me* and his more recent

FIGURE 1



Source: U.S. Bureau of Labor Statistics

book, *Downsize This!*, Moore has called for legislation that would make it illegal for corporations that are profitable to eliminate jobs.[6] Downsizing has been attacked from the right as well as the left. In the 1996 presidential election campaign a major element of Patrick Buchanan's primary campaign was his critique of what he characterized as corporate indifference to the lives of loyal employees whose jobs were being eliminated.

Critics of downsizing have called attention to the fact that it has not been confined to companies that are losing money. In some cases, in fact, companies have announced downsizing actions at the same time that they have reported record profits.

Nor is downsizing confined to corporate America. As a result of pressure to reduce expenditures and balance the federal budget, many government agencies have also gone through their own downsizing efforts. Geoffrey Cowan, currently dean of the Annenberg School for Communication at the University of

Southern California, described how he had to eliminate 250 jobs at Voice of America when he headed that agency. He noted that the task was especially difficult because many of the agency's employees had highly specialized language skills that were not easily transferable to other jobs in government or in the private sector.

Job elimination is, in fact, widespread. Nearly half of all of the large and medium-sized firms surveyed by the American Management Association in the past several years have reported job eliminations. The AMA survey found that "an increasing share of workforce reductions are not a reflection of short-term market conditions, but are strategic or structural in nature.[7] While one-third of the firms in its 1996 survey cited "business downturns" (either actual or anticipated) as their reason for eliminating jobs, more than half cited "reengineering of business processes" and two-thirds cited "organizational restructuring" as their rationale for eliminating jobs.

But many of these same firms have been creating new jobs at the same time that they have been eliminating existing ones. More than 3 million new jobs were created in 1996 alone. Although job elimination continues to be common, 47 percent of the firms in the AMA survey increased their workforce in 1996, compared to

TABLE 2

Job Creation and Elimination by Size of Company

Number of Employees	% Reporting Job Elimination	% Reporting Job Creation
<100	41%	60%
100–499	43%	74%
500–2,499	49%	71%
2,500–9,999	67%	67%
10,000+	66%	57%

Source: American Management Association

28 percent of firms that reduced their overall workforce. The net result was that the average firm's workforce grew by 6 percent between July 1995 and June 1996.[8]

The AMA survey confirms the perception that large corporations are more likely to be eliminating jobs than smaller firms. While 40.5 percent of companies with 100 or fewer employees reported eliminating jobs, nearly two-thirds of firms with 10,000 or more employees had eliminated jobs in the previous year. At the same time, it is small to middle-sized firms that are most likely to have created new jobs (see table 2).

Perhaps the most significant aspect of this trend has to do with the kinds of jobs that are being eliminated and being created. The AMA survey found that "two supervisory jobs were lost for every one created; almost three middle management jobs were cut for every one created." Middle managers were particularly hard hit: while middle managers make up just 8 percent of the total U.S. workforce, they accounted for 20 percent of all jobs eliminated in 1995–96.

The AMA report also noted that "newly created jobs required less supervisory and managerial expertise, but rather required a new range of skill sets with heavy emphasis on technological know-how." This suggests that the strongest job growth is coming from the high tech sectors of the economy and that corporations in all industries appear to be re-structuring their workforce to reduce the levels of management and take greater advantage of technology in their operations.

This trend is likely to continue, even accelerate in coming years. In a 1997 speech to the Organization for Economic Cooperation and Development, Clinton administration special advisor Ira Magaziner predicted that "millions of jobs will be destroyed around the world as businesses computerize and move onto the Internet." But he also predicted that millions of new jobs will be created as new forms of Internet-based "electronic commerce" emerge and argued that governments should not attempt to halt or slow down these developments, even though they are likely to produce the same kind of economic upheaval that took place during the industrial revolution.[9]

TABLE 3

Growth of High Performance Work Practices, 1990–1993

Practice	% of Firms 1990	1993
Employee-participation groups	70%	90%
Self-managed work teams	47%	68%
Team or group compensation	59%	70%
Employee stock-ownership	61%	71%
Knowledge-and skill based pay systems	40%	60%

Source: Ed Lawler, Susan Albers Mohrman and Gerald Ledford, Jr., *Creating High Performance Organizations,* (Jossey Bass, 1995), cited in "Position Yourself for the Future," published by the American Society for Training and Development, p. 12

As part of their restructuring efforts, many companies have adopted a range of so-called "high performance" techniques in an attempt to achieve greater flexibility and responsiveness. These strategies are intended to involve workers more deeply in a company's business and give them greater responsibility across functional lines. Some of the techniques involve replacing hierarchical structures with ad hoc "teams" that are created to take on specific projects or problems. Others are designed to tie workers' compensation to the performance of their team or the company, or to reward them for acquisition of new knowledge or skills (see table 3).

Companies have also been making greater use of part-time and temporary workers to lower operating costs and increase their flexibility. These alternatives now represent a substantial part of the total workforce. A recent study found that 34 percent of all female workers and 35 percent of all male workers were not in regular full-time jobs.[10] Although many who work part-time or in temporary jobs do so by choice, these jobs often lack the benefits and security that full-time workers enjoy. The use of part-time workers was one of the key issues in the 1997 strike by the Teamsters Union against the United Parcel Service. The strike settlement included an agreement by UPS to convert several thousand part-time workers to full-time status. Nevertheless, the broader trend is in the direction of more, not less, reliance on part-time and temporary workers.

Another increasingly popular strategy for keeping corporate operations lean is to "outsource" functions that are not considered to be part of firms' core competencies. Traditionally, relatively low-level jobs that are peripheral to a company's business operations, such as maintenance, security, and food services, have been outsourced most often. But some companies have begun to outsource higher-level jobs as well. Gerald Levin, chairman and CEO of Time Warner, Inc., explained that his company had recently outsourced its internal auditing function, in part because the company recognized that it could not offer an attractive career path for employees in this role.

There is evidence that outsourcing is an effective technique for improving corporate performance: A 1993 study by Coopers and Lybrand found that firms that outsourced had revenues that were 22 percent higher than those that did not, and had growth rates that were 5.2 percent higher.[11]

Implications for Employees

As a result of strategies such as downsizing, restructuring, and the use of high performance work teams, part-time, and temporary workers, and outsourcing, American corporations have performed extremely well and achieved record levels of profitability, even in the face of intense global competition. The performance of the stocks of these companies have reflected their success, and have created substantial wealth for their owners. The top executives who are leading these companies have also seen their compensation soar to record levels.

But the typical wage-earner has not shared equally in this prosperity. David Gergen, editor-at-large of *U.S. News and World Report,* observed that while the Dow Jones average has doubled in the past five years and executive pay has gone up dramatically, the average worker's pay has increased by less than 10 percent—not enough to keep up with inflation. In fact, the average hourly wage for American workers reached an all-time peak in 1973, and has declined steadily (in constant dollars) since then.

Not only have workers failed to share fully in the country's prosperity, they have been subjected to a variety of new demands to improve their performance if they are to keep their jobs at all. As competition and the pace of change continue to increase, workers find themselves under ever-greater pressure to keep up, a bit like Alice who found that in the looking-glass world, "it takes all the running you can do to keep in the same place."

These pressures are particularly intense in high-tech industries where, according to Curtis Plott, president of the American Society for Training and Development (ASTD), "the knowledge life of an engineer is approximately three years." The harsh reality of this new environment for employees is summarized by Rosabeth Moss Kanter in her book *World Class: Thriving Locally in the Global Economy:*

> Because of constant change, many companies want newer knowledge more than the benefits of long experience with the company. If forced to choose between loyalty and learning, they would take learning. This is a matter not just of costs (newer, younger people cost less in wages and benefits), but also of assumed flexibility to keep up with rapidly changing fields.[12]

Kanter's observation is supported by the Public Policy Council of the ASTD which recently reported that in discussions with representatives of its member companies, "the terms 'adaptive' and 'flexible' recurred most often . . . [and] the ability or 'agility' to learn and adapt is increasingly the most important workforce quality [for employers]."[13]

The threat that they might lose their jobs is, of course, a source of great anxiety for workers. As the data cited above demonstrate, the current low unemployment rate masks the fact that millions of jobs have disappeared even while millions more have been created. This may be healthy from a macroeconomic perspective, but it can be hard, even brutal, on the individuals who make up these statistics.

Figures compiled by the U.S. Department of Labor on what it calls "displaced workers" document the impact that job loss can have. The Department's Bureau of Labor Statistics defines displaced workers as "persons 20 years and older who lost or left jobs because their plant or company closed or moved, there was insufficient work for them to do, or because their position or shift was abolished."[14] From January 1993 through December 1995, a total of 9.4 million people—or more than eight percent of the total U.S. workforce—were "displaced" from their jobs. During this period, 4.2 million workers were displaced from jobs that they had held for less than three years, while 5.2 million workers lost jobs that they had held for more than three years.

Thanks to the country's robust economy, most of these workers were able to find other jobs. But not all. Among the 4.2 million "short tenure" workers who lost their jobs in 1993–1995, 13 percent were still unemployed when they were surveyed in early 1996.

The impact of "job displacement" does not fall equally on all workers. Those with minimal skills, or those with narrow, highly specialized skills, are more likely to have difficulties. Displaced workers living in rural areas with relatively few job opportunities are more likely to have problems finding other employment. And older workers who lose their jobs are often less able to find other employment. While 79 percent of displaced workers aged 25 to 54 were able to find other employment, only 52 percent of workers aged 55 to 64 had found new jobs, and just 32 percent of displaced workers over age 65 were re-employed. Even among those who did find new full time jobs experienced an average decline in wages of 37 percent.

The pervasiveness of downsizing and restructuring means that few if any workers feel totally secure in their jobs. John Epperheimer, who at the time of the conference was executive director of corporate services for the California-based Career Action Center, asserted that "corporate downsizing has created a gulf between workers and the company."

Redefining the Employer-Employee Relationship: A New Social Contract?

The discussion in Aspen started from the premise that a "social contract" has traditionally existed in this country between employees and their employers. The contract was, in fact, more implicit than explicit, and represented an ideal that was not always realized.[16] But it provided employees with a measure of security and gave employers confidence that they could count on the loyalty of their employees.

Many factors were in place to make the old contract work. While the U.S. economy was expanding rapidly, the hierarchical structure of organizations allowed for such a contract. Management was not in a position to demand as much flexibility in the workplace as it can today, which allowed for more "slack" in the system. Jobs themselves did not change very rapidly. With less competition (for both markets and capital), companies could afford to provide generous benefits. There was competition for labor, however, and attracting highly qualified employees was often a matter of who offered the best package.

Cultural factors came into play as well. With a relatively homogeneous workforce, there was a sense that everyone had an equal chance to advance if they worked hard enough. Professional success typically came from dedicating years of work to one company and moving up the corporate ladder. Employment with one company was often part of an overall sense of security, and workers enjoyed the sense of well-being that came from spending an entire career with one company.

In addition to the contract between employers and their workers, a second-level contract (also implicit) existed between companies and the communities in which they operated. It was based on the premise that the benefits of work extend to the communities in which workers lived and that all members of a community shared an interest in the success of its businesses and its workforce. Communities would often take steps to accommodate businesses, and, in return, firms would commit to stay in the community.

All of the factors cited above—the rise of global competition, deregulation, the impact of technology, an increasing rate of change, and the changing demographics of the workforce—have helped to make the old contract increasingly untenable. Driven by relentless pressure to perform, employers have abandoned their paternalistic ways and done what they have had to do to remain competitive, including cutting nonessential jobs and moving away from any sort of long-term commitment to their employees.

Public concern about the issue of job elimination has been driven to a great extent by the experiences of white collar, better educated and predominantly male workers who have lost jobs at unprecedented rates in recent years. But for virtually all workers, job security and company loyalty have become political, social, and economic issues.

Moreover, the impact of these competitive forces is not confined to the United States. Yotaro Kobayashi, chairman and CEO of Fuji Xerox Co., Ltd. of Japan, described the changes to the relationship between workers and companies that are taking place in his country. He explained that the so-called "Japanese model" that was based on a promise of lifetime employment in return for complete loyalty to one's employer has been operating only since World War II. The overriding goal of the model was to make Japan competitive in world markets and gave low priority to the interests of shareholders. Because they were supported by local capital, Japanese companies were able to operate with lower levels of profitability.

But conditions are beginning to change in Japan. Younger workers are more interested in rapid advancement than in lifetime security. With the influx of foreign capital, companies are expected to earn higher rates of return. They recognize that they will have to restructure in order to increase their profitability and that unemployment will have to rise if the Japanese economy is to remain competitive in attracting foreign capital.

Mr. Kobayashi noted that similar changes are beginning to take place in Europe as well. But no new "general model" has yet emerged to redefine the relationship between employers and employees. All across the industrialized world, it seems, workers and companies are searching for a new model that will be acceptable to all stakeholders. The FOCAS meeting explored what the elements of such a new model might be.

The search for a new model must contend with a challenging paradox: on one hand, many companies are recognizing that the quality and commitment of their workers are more crucial to their success in a competitive environment that is fast-moving and technology-intensive. On the other hand, as companies strive to respond to the rapidly changing demands of the marketplace, it is difficult for them to offer the kinds of generous benefits or long-term security that have traditionally provided the basis for securing the loyalty of employees.

Workers, according to John Epperheimer, want to be committed to their employers, but they are looking for a new basis for that commitment. Time Warner's Gerald Levin responded by suggesting that companies need to find a way to win the loyalty of their employees in the short run without making a promise of lifetime employment.

One potential model for a new social contract is based on replacing the promise of long-term *employment* with a promise that companies will do their best to keep their workers *employable*. As described in a 1994 article in the *Harvard Business Review* by Robert H. Waterman, Jr., Judith A. Waterman, and Betsy A. Collard, this new model is based on cooperation between employers and employees to create and sustain a "career-resilient" workforce. This means that companies and their workers will:

> share responsibility for maintaining—even enhancing—the individual's employability inside *and* outside the company . . . employers give individuals the opportunity to develop greatly enhanced employability in exchange for better productivity and some degree of commitment to company purpose and community for as long as the employee works there. It is the employee's responsibility to manage his or her own career. It is the company's responsibility to provide employees with the tools, the open environment, and the opportunities for assessing and developing their skills. And it is the responsibility of managers to show that they care about their employees whether or not they stay with the company.[16]

FOCAS participants found much that is appealing in this new model, but they were not prepared to embrace it wholeheartedly as a replacement for the older model. They identified several issues that need to be addressed.

First, they were concerned that the new model might be more appropriate for some types of employees but not for others. James Barr, president and CEO of TDS Telecom, explained that his firm's workforce includes two very different types of people. Employees in rural areas typically want to do the jobs for which they have been trained and then be "left alone." Keeping their jobs is important to them, but they are likely to quit rather than accept major changes in their work. Younger workers living in more urban locations are more flexible. They are open to change and eager to get involved with "something exciting." TDS is working hard to find ways to accommodate both types of workers. Lloyd Morrisett, former president of the John and Mary R. Markle Foundation, supported Barr's point by noting that even young people who change jobs frequently are "looking for a structure they are compatible with." Once they find an organization that offers such a structure, they are often reluctant to leave.

A second issue had to do with how well companies can maintain the morale and loyalty of their employees if they no longer offer the prospect of long-term job security. Geoff Cowan described the results of a study of employees of a major corporation. The study's authors expected to find that women who were returning to work would find re-entering the workforce highly stressful. Instead, they found that "work was like family" for these women, and that they experienced the loss of their jobs "almost like a death."

If a company cannot offer its employees everything they would like, including complete security, what must it offer to maintain their commitment? Raul Yzaguirre commented that the two things that are most important to workers are recognition for their contributions and a sense of fairness in how they are being treated. Gerald Levin added that employers need to understand that many workers look to their jobs to provide them with a sense of identity and self-esteem. Dealing with these emotional elements of a job will be critical if we are to move toward adopting a new model based on employability.

A third issue had to do with employers' concerns about their continued ability to retain key workers in an environment in which workers feel as free to leave jobs as companies do to lay them off. James Barr noted that his firm has a group of key employees working on resolving the company's "Year 2000" problem.[17] Because the problem is widespread in corporate America, competition for programmers skilled in dealing with the problem is intense. Therefore, TDS Telecom's workers were offered a special package of benefits and financial incentives to encourage them to stay on the job until it is completed.

A final issue focused on the ability of workers to retain critical benefits (e.g., health insurance, disability, pensions) in a world in which part-time work, frequent job changes and recurring periods of unemployment are increasingly common. The question arises as to whether it still makes sense to tie benefits directly to employment, or whether the government (or some other third party) would be a more appropriate agency to provide benefits.

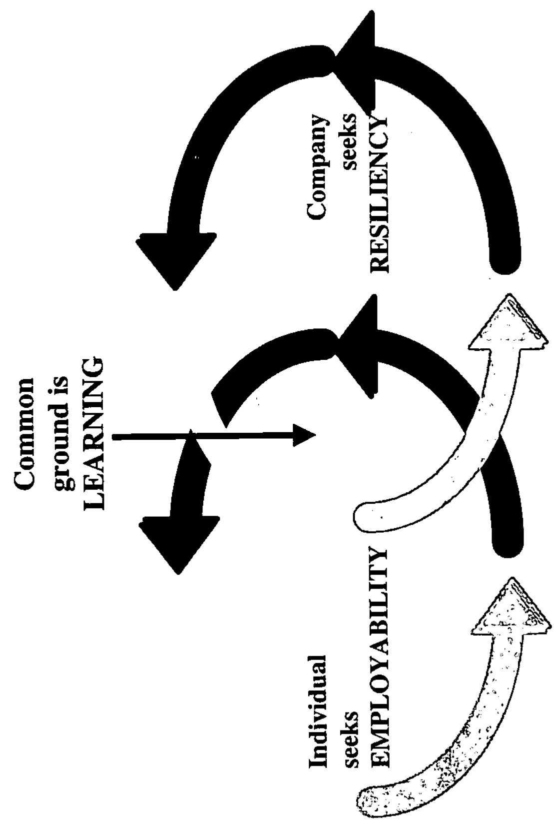
Much of the discussion centered on the one factor that everyone agreed is vital to ensuring workers' employability: education. It was seen as critical both in terms of preparation to enter the workforce and in continuous learning throughout one's work life. These issues are explored in the following sections.

Learning and Employability

If employers are to share the responsibility for ensuring their workers' "employability," they will have to take a much greater role in providing their employees with on-going training (including training in career management). But an expanded role for employers in training does not absolve the schools of their responsibility to prepare students to enter the workforce and to make their way in a world of rapid change. Charles Firestone, director of the Aspen Institute's Communications and Society Program, pointed out that prior level of education is the strongest determinant of who develops more skills.

FIGURE 2

Seeking Common Ground



Source: John Epperheimer, Career Action Center, 1997

The Role of Education

The evidence that documents the linkage between education and later success in working is impressive. Consider the following 1994 data from the U.S. Department of Education that quantifies the value of high school graduation in terms of both employability and salary:[18]

- 30 percent of recent high school dropouts were unemployed, compared to 20 percent of recent high school graduates.
- 74 percent of males and 57 percent of females aged 25–34 who completed high school were working full-time, while 58 percent of males and 41 percent of females without a high school diploma were working full-time.
- The median annual salary of males without a high school diploma was just 68 percent of high school graduates. Median annual salary for female non-graduates was 58 percent of those who graduated from high school.

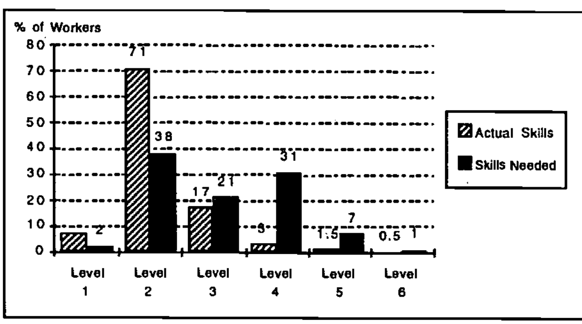
Department of Education data also show that, as the world of work has grown more complex and demanding, going beyond high school to get a college education has become increasingly important:[19]

- In 1994, males aged 25–34 who graduated from college earned 52 percent more than high school graduates; those who attended some college but did not graduate earned 14 percent more. For females aged 25–34, college graduates earned fully 86 percent more than high school graduates, and those who attended some college earned 20 percent more.
- College has become relatively more important over time in assuring employability: while more than 90 percent of 25–34 year olds who graduated from college have been employed over the period from 1971 to 1995, employment among high school graduates in the same period fell from 94 percent to 87 percent. In the same period, the percentage of 25–34 year olds who have not graduated from high school that are employed fell from 88 percent in 1971 to 72 percent in 1995.

But how adequately are students being prepared for the new world of work that they will be entering? The existing data are not as reassuring on this score. A 1991 study reveals a substantial mismatch between the actual skills of new workers (i.e., 21- to 25-year-olds entering the job market) and the skill levels that will be required in new jobs created in the period from 1985 to 2000 (see figure 3). More than half of all new jobs will require such higher-level skills as the ability to read journals and technical manuals as well as the ability to write business letters, journal articles and

FIGURE 3

The Job Skills Gap, 1985–2000
(actual skills of new workers vs. skills required for new jobs)



LEVEL 1 - Reading vocabulary of 2,500 words and reading rate of 95-125 words per minute. Can write simple sentences.

LEVEL 2 - Reading vocabulary of 5,000 words and reading rate of 190-225 words per minute. Can write compound sentences.

LEVEL 3 - Can read safety rules and equipment instructions and write simple reports.

LEVEL 4 - Can read journals and manuals, and write business letters and reports.

LEVEL 5 - Can read scientific and technical journals and financial reports, and write journal articles and speeches.

LEVEL 6 - Same skills as Level 5, but more advanced.

Source: U.S. Department of Labor

reports. Yet less than one-quarter of new workers are entering the job market with these skills.

The FOCAS participants agreed that schools need to do more than simply provide their graduates with specific technical skills. Perhaps the most important skill that students need to prepare themselves for what lies ahead is to "learn how to learn." According to Baltimore Mayor Kurt Schmoke, "students need to learn from an early age that the only constant is change." Unfortunately, he added, the "K–12 education system is not doing a good job of teaching this lesson."

Preparing to enter the world of work involves much more than simply acquiring the right set of skills and information. Work, according to Peter Henschel, executive director of the Institute for Research on Learning (IRL), is a social process that takes place within "communities of practice." These communities exist in fields ranging from skilled crafts such as plumbing and carpentry to high-level technical professions such as medicine and engineering. To enter one of these professions, students needs *access* to the places where these professions are practiced. Without access to these communities, students will never learn how they operate and how one is supposed to behave as a member. This kind of learning does not come out of a textbook or happen in a classroom (unless a student is preparing to become a teacher). This is why field work, internships, and apprenticeships are so important.

Asa Briggs, founder of the British Open University, added that another critical skill for workers today is a "spirit of enterprise" that will allow them to understand how business works and to manage their own careers effectively. This, too, is a skill that it not generally taught by public schools. If it is to be taught effectively, it will require a change in the attitude of teachers and in their relationship to business.

If higher education is necessary to assure employability, then the question of who has access to education becomes increasingly important. John Clippinger, CEO of Context Media, pointed out that state-supported schools have historically provided a pathway to good jobs. If access to higher education is restricted, the disadvantages of the disadvantaged will be perpetuated. Raul Yzaguirre expressed great concern about the impact of the escalating cost of going to college. Even community colleges, which have been promoted as providing the most democratic form of higher education, are becoming more expensive

Lester Crown, chairman of Material Service Corporation, also worried about the gap between the haves and have-nots in terms of education. He raised the difficult problem of how to deal with those who "do not want to learn." What do we do as a society about kids who grow up in difficult circumstances or in homes with no books where education is not valued? There are few easy answers.

Government Training Programs

Once students leave the school system, either as drop-outs or as graduates, government-funded training programs represent the last public resource to prepare them for work.[21] When schools fail to prepare students adequately to make the transition to work, training programs are supposed to help job seekers to bridge the gap.

The federal government has undertaken a number of initiatives to improve this kind of training. In 1994, for example, Congress passed the School-to-Work Opportunities Act that supports the creation of new programs designed to help students make the transition from school to work. The Act provides schools with funding to develop a sequence of courses in a specific field that will prepare students for work or for postsecondary education. The programs are required to include work-based learning as well as school-based learning along with "connecting activities" to link the two.

But even though the federal government provides a substantial amount of money to support a variety of training programs, these programs are often not well-organized or particularly effective:

> Currently, there are approximately 163 [federally-funded] job training and employment programs dispersed over 15 agencies with an annual price tag of $25 billion. . . . Within the 15 department and agencies, 40 interdepartmental offices channel funds to state and local program administrators. Each office

> provides staff and incurs costs, and most agencies do not know if their programs are really helping individuals find jobs. . . . Collectively, they form a fragmented and redundant system. The result [is] confusion and frustration among clients, employers and administrators.[22]

On-the-Job Training

When the skills of new workers do not match the requirements of the jobs for which they are hired, it is up to their employers to provide the training they need to acquire those skills. Employers also need to provide their workers with the ongoing training that they need to keep their knowledge and skills current. If "continuous learning" is a necessity for an ever-growing portion of the workforce, companies will have a greater responsibility to provide effective training for their employees.

Corporate training is already a major enterprise in its own right, according to the ASTD's Curtis Plott. A total of $55.3 billion is being spent annually on formal corporate and organizational training—or approximately $420 per year for each worker in the labor force. This amount includes $26 billion in direct training expenses, and $29 billion for the salaries and benefits of workers receiving training. Although the total amount of money spent on corporate training has increased by $8 billion (or 17 percent) in the past 12 years, the total labor force grew by 24 percent, meaning that the average amount spent per worker on training has declined over this period.

One hopeful trend is the increasing use of technology to deliver corporate training more efficiently. While 70 percent of all formal training is still provided via traditional classroom instruction, the use of technology-based delivery systems has begun to grow rapidly.[23] This includes the use of computer-based training systems, televised distance learning, and online interactive training programs delivered via the Internet. Eventually, a substantial portion of formal training is likely to be individualized interactive instruction delivered on-demand at the worker's desktop.

Who Gets Trained?

There are also problems with the unequal distribution of training within companies. Those who already have more are likely to get more. Workers with higher levels of previous education, for example, are more likely to receive training than those with less prior education. Fully 70 percent of all training goes to workers in managerial, professional, and technical positions.

Where one works also makes a significant difference in determining the likelihood of receiving formal training. The most progressive companies in the country currently spend as much as 5–6 percent of their payroll on training, compared to an average of less than 2 percent among all companies, according to Curtis Plott. The amount spent on training per employee tends to rise with the size of the company. A survey done by the Bureau of Labor Statistics found that business establishments with 500 or more employees spent an average of $236 per employee in 1995, while business establishments with under 100 employees spent just $52 per employee for training.[24] The result of this discrepancy is that as much as half of the U.S. workforce does not have access to the formal training resources that big companies can offer. This is particularly problematic since the most dynamic growth in the economy is among small to medium-sized companies.

Fortunately, formal training represents only part of the picture. Nancy Cole of ETS noted that much of the information that workers need to succeed is not formal and is difficult to capture and put in a formal training system. In fact, total expenditures on informal training, though more difficult to track, are probably five to six times greater than the amount spent on formal training.

Informal training takes many forms. It can involve a manager introducing new workers to their duties, or the sharing of information among peers on how to carry out a particular task. There is some evidence that workers in smaller companies receive more informal training compared to those in larger companies, which makes up in part for the discrepancy in the amount of formal training they receive.

The FOCAS participants agreed that traditional forms of training may not be sufficient to create and sustain a truly "career resilient" workforce for the future. IRL's Peter Henschel described how, when he first began examining the issue of training, he assumed that technology would provide the most effective answer. But he eventually concluded that the nature of a corporation's culture was more critical in determining how workers learn and acquire new skills.

The closer that learning is to the actual workplace, the better the results. In a world in which the need for learning is continuous, training must be "embedded" in work, Henschel asserted. To move in this direction, companies need to recognize that people are natural learners, and support and reward people for being peer coaches and mentors. Managers need to support people who build "learning communities" within their organizations. Most corporations will have to change their cultures substantially to achieve these results. For example, employees in most traditional organizations have learned to "horde knowledge" to protect their positions. If companies are going to move toward continuous learning, they will have to encourage much more "knowledge sharing" among employees.

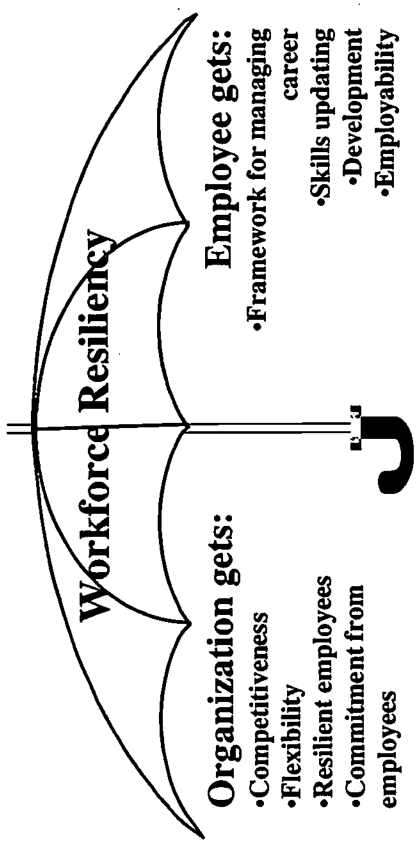
While these changes may be inevitable, questions remain about how well workers will be able to adapt to them. Nancy Cole expressed concern that workers from educated backgrounds will find it easier to fit into a "learning organization" than those from less privileged backgrounds. Yotaro Kobayashi raised a similar concern in the form of a question: How much does a company owe to a hard-working, honest, "average employee" who is not a "superstar?" What does it mean to treat a worker like this fairly?

New Initiatives, New Proposals

In the final session of the FOCAS meeting, participants explored initiatives intended to improve workers job skills and promote their "employability." These included private sector initiatives, public-private partnerships, and new national initiatives.

FIGURE 4

Benefits to All



Source: John Epperheimer, Career Action Center, 1997

Corporate Initiatives

A number of companies, many of which are in Silicon Valley, have begun to put the new model that focuses on "employability" into practice. Key ingredients of these programs include:

- Opportunities are provided for employees to assess their skills and interests so that they can identify the types of jobs for which they are suited.
- Employees are able to "benchmark" their skills and gain access to up-to-date information on job opportunities inside and outside the company.
- Companies provide employees with continued training that allows them to keep their skills current.
- Companies are willing to support "no-fault exits" by employees who decide to leave to pursue more attractive alternatives at another company.

John Epperheimer described how the Career Action Center (CAC), based in Cupertino, California, has collaborated with a number of companies in Silicon Valley to establish "career resilience programs" for their workers. Starting in 1991, CAC has designed and staffed a pioneering career resilience program at Sun Microsystems, and has helped to establish similar programs at Advanced Micro Devices, Apple Computer, IBM, Monsanto, Raychem, and TRW.

Benefits to the organizations that have established such programs include greater competitiveness and flexibility, and a workforce that is more resilient and more committed to the company, despite the lack of long-term security. Benefits for employees include a framework for managing their careers, opportunities to update skills and develop new skills, and enhanced "employability" both inside and outside the company.

Most, but not all companies involved in these programs are in high technology industries. In 1991, for example, General Motors created its "Work to Work" program when it found itself dealing, simultaneously, with shortages in certain occupations and the need to eliminate other jobs. The program provides workers with

Career Resilience Program at Sun Microsystems

Sun Microsystems is a maker of computer workstations based in Mountain View, California. Since it was founded in 1982, it has grown into a company with over 15,000 employees and annual revenues of more than $6 billion. In the early 1990s, the company found itself dealing with the need for frequent re-organizations that often involved eliminating certain jobs while creating new jobs. In 1991, Sun introduced a "career resilience" program developed in partnership with the nonprofit Career Action Center (CAC). Staff from CAC set up centers at four corporate locations to provide Sun employees with "career fitness counseling" and training at four corporate locations. The centers' services include opportunities for self-assessment, information about jobs available both inside and outside Sun, and professional development workshops and one-on-one counseling in career skills such as resume writing and interviewing skills.

Sun believes that the program helps the company as well as individual employees. According to a Sun official, "If people manage their careers effectively, they are going to continue to contribute to our organization for a longer period of time than they otherwise would have. We think that [the program] will drive turnover down and productivity levels up."

Source: Robert H. Waterman, Jr., Judith A. Waterman, and Betsy Collard, "Toward a Career Resilient Workforce," *Harvard Business Review*, July–August, 1994, pp. 87–95.

opportunities to be trained in new skills to qualify for new positions (see sidebar).

Public/Private Partnerships

Many of the most innovative training programs have been developed as public/private partnerships. When he was elected mayor, one of Kurt Schmoke's first actions was to announce that his goal was to make Baltimore "the city that reads." He knew that he couldn't rely entirely on the schools to achieve this goal, nor on businesses in the city. So he helped create the Baltimore Literacy Corporation, a public/private partnership that focuses on promoting adult literacy. Many of the city's leading citizens got involved: the publisher of the city's biggest newspaper serves as the corporation's chair, and Cal Ripken helped establish the Ripken Learning Center. The ultimate goal of the initiative is to boost employment by upgrading the skills of the city's labor force. Even in the short run, the city's visible commitment to lifelong learning has helped to attract new businesses to the city.

This initiative was followed by a campaign called "Employ Baltimore." While Mayor Schmoke understood that "the best employment program is a job," he recognized that he did not have the ability to create jobs. The city established centers that were equipped with computers with access to information on available jobs, but local companies had to be persuaded to provide the job listings. The city has also contracted with non-profit organizations to provide job training and has put them on performance-based contracts that links payment to their success rate in getting people into jobs. Finally, Mayor Schmoke described a private-sector initiative called "Law Links" through which law firms in the city recruit high school students as interns. Even though most of the participants have not gone on to careers in the law, he is convinced that the exposure to a world of professional work that the program provides has had a positive impact on their lives.

Mayor Schmoke cited a 1995 *Harvard Business Review* article by Michael Porter, "The Competitive Advantages of the Inner City," which he described as having had a profound effect on the corporate view of cities.[25] Porter begins by arguing that we need to recognize that "the efforts of the past few decades to revitalize the inner cities have failed." These past efforts, which were based on a "social model" that involves government grants and charitable contributions intended to help individuals or groups, have not been able to create a "sustainable economic base" in the inner cities. What is needed, according to Porter, is for businesses to look at inner cities not as candidates for corporate charity but as opportunities for profitable investment.

Work to Work Program at General Motors

General Motors' Work to Work program offers employees in certain GM units an opportunity to learn news skills in occupations with a shortage of workers. In one instance, after GM outsourced much of its security operations, security officers were eligible to enroll in a two-year technical education program in vehicle design at Macomb Community College. In another example, employees from finance, engineering and corporate service staffs—ranging in age from 35 to 69 and with an educational range from high school to graduate degrees—completed a two-year associate degree program in engineering technology at Oakland Community College. As of 1996, 152 employees have completed various programs and are working in new jobs.

The program is open to any employee whose department is slated for downsizing and is willing and able to pass a testing and selection process, to attend the program full-time and commit to working in the new job for the length of time of the program (usually two years). GM established an advisory council for each college or university in order to ensure that the employees are being taught the skills required for the new job. Initial programs were customized for the GM employees, but more recent ones have included employees in regular course schedules.

GM's Work to Work program demonstrates the fact that simple skills upgrading may not be enough to maintain employment as the importance of various occupations shifts, and that high levels of commitment are required from both employers and workers to successfully acquire new skills for new jobs in the workplace.

Source: *Responding to Workplace Change,* Washington, D.C.: American Society for Training and Development, 1997.

Porter acknowledges that inner cities have real disadvantages that make it difficult for companies to operate there profitably. In order to be successful, businesses need to understand the characteristics of inner cities that differentiate them from other locations and represent their "competitive advantage." The four main advantages of inner cities identified by Porter are: strategic location, local market demand, integration with regional business clusters, and the availability of human resources. To exploit these advantages, Porter calls for a new attitude on the part of business, government, and non-profit organizations that focuses on creating the conditions for businesses to thrive in the inner city.

While these ideas are still relatively new, a number of other cities and regions have developed innovative programs based on public-private partnerships. David Gergen noted that the country's mayors are on the cutting edge of a new approach to working with businesses to improve education and employment in their communities. Several states, including Florida, Massachusetts, and Wisconsin have also launched initiatives to provide training and career development services in order to upgrade the workforce and expand opportunities for employment, and AT&T has helped organize a consortium of companies, nonprofit organizations and government agencies to promote "career continuity" for its workers (see sidebar).

National Initiatives

In addition to identifying regional strategies designed to improve the employability of local residents, the FOCAS meeting also explored a number of national initiatives that would support workers throughout careers that will require continuous learning and are likely to involve multiple employers.

Participants agreed that new models of "social enterprises" are needed that operate in a business-like way but that are not driven purely by financial criteria. These enterprises would serve social needs, but would be able to raise capital by promising a return on investments. David Britt, CEO of Children's Television Workshop, proposed that we can create viable markets—for example, for job training—out of social problems. Unfortunately, AT&T has formed the Talent Alliance, a coalition of business firms, trade associations, nonprofit organizations, academics, government representatives, and professional service leaders. Members of the coalition include DuPont, Johnson & Johnson, GTE, Lucent Technologies and TRW.

AT & T Talent Alliance

The Alliance is committed to fostering universal employability, career continuity and personal security that will benefit both employees and employers. The Alliance intends to implement its mission by equipping employees with the skills needed to succeed in the existing and future marketplace. This collaborative model is designed to promote employability across industries.

To that end, the Talent Alliance has developed four programs: Futures Forum will research, develop and communicate policy recommendations on future skills needed in specific industries; Career Growth Centers will enhance the employability of individuals through online and on-site career planning and counseling; *Training and Education initiatives* will provide individuals with access to best-in-class training and education opportunities through a variety of media; and *Job-Applicant Matching System* will match applicants with available positions from member companies.

These programs will enable employees at every stage of their careers to take tests concerning personality and career skills; answer questionnaires about interests and career plans that can help them focus on their goals; and utilize career planning services. The alliance will then match employees with appropriate training and education programs available through member contacts and outside vendors.

Career counselors will be available via a website or in locations across the country. Bulletin boards and chat groups will be formed around career issues. The job-matching system will enable workers to move between member companies.

Source: *Responding to Workplace Change*, Washington, D.C.: American Society for Training and Development, 1997.

Integrating Workforce Development and Economic Development in Portland, Oregon

Between 1980 and 1990, Portland, Oregon, experienced significant declines in employment levels, average wages and per capita income. In 1988, the mayor of Portland and the governor of Oregon convened a group of business, labor, education, and government leaders who were charged with developing a long-term plan to reshape the city's and state's economies. The effort resulted in a 20-year strategic plan calling for an increase in jobs and incomes through a diversified economy maintained by the creation of a world-class workforce.

Linking economic and workforce development in Portland has involved using economic development tools such as incentives to create new jobs for which a range of skilled workers are needed. The second step involved the delivery of these jobs to local workers through binding, enforceable agreements. Portland requires businesses that benefit from city investments to hire through its job training program. Through such first source agreements, the city targets job recruitment to its unemployed and underemployed residents.

To build labor force skills, the Portland Development Commission established industry-wide consortia of firms and community colleges to jointly develop curricula to ensure that graduates are prepared to enter the workplace.

The Portland Development Commission is collaborating with businesses and other organizations to guarantee that hiring and training strategies are supported. For example, they work with the local transit authority to realign bus schedules with plant shift changes and community child care providers to ensure that child care is available during all work shifts.

Source: *Responding to Workplace Change,* Washington, D.C.: American Society for Training and Development, 1997.

Formed in 1992 by the Florida Legislature, Enterprise Florida is a public/private partnership to pursue a market driven approach to creating high-wage jobs.

The board of Enterprise Florida is chaired by the governor and includes members of the state's private sector, legislative leaders, and representatives of key government agencies. Funding is derived from both public and private partners and reflects significant financial support and in-kind contributions from Florida's businesses.

Enterprise Florida

The Enterprise Florida Jobs and Education Partnership is a not-for-profit corporation that focuses on creating and maintaining a highly skilled workforce. It works with community colleges, vocational-technical centers and private industry councils to redirect resources to targeted occupations and designated populations. Targeted occupations have been identified through an Occupational Forecasting Conference. Occupations chosen are higher paying, demonstrate growth and stability, and do not require a bachelor's degree. The selected populations represent individuals who are currently receiving public assistance, individuals who are disabled or have been displaced from their jobs and/or who have limited English language proficiency.

The partnership coordinated the Quick Response Training Program that provides grants for customized training at community colleges and technical center for companies seeking to relocate to Florida and companies wishing to expand their operations in the state.

Source: *Responding to Workplace Change,* Washington, D.C.: American Society for Training and Development, 1997.

current tax laws work against such hybrid approaches, and will need to be changed to encourage initiatives of this kind.

Another area where changes in the tax law could help would be to provide companies or individuals with tax credits for job training and continuing education. Peter Henschel noted that the Swedish government is experimenting with providing tax credits that allow employees to "repot and retool" when they need to upgrade their existing job skills or acquire new skills that will enable them to move into a new job.

A more far-reaching proposal considered at the meeting was for the creation of Education Management Organizations, or EMOs, that are modeled on Health Maintenance Organizations (HMOs). An EMO would collect an annual fee from its members. In return, it would offer them access to a range of educational services that could be used as needed. Payment would include matching employer contributions as well as individual contributions, and might be offered as an additional employee benefit.

An EMO provider could be a college or university or a consortium of colleges and other institutions that understand the skill- and knowledge-needs of the local and regional economies. Unlike traditional educational services, where individuals pay on a per-credit basis, thereby creating a disincentive for taking more credits, an EMO would encourage greater learning by moving the measure of cost away from a per-credit basis toward a per-person basis. An EMO would, in effect, provide education insurance that offers employees with a measure of security that they will be able to update their skills as needed in a continually changing and sometimes risky environment.

A proposal from David Gergen addressed the issue of preparedness for entering the workforce. He argued that we need to create a national sensibility that no one should leave school without an employable skill. He recalled that the United States had a peacetime compulsory draft that operated in the period from the Korean War to the Vietnam War. During that time, millions of young Americans served in the military, and many of them acquired valuable skills that helped them when they re-entered the civilian job market. Today, in large part because of the reduction in the overall size of the armed services, only a small

Corporation for Business, Work, and Learning

In 1996, Massachusetts Governor William Weld and the Massachusetts State Legislature formed the Corporation for Business, Work, and Learning (CBWL). The CBWL provides services that promote business modernization, economic growth, and opportunities for employment. It provides services to youth and adult workers, small manufacturers and public sector agencies. Services include: educating, training, and motivating individuals to maximize their productive potential in the workplace; working in partnership with companies, entrepreneurs, and industry groups to improve competitiveness; and designing, testing, and disseminating new approaches to manufacturing, business operations, program delivery, teaching and learning to influence the practices of industry, education and government.

Some key CBWL programs include: *Center for Youth Development and Education (CYDE)*: The center acts as a laboratory for developing innovative programming for the future workforce. It has created community based school-to-work programs; *Re-Employment Assistance Program (REAP):* This program provides employment and training services to companies and their workers in cases of mass layoffs or closings. Rapid Response Teams work with companies and unions to design effective plans and deliver on-site services prior to layoffs or shut-downs; *The Institute for Workforce Innovation:* This unit provides training and development services to front line staff in the Worker Assistance Center network to improve the quality of services received by dislocated workers. The same services are offered to managers and staff of public and nonprofit agencies.

Finally, the CBWL has been asked to take over the commonwealth's Job Training Partnership Act funds and employed worker training programs.

Source: *Responding to Workplace Change,* Washington, D.C.: American Society for Training and Development, 1997.

percentage of young people serve in the military. Gergen suggested that one or two years of compulsory national service for all Americans would help build a more prepared workforce. Unlike the current Americorps program, an effective national service program would focus on providing effective job training as much as on service to communities.

The participants also addressed the issue of how critical benefits should be provided in a world in which changing jobs or working independently is becoming the norm rather than the exception. Benefits such as health and disability insurance and pensions as well as job training have traditionally been provided by employers. A large part of workers' fears about losing their jobs is that job loss means losing critical benefits. David Gergen noted that one million people a year lose their health care insurance. A growing percentage of the labor force who work in part-time or temporary jobs or are self-employed are not covered by pensions and are often responsible for obtaining their own health insurance. In addition, benefits are often more generous in large corporations than in the smaller firms that are providing a large percentage of new jobs.

The federal government has taken a number of steps to protect workers' benefits through such things as the ERISA legislation that regulates corporate pensions. In addition, a new law was enacted to make it more difficult for health insurance plans to reject new enrollees because of pre-existing medical conditions. But the government has done little to re-shape the basic system that ties benefits to employment.

Reed Hundt argued that if we want to create a truly resilient workforce, we need to consider separating benefits from employment. According to Hundt, the employer should be "the educator and health care provider of last resort," and government should be responsible for providing all workers with "the core tools of empowerment" in the form of basic benefits. He pointed out that international competition makes it increasingly difficult for companies to provide generous benefits, and that this is especially true for newer and smaller companies.

Not all of the participants were ready to support the creation of what could easily become a massive new government program.

The Wisconsin Regional Training Partnership was launched in 1992 to respond to the massive restructuring of the manufacturing sector in the 1980s that produced tremendous job losses.

The WRTP is led by businesses and the Wisconsin State AFL-CIO. It is composed of two dozen members representing metalworking, electronics, and related industries. Roughly half of the membership is comprised of smaller companies with less than 500 employees. The executive council consists of an equal number of labor, management and public sector representatives, including the state labor secretary and directors of local technical colleges and private industry councils.

Wisconsin Regional Training Partnership

Members of the WRTP focus on human resource practices, increasing investments in workplace education, improving reemployment assistance, developing school-to-work initiatives and benchmarking current and future workforce training to advanced practices. Labor-management working groups are responsible for developing recommendations for action.

In 1993, the WRTP approved initiatives to establish a resource center to assist members in workplace change and skill development, develop employment-linked training and youth apprenticeship models for entry workers, and formulate a sequence of training modules benchmarked to advanced practices. In 1994, it initiated a pilot project for youth apprenticeships and identified objectives for a curriculum on quality concepts, quality tools, team building techniques, process improvement and manufacturing economics.

Source: *Responding to Workplace Change,* Washington, D.C.: American Society for Training and Development, 1997.

Curtis Plott pointed out that providing effective training for employees to keep their job skills current is simply a matter of self-interest for companies. In fact, maintaining a superior workforce is often viewed as part of a company's competitive advantage, and one that companies would be reluctant to delegate to a government-supported training program. Several participants expressed considerable skepticism about whether the current political climate would support any new large scale government entitlement program.

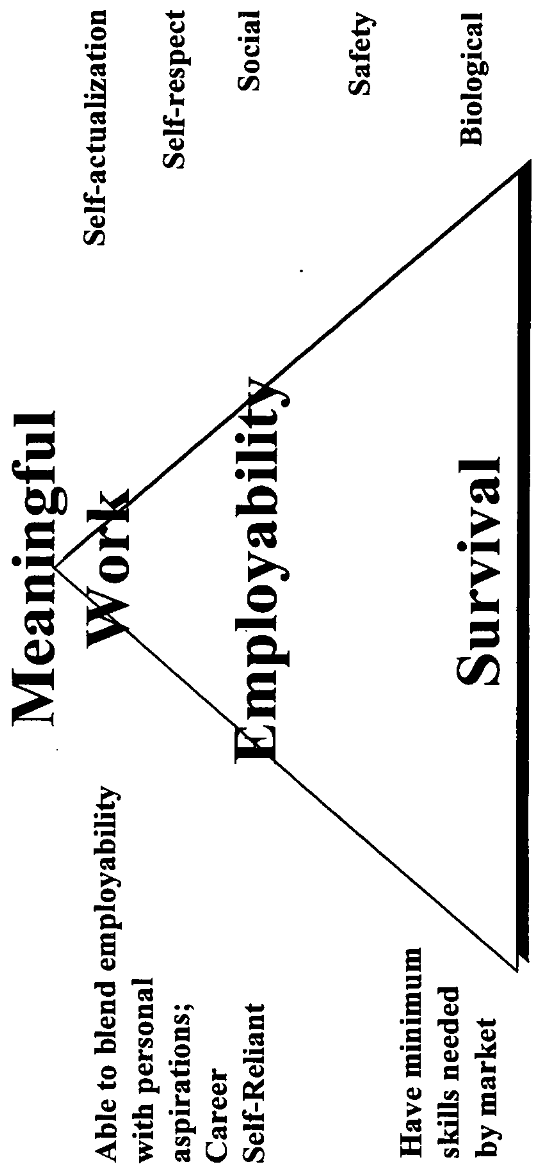
Providing "portability" for benefits from one job to another is an important though less drastic step than separating benefits from employment. More companies are providing their employees with a "cafeteria" of benefits that give individuals greater control over their benefits and increase their portability. But having more responsibility for managing one's own benefits also means that individuals can make mistakes in their choices that have costly consequences. Lloyd Morrisett raised the question of the extent to which those workers who have been content to rely on a paternalistic employer to manage their benefits for them are prepared to take on his complex task for themselves.

Beyond Employability

For those who are unemployed or underemployed, finding an adequate job is a matter of economic survival. Even among those who are currently employed, there are many who have gone through the experience of downsizing or layoffs or know others who have. These experiences have shaken workers' confidence in their ability to continue to earn a living. Older workers, women, members of minority groups, and rural residents have been among the groups that have been most deeply affected by these trends, but even many middle-class, middle-aged white males have been affected as well. Those who have minimal education are particularly at risk in an environment in which continuous learning is of paramount importance. Unless this problem is addressed, the gap between the haves and the have-nots will keep growing.

For those more fortunate workers who have good educational backgrounds and strong skills and have the ability to find a good

FIGURE 5



Source: John Epperheimer, Career Action Center, 1997

job, the question remains about how they should manage their careers. John Epperheimer initiated a discussion of the issues and questions that lie "beyond employability" (see *Afterword* in this volume): What kind of commitment should workers make to their employers and what kind of commitments should they expect in return? How do they retain their "resiliency" and employability while doing their jobs? How do they decide when to stay and when to make a move? What steps are needed to ensure that the country's workers are properly educated not only before they enter the workforce but throughout their careers? How much of this is the responsibility of employers and how much should be undertaken by the government or other parties?

Beyond these challenging questions lies a final question about the kind of meaning that work provides. A theme that ran strongly through the entire FOCAS discussions is the fact that individuals depend on their work for more than just a paycheck; work is also an important source of self-esteem and identity (which is why losing a job is often so painful). Companies are not merely economic entities; they have distinctive cultures and reflect a set of values.

Workers who take on the responsibility for managing their own careers are likely to focus on more than just a paycheck. They will be attracted by places where they can continue to learn and develop personally and professionally. They will seek employment at companies whose values are consistent with their own. If a new social contract between employers and their employees is to endure, it will have to recognize and respond to these factors as well as purely economic issues.

Notes

1. Claudia Deutsch, "Kodak Raises Its Job-Cut Total Sharply," *The New York Times,* December 19, 1997, p. C1.
2. "Jack Welch Cracks the Whip Again" *Business Week,* December 15, 1997, p. 25.
3. Steve Hipple, "Worker Displacement in an Expanding Economy," *Monthly Labor Review,* December 1997, p. 26.
4. Louis Harris & Associates, cited in Kirsten Conover, "The New Generation of Net Surfers," *The Christian Science Monitor,* November 25, 1997, p. 10.

5. Michael J. Mandel, "The New Business Cycle," *Business Week*, March 31, 1997.

6. Michael Moore, *Downsize This!*, New York: Crown Publishers, 1996.

7. "1996 AMA Survey on Downsizing, Job Elimination and Job Creation," New York American Management Association, 1997.

8. Ibid.

9. Ira Magaziner, keynote address to conference on "Dismantling the Barriers to Global Electronic Commerce," Organization for Economic Cooperation and Development, Turku, Finland, November 19, 1997.

10. *Business Week*, September 15, 1997.

11. Coopers and Lybrand study cited by Rosabeth Moss Kanter in *World Class: Thriving Locally in the Global Economy*, New York: Simon and Schuster, 1995.

12 Kanter, *World Class.*

13. Mary L. McCain and Cynthia Pantazas, *Responding to Workplace Change—A National Vision for a System of Continuous Learning*, Washington: American Society Training and Development, 1997, p. 3.

14. *Worker Displacement During the Mid-1990s*, Bureau of Labor Statistics, U.S. Department of Labor Report 96–446.

15. Former Secretary of Labor Ray Marshall has observed that "the United States has been too fragmented, too polarized, and too individualistic to forge an explicit social contract. Americans have sometimes set aside their differences long enough to form implied social contracts, but only in national emergencies. America's last significant unifying experience was World War II, when the nation was committed to an all-out war effort. Because all-out wars are unthinkable in a nuclear age, it clearly is in the national interest to provide, in the worlds of philosopher William James, the 'moral equivalent of war.'" (Ray Marshall, "A New Social Contract," in *Aging and Competition: Rebuilding the U.S. Workforce*, James A. Auerbach and Joyce C. Welsh, ed. Washington, D.C.: The National Council on Aging, 1994.)

16. Robert H. Waterman, Jr., Judith A. Waterman, and Betsy A. Collard, "Toward a Career-Resilient Workforce," *Harvard Business Review*, July–August, 1994, pp. 87–95.

17. When most computer systems for tracking time were developed, they made provision for representing years with just two digits (e.g., 1997 is represented as "97"). Unless changes are made to these systems, the year 2000 will be represented as "00," which many systems will interpret as the year 1900. Unless this problem is corrected, there is likely to be widespread disruption of everything from bank records to payroll systems. It has been estimated that the cost of implementing the needed changes will run in the billions of dollars, and that many companies are well behind on making the needed changes to their systems.

18. National Center for Educational Statistics, *The Condition of Education, 1996*, U.S. Department of Education, Office of Educational Research and Improvement, NCES 96–304, June 1996, p. 6.

19. *The Condition of Education, 1996*, pp. 110–111.

20. Arnold Packer, "The Demographic and Economic Imperatives," in *Human Capital and America's Future.* (Cited in *Responding to Workplace Change,* ASTD, p. 15).

21. ASTD, *Responding to Workplace Change,* p. 18.

22 ASTD, *Responding to Workplace Change,* p. 16.

23. ASTD, *Position Yourself for the Future,* p. 8.

24. *1995 Survey of Employer-Provided Training,* Bureau of Labor Statistics, U.S. Department of Labor.

25. Michael Porter, "The Competitive Advantage of the Inner Cities," *Harvard Business Review,* May–June, 1995, pp. 55–71.

26. Michael Porter, pp. 57–62.

Afterword

BEYOND EMPLOYABILITY

John Epperheimer

An unmistakable shift in attitude has taken place among the knowledge workers around whom much of the U.S. economy is centered. This is in spite of—or perhaps because of—the uncertainty being generated by the coexistence of continuing layoffs and high employment.

These workers, plus many managerial employees, have moved beyond employability in their relationships with employers. That is, rather than focusing on the mere condition of being employed, they are focused on aligning their personal satisfaction with the goals of the organizations that hire them. The potential of job satisfaction is what attracts these workers to corporations in the first place, and keeps them there. It is also the driver that sends them on to the next challenge.

The shift away from an emphasis on job security and stability had its origins when massive layoffs became commonplace early in the 1990s, sending workers into a survivor mode and forcing them to focus on keeping a job or, if they were unfortunate, on finding the next job. Hit by the unwelcome realization that companies would no longer look out for their welfare, workers went into survivor mode. They emulated Maslow's hierarchy of human needs in that their first priority was holding onto a job so they could provide the basics of food and shelter for their families.

When they were able to look beyond just holding onto a job, these employees began to focus on keeping their skills up-to-date to insure their employability. They realized, perhaps reluctantly, that companies no longer accepted the role of forecasting labor market needs and putting workers into job slots. The concept of becoming career self-reliant, of accepting responsibility for maintaining their marketability on a lifelong basis, began to take hold.

During this stage, knowledge workers emphasized keeping their technical skills up-to-date so they would be competitive in the job market.

As the economy improved and their services became more in demand, knowledge workers moved beyond focusing on employability. Once they were confident that they had the ability to manage their marketability, these workers began to look for a good fit between their interests, skills, values, and knowledge and the needs of organizations. When these factors are aligned, workers feel a sense of satisfaction and commitment. When that alignment disappears, these workers are likely to take their marketable skills elsewhere. Collectively, their attitude is, "I know I am going to have to change my work situation many times in the course of my career, so I might as well look for places where I will enjoy what I do. If that changes, I'll take my skills and move on."

As workers have moved from Survivor mode to Employability, and then Beyond Employability, their focus has shifted from merely having employment with an organization to having employment that is meaningful to them. This has enormous implications for organizations, who must see themselves as renting, not owning, human capital. What must be achieved is an interdependence, in which the organization gives the opportunity for challenging work and the resources for keeping skills up to date, and the workers give commitment to business goals and the ability to be flexible.

Appendix

1997 FOCAS Annual Meeting Participants

July 31–August 1, 1997
The Aspen Meadows • Aspen, Colorado

Mr. Richard Adler
President
People and Technology

Mr. James Barr III
President and CEO
TDS TELECOM

Lord Asa Briggs
British House of Lords

Mr. David Britt
President and CEO
Children's Television Workshop

Mr. John Clippinger
Chief Executive Officer
Context Media

Dr. Nancy Cole
President
Educational Testing Service

Mr. Geoffrey Cowan
Dean
Annenburg School for Communication
University of Southern California

Mr. Lester Crown
Chairman
Material Service Corporation

Mr. John Epperheimer
Director of Corporate Services
Career Action Center

Mr. Charles M. Firestone
Director
Communications and Society Program
The Aspen Institute

Ms. Amy Korzick Garmer
Assistant Director
Communications and Society Program
The Aspen Institute

Mr. David Gergen
Editor-at-Large
U.S. News & World Report

Mr. Peter Henschel
Executive Director
Institute for Research on Learning

Mr. Reed Hundt
Chairman
Federal Communications Commission

Mr. Yotaro Kobayashi
Chairman and CEO
Fuji Xerox Co., LTD

Mr. Gerald M. Levin
Chairman and CEO
Time Warner, Inc.

Mr. Lloyd Morrisett
President
The John and Mary R. Markle Foundation

Mr. Curtis Plott
President
American Society for Training and Development

The Honorable Kurt Schmoke
Mayor
City of Baltimore, Maryland

Mr. Raul Yzaguirre
President
National Council of La Raza

Staff:

Ms. Gia Nolan
Program Manager
Communications and Society Program
The Aspen Institute

Acknowledgments

Prior to the annual meeting, each FOCAS member selects one representative from his or her organization to attend a two-day planning session with experts to prepare for the annual conference. This preparatory session provides the FOCAS annual meeting with a considered agenda and a succinct background report. We are grateful to the individuals listed below, who attended a preparatory session in June 1996 and whose knowledge and expertise were instrumental in shaping the 1997 conference agenda and, ultimately, this report. All affiliations listed are as of the date of the preparatory session.

1996 FOCAS Preparatory Session Participants
June 1996

Dr. Maryam Alavi
Professor and Chairperson, Information Systems
College of Business and Management

Ms. Carol Ann Bischoff
Telecommunications Counsel
U.S. Senator J. Robert Kerrey (D-NE)

Mr. Peter Cassidy
Director of Regulatory Policy Programs
NORTEL

Mr. Scott Cheney
Project Director, The Benchmarking Forum
American Society for Training and Development

Mr. Raymond F. Cooper
Vice President
Business Management and Development
National Geographic Society

Ms. Anna Doroshaw
Employee Development Specialist
EPA Learning Institute
Environmental Protection Agency

Ms. Karen Lynn Dyson
Associate Director
Domestic Strategy Group
The Aspen Institute

Mr. Charlie Firestone
Director
Communications and Society Program
The Aspen Institute

Mr. Ira Fishman
Office of the General Counsel
Federal Communications Commission

Mr. Ed Fitzsimmons
President
The Fitzsimmons Group

Ms. Amy Korzick Garmer
Assistant Director
Communications and Society Program
The Aspen Institute

Mr. Richard Kazis
Vice President, Policy and Research
Jobs for the Future

Mr. Matt Loch
Manager, External Relations
TDS Telecom

Dr. Bernadette McGuire-Rivera
Associate Administrator
Office of Telecommunications and Information Applications
NTIA
U.S. Department of Commerce

Mr. Walter M. Oliver
Senior Vice President, Human Resources
Ameritech

Ms. Gretchen Rhines
Research Associate
Council on Competitiveness

Mr. Arthur D. Sheekey
President
Public Service Telecommunications Corporation

Dr. Julie Swisshelm
Special Assistant, Education and Training
Office of Science and Technology Policy
The White House

Dr. Lyle Wilcox
Vice Chancellor for Technology
State College and University Systems, West Virginia

Staff:

Ms. Gia Nolan
Program Coordinator
Communications and Society Program
The Aspen Institute

About the Authors

Richard Adler is president of People & Technology, a new media research and consulting firm in Palo Alto, California. He is also serving as Futurist-in-Residence for the InfoWorld Futures Project (www.infoworld.com).

In addition to holding senior positions at SeniorNet, the Institute for the Future, and the Aspen Institute Communications and Society Program, Richard has taught at Stanford, UCLA, and Oberlin College.

Richard has written or edited many books and reports on new information technologies. His most recent publication is "Wonderful Internet Life" (introduction to the *1997-98 Interactive Sourcebook*, North American Publishing, in press). Other publications include: *Older Americans and Computers* (SeniorNet, 1996); *Opportunities in Videotex: A Guide to Communicating and Marketing Through Electronic Services* (ISA, 1989); *Home Banking: A Decision-Maker's Guide* (Strategic Dimensions, 1987); and *The Effects of Television Advertising on Children* (Addison-Wesley, 1979).

John Epperheimer is vice president, client services, at MindSteps, Inc., a Palo Alto, California based software firm working on bringing Intranet-based career software tools to market. Prior to joining MindSteps, Epperheimer served as director of corporate services at the Career Action Center in Cupertino, California, where he spent nearly four years helping corporations design and implement career development programs. He also writes a regular column in the "Getting Ahead" section of the *San Jose Mercury News*.

The Aspen Institute Communications and Society Program

The overall goal of the Communications and Society Program is to promote integrated, thoughtful, values-based decision making in the fields of communications, media, and information policy. In particular, the Program focuses on the implications of communications and information technologies on democratic institutions, individual behavior, instruments of commerce, and community life.

The Communications and Society Program accomplishes this goal through two main types of activities. First, it brings together leaders of industry, government, the nonprofit sector, media organizations, the academic world, and others for roundtable meetings to assess the impact of modern communications and information systems on the ideas and practices of a democratic society. Second, the Program promotes research and distributes conference reports to decision makers in the communications and information fields, both within the United States and internationally, and to the public at large.

Topics addressed by the Program vary as issues and the policy environment evolve, but each project seeks to achieve a better understanding of the societal impact of the communications and information infrastructures, to foster a more informed and participatory environment for communications policymaking, or to promote the use of communications for global understanding. In recent years, the Communications and Society Program has chosen to focus with special interest on the issues of electronic democracy, lifelong learning and technology, electronic commerce, the future of advertising, and the role of the media in democratic society.

The Program also coordinates all of the activities of the Institute for Information Studies, a joint program with Nortel, and engages in other domestic and international Aspen Institute initiatives related to communications and information technology and policy.

Charles M. Firestone is executive director of the Aspen Institute's Communications and Society Program. He also serves as the Institute's executive vice president for policy programs. Prior to joining the Institute, Mr. Firestone was a private communications and entertainment attorney in Los Angeles and an adjunct professor at the UCLA School of Law, where he directed the Communications Law Program. Mr. Firestone worked previously as an attorney at the Federal Communications Commission and as director of litigation for the Citizens Communication Center in Washington, D.C.

The
Aspen
Institute

Publications Office
P.O. Box 222
109 Houghton Lab Lane
Queenstown, MD 21658