

Building a Multi-Dimensional Workforce Training System: Lessons from the United States

Monica Dariela Mendoza Núñez
George Washington University
School of Business
Minerva Program

Spring 2015

The opinions expressed in this presentation reflect research efforts towards understanding Workforce Training System and do not express the views of the Government of Hidalgo State.

We all know it to be true, we live in an era of globalization accompanied by fast and pervasive technological change. Long established conventional forms of production and consumption have changed in a short time. In consequence, the companies hoping to compete in the new market place must demand workers with high-level skills that also could provide a competitive advantage for businesses, and an increase in productivity.

Countries around the world have tried to create tools to increase productivity, including investments in public infrastructure, in technological innovation and in workers through education and training systems. Training¹ is a global issue that affects public and private actors, and the participation of the government and the workforce actors is key to sustainable prosperity. Today, countries faced a big challenge in the workplace due to the millions of unemployed and the critical situation that derives from it, have forced a profound change in social policy.

One of the main concerns for Mexico and the developing countries in Latin America is the low wages that workers receive. A problem especially felt by under-skilled workers. In the last few years, Government officials, representatives of the private sector and trade unions have been more involved in the debate about training policies and the new approaches to organize and shape the workforce system. The workforce actors in Mexico know the importance of training policies and all the competitive advantages that provide a well skilled workforce to the companies. However, the increase of informality and precarious employment contracts reduces the

¹ Training: The learning process that undergoes a person in order to obtain and develop the concept of abstract ideas through the application of mental processes and theory for non-programmed decisions.

incentive for companies and workers to invest in the development and acquisition of new skills. All the efforts has been concentrated in reform the public training institutions, instead of focusing on the broader range of private and public institutions, and practices which determine the way in which the workers acquire and apply new skills.

Although there is a long way to develop an appropriate training system in Mexico, we have to recognize that there are some efforts that the Mexican system has done to achieve the goal. First, the government did a huge step in the construction of the regulatory framework of training in Mexico. Last March, 2015 was approved the *Ley para Impulsar el Incremento Sostenido de la Productividad y la Competitividad de la Economía* (Act to promote the sustained increase in productivity) (Gaceta Parlamentaria, num 4124-II, 2014). In the field of human capital is incorporated to ensure the lifting of investment in this area, job training, the formation of skills of entrepreneurs and workers and the establishment of mechanisms that increase labour productivity.

However, in the Mexican case we still cannot see a strong relation and interaction between the workforce actors. For that reason, this research report provides an overview of the United States Workforce System in the form of a case analysis. Its goal is to provide descriptive knowledge and showcase the strong relation between the workforce actors, the educational attainment of a workforce and better wages across the economy.

In the first part, we describe the role of the federal government in this process and how regulation has changed since that last century. Federal government is charged with developing economic policies that help to improve the lives of the people and

create the conditions in which all the labor force can get a job that pay enough to provide economic security. The role of the Federal Government was clarified in 1913 when President Taft established a federal agency focused exclusive on workforce concern. The purpose of the Department of Labor is best expressed in its formal mission statement. The US Department of Labor exists:

To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights. (From <http://www.dol.gov/opa/aboutdol/mission.htm>, accessed July 14, 2013)

In addition to the Federal commitment, states and local governments play a major role in this situation, they must approach all the tools to be highly productive to their people. Evidence suggests that states that increase the level of education of the workforce see greater productivity (Berger & Fisher, 2013).

In the second part of the report we define how they provide the tools and who is involved in each part of the process. But also, the challenges that public sector and federal/state/local level deal in order to support the development of the workforce system.

The main workforce actor is the private sector, so in the third part we will give an overview of how the private sector invests in training and how companies work with other institutions to fulfill the needs of skilled workforce.

Finally, we will provide some expectations about the future of the workforce system and the new generation of workers. All the technological changes will require new skills, so education and training programs will have to adapt to these changes and they also will be key in supplying the labor force that the global economy requires.

Changes in the Economy

Until the 1970s, United States successfully developed its economy based on the standardized and mass production of high quality products and services at very low cost and price. However, this type of industrial mass production did not require skilled labor or with very high specific skills. Indeed, the skill requirements were such that the US was able to absorb successive waves of low skilled labor in the form of immigration. The mass production economy required personnel that could operate the machinery with a specific system of times and movements.

In the closing decades of the 20th century, this type of mass production lost market. Consumers in North America began to demand products with different qualities (new kinds of value added), which resulted in part by the improvement of the economy in what is called America's economic Golden Age.² The traditional competition based on the ability to mass produce standardized goods and services and sell them at low cost has been gradually displaced by a competition based on a diverse mix of requirements and new kinds of value added and new competitive standards (Carnevale & Smith 2013).

² "Golden Age" refers only to the conditions of capital accumulation from the 1940s to the 1970s and to the rise of the "welfare state" in centralized economies within the capitalist sphere, primarily in Western Europe, Japan and the United States.

The emergence of new markets generated a demand for labor with different skills and the ability to adapt quickly to the changes and challenges of global markets. The new era of knowledge economy and innovation has replaced the rote skills of the assembly lines of yesterday with flexible technologies and high performance work systems that rely on more skills and autonomous workers. The current workforce system has not kept pace with the changing economy and changing expectations for the role of education and training. In addition, there is a wide gap between public workforce programs and private sector human resource practices. (Ganzglass et al. 2000).

The contemporary challenge involves a collaborative partnership between public and private sector actors. On the one hand the companies require employees with high levels of interpersonal and problem-solving skills, because the technology itself takes on more of the repetition, manual processing tasks. These technological changes allow employees to spend more time interacting with each other in order to exploit the new flexible technologies and to provide value added such as quality, variety, customization, convenience, speed and innovation. On the other hand the role of the government in this task involves the implementation of public policies that help to provide these qualifications to current and future workers.

Federal Government

The Federal Government of The United States, has generated a series of actions to support both workers and employers and thus decrease the effects of this new trend and changes by new forms of production and consumption. The first record of this is the

organization of the U.S. Employment Service (USES). This agency was first organized in 1918 to recruit manufacturing workers for a military buildup during the Great War (Balducci, Johnson and Gritz, 1997). Before that, President Wilson had begun to build a federal network of local ES offices, and it grew to 350 offices and 2,000 staff members, but federal funding withered soon after the armistice of 1918 and the USES declined (Guzda, 1983). Congress refused to continue emergency funding levels but many individual states continued to provide financial support.

In order to revive the USES, during the administration of President Roosevelt Congress passed the Wagner-Peyser Act of 1933. The main objective of this law was to provide the establishment of a national employment system and the cooperation with the States in the promotion of such system (DOLETA, 2008). This policy supported three activities in The United States: 1) unemployment compensation, 2) active labor market programs, and 3) a public employment service. Unemployment compensation is an earned entitlement available to those who are jobless through no fault of their own. Active labor market programs such as job skill training, direct job creation, and wage subsidies are discretionary programs which may be expanded or contracted by timely political action as the needs of the workforce and the aggregate economy dictate (O'Leary and Eberts, 2008).

In essence, the Wagner-Peyser Act set up a federally directed, state run system of public employment offices (Balducci and Pasternak 2004). During the Great Depression (1929-44), USES placed 26 million workers in jobs (Balducci, Eberts, and O'Leary 2004, p 250). As the economy gradually improved, the focus of the employment

service also changed. Thus began the evolution of the federal-state partnership in providing labor exchange services to U.S. workers.

During the 1960s, which ushered in sweeping programs for the economically disadvantaged under the Great Society legislation, the Employment Service became involved through partnerships in two additional services, job training and labor market information. One of the main role of the ES was to provide job training to an even broader array of human resource development services to the disadvantaged population (O'Leary 2006).

The Wagner-Persey Act for more than three decades was the governing axis of public policy environment employment and the strengthening of the workforce in the United States, it would be more than three decades until the Federal Government would promote a restructuring in the workforce development programs (O'Shea and King 2001). The first significant attempt to retool the nation's workforce development programs would be in the 1980s.

During President Clinton's administration signed into law the Workforce Investment Act of 1998 (WIA). This law represents consensus for a workforce development system that reduces duplication of administrative and service delivery functions, more efficiently allocates resources, and continuously improves public effectiveness at meeting the needs of individual job seekers and employers (O'Shea and King 2001). WIA aimed to encourage a system based on informed consumer choice regarding career development, universal access to employment and training services, more systemic accountability, performance based management, strong local

governance, active private sector participation, and increased labor market responsiveness at the state and local levels (O'Shea and King 2001).

On July 22, 2014 President Barack Obama signed the Workforce Innovation and Opportunity Act (WIOA). WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy (DOLETA, 2014)

The purpose of WIOA is to better align the workforce system with education and economic development policies in an effort to create a collective response to economic and labor market challenges on the national, state, and local levels (WIOA Act, 2014, p. 4). WIOA continues the trend in workforce legislation by further engaging the private sector to lead local workforce development efforts and focuses on introducing increased flexibility and accountability of board members. WIOA encourages an improved response to labor market needs by connecting board performance to outcomes that require an understanding of the correlation between training investments and economic return. (NAWB, 2014)

The main improvements that this law provides, in comparison to the previous, the Workforce Investment Act of 1998 and the Wagner-Peyser Act, are: the workforce development programs try to align with economic development and education initiatives. Businesses could identify and make appointments about the demand skills and connect workers with the opportunities to build those skills. The Act will support strategic planning and streamlining current governance by requiring core workforce programs to develop a single system, much easier than the previous versions. All the individuals with

disabilities will encourage to have the skills necessary to be successful in businesses that provide competitive integrated employment (DOLETA, 2014).

ETA, Employment and Training Administration

The mission of the Employment and Training Administration (ETA) is to contribute to the more efficient functioning of the U.S. labor market by providing high quality job training, employment, labor market information, and income maintenance services primarily through state and local workforce development systems.

ETA grants worth more than \$12 billion to States and municipalities, in support of various programs, services, employment and training. This budget includes new job driven skills training proposals aimed at expanding apprenticeships and pairing colleges and private employers together to get our workers the skills they need to compete for good jobs. It also proposes a higher level of investment to spur State progress toward establishing paid leave systems. This budget includes: \$1.5 billion in 2015 to support a four-year, \$6 billion Community College Job Driven Training Fund, which will offer competitive grants to partnerships of community colleges, public and non-profit training entities, industry groups, and employers to launch new training programs and apprenticeships that will prepare participants for in-demand jobs and careers (Department of Labor, 2015); an additional \$750 million to restore prior cuts in job training and employment services, invest more intensively in innovation, and target resources to populations that face significant barriers to employment, including Native Americans, ex offenders, and individuals with disabilities (Department of Labor, 2015); \$100 million to support more States in establishing and launching paid leave programs

for their workforce (Department of Labor, 2015). The fund will also help to create common credentials and skill assessments to allow employers to more easily identify and hire qualified candidates.

State Government

The States Government has to establish regional partnerships among key community actors, including primary and secondary schools, training institutions, academies of adult education, universities, regional employers and community organizations for the development of the labor in order to face the difficulties inherent in the formation of a competent workforce and able to compete at the global level (DOLETA, 2007).

ETA grants to regional organizations in areas that are undergoing an economic transformation due to the closure of military bases or regression of a particular industry. The program puts emphasis on coordination and participation of all stakeholders: employers, unions, religious organizations, educational institutions, national and local governments, among others. The program is based on the assumption that the availability of an appropriately skilled and competent workforce not only increase employment opportunities, but will attract new investments to the regional economy (DOLETA, 2010).

In an effort to create a more comprehensive, strategic and streamlined system, WIOA requires a single, unified State Plan inclusive of all core programs under the Act. The State Plans are designed to improve service delivery and access to the workforce system for job seekers and employers. Local Plans are designed to address the needs

of the local labor market and encompass the overall strategy of the State Plan (WIOA, 2014, p.217).

Training Initiative for a Rapid Growth

ETA also conducts the training program for a rapid growth, which aims to prepare the workers so that they can benefit from increased and new job opportunities in industries and key sectors of the U.S. economy or in areas where there is a high demand for labor. The initiative is designed to ensure that the training programs of workers and resources for professional advancement, in the public workforce system are oriented to help workers acquire the skills and abilities they need to get a job and thrive professionally in these new industries.

This department has designated the main sectors for investment, they include the following: health care, information technology, biotechnology, geospatial, automotive technology, manufacturing, construction, transport, hospitality, financial services and energy. ETA expects that these sectors: will add in 2015 a considerable number of new jobs to the economy; have significant impact on the national economy; their growth affect directly the advance of other industries; all of them are subject to changes by technologies and innovations that require a class of workers with new skills and knowledge; or are new and emerging businesses with growth potential (Department of Labor, 2014).

Subsidies for professional training in the community respond to the need to establish a strategic alliance between the labor force and the vocational education system. In order to improve the ability of US educational institutions meet the demands

of the employers. Through subsidies it gives resources to community colleges and schools to hire teachers and buy the equipment and facilities they need to educate and train employees (Berger & Fisher, 2013).

One-Stop Service Delivery

The U.S. Department of Labor began providing, planning and implementing grants to states and local areas in 1994 to deliver many employment and training services at a common location. In order to provide these services to all the states, WIA made the One-Stop Service Center official as the front end of the new workforce system. WIA requires One-Stops nationwide and strongly recommends that they had to feature a comprehensive array of partners in the local service delivery configuration (O'Shea & King, 2001).

In addition, the main mission of this center is to bring the programs closer to the population that includes adults, youths and dislocated workers. One-stop partners must provide the employment service, adult education, postsecondary vocational education, vocational rehabilitation, veterans programs, trade adjustment assistance, and unemployment insurance, among others (WIOA, 2014, p.191).

WIOA maintains the current One-Stop mandatory partners. WIOA requires that each local area reach agreement on shared costs to fund infrastructure of the One-Stops. Under WIOA, the One-Stops are measured by their effectiveness, accessibility, and continuous improvement as it relates to their ability to achieve negotiated performance levels, integrate available services, and meet the workforce development and employment needs of the local employers and job seekers (WIOA, 2014, p.217).

Challenges for the Public Sector

The contribution that a skilled workforce makes to national productivity growth and its potential for enhancing international competitiveness is recognized (Dar and Gill 1999, ILO 1998). Many states have taken the lead innovating workforce development practices over the last decade (Grubb, et al. 1999). Workforce development also supports the local efforts of civic leaders to attract and maintain sustainable, living-wage employment to strengthen families and the communities in which they live (Van Horn 1996). Workers must be equipped not simply with technical know-how but also with the ability to create, analyze and transform information and to interact effectively with others. (Ganzglass et al. 2000)

There are many challenges of workforce development in U.S. and in many other countries. The design of such a system should be comprehensive in terms of providing access to activities and services that address the education and training needs of individuals at all points in their career pathways. The workforce development system should also serve employers, to entrepreneurs and to the large or small, public or private sector, helping them to secure skilled workers. This requires a high degree of employer engagement in the workforce development system, as well as federal, state and private collaboration. (O'Shea and King 2001).

But it is important that policy makers realize the challenges that imply the development of the workforce development system. The government must recognize that it is very difficult to understand most of the programs related with training, sometimes they are duplicative and hard to access. Program administrators have to deal with conflicting and restrictive administrative rules and narrow eligibility criteria.

Another common mistake is that some public programs and training services and institutions are perceived to be of low quality. (Grubb et al, 1999).

There is a gap between the real objective of the training programs, some of them are addressed in antipoverty and social welfare policy rather than economic policy and the local needs. They have been focused on the unemployed and economically disadvantaged rather than the broad range of individuals who need vocational education and special training. This means that public programs have been focused almost exclusively on the supply side rather than the demand side of the labor market.

There is also a wide and possibly growing gap between public workforce programs and the human resource practices of leading edge firms. Private sector companies have begun to introduce learning technologies, innovation and other new, interactive models of learning, like *on the job training*. On the other hand, the public sector continues to have a traditional way of learning, classroom based instruction. So the solution depends not on just one side, all the actors have to be involved in the development of the New Generation of the Workforce.

Private Sector

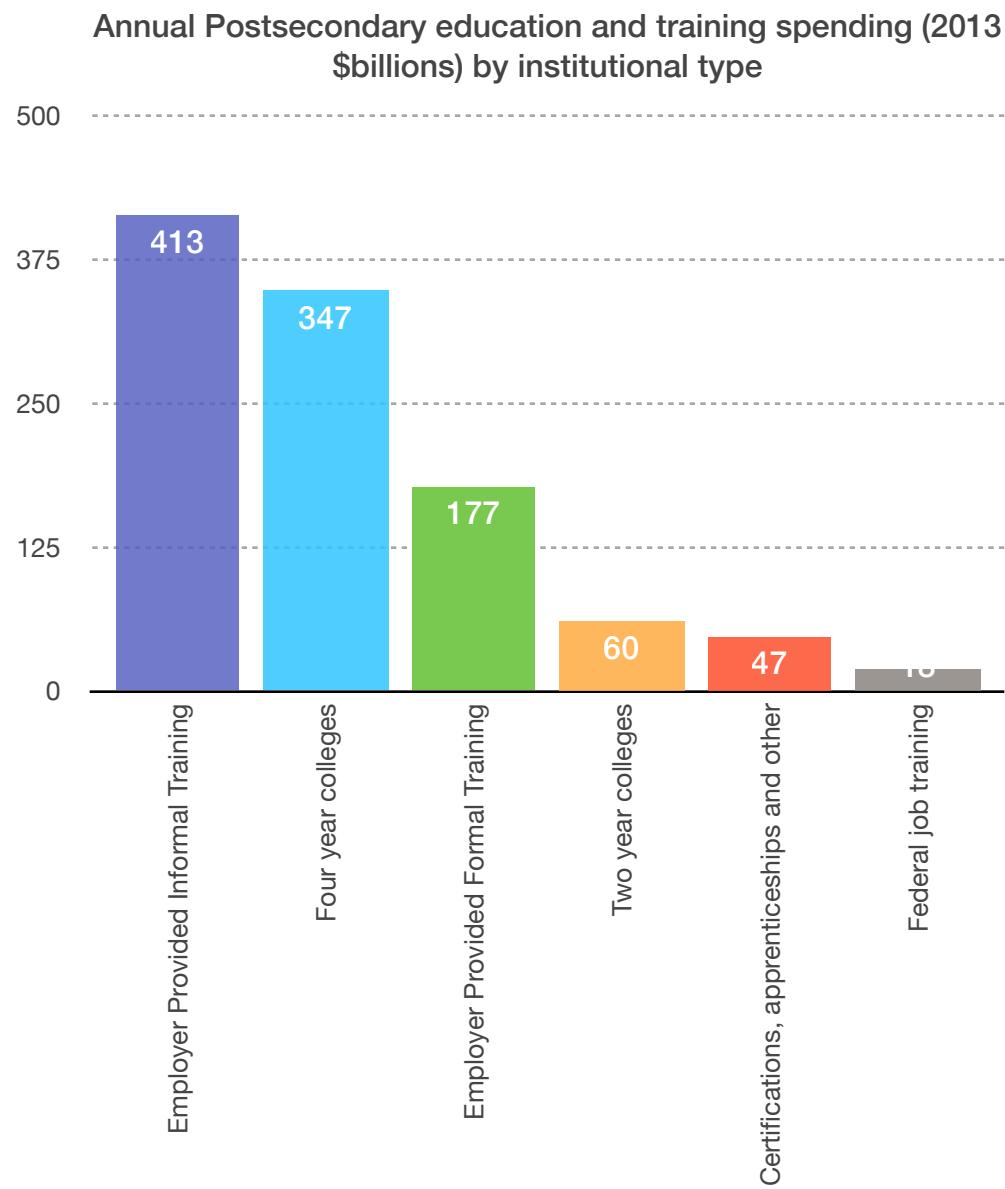
All the actors involved in the changes of this new era of training systems have tried to adapt to this inertia. Workers, businesses and government have faced together the challenges of the development of the new generation of the workforce. On the one hand, companies are constantly looking for skilled labor. In many cases they compete with other states or companies for the most competitive workers, but this formula is not working. They must try to create a better way to find a qualified work force or in the best

of cases develop it. Nowadays, firms need workers that could learn new skills in the short term or workers with abilities that can provide them in the moment that they hire them; such situations involve a high investment of time and capital. In consequence, companies have preferred to lay off their workers and contract personnel who already have these skills instead of empower their own workers. On the other hand, the workers, by not having the skills required by employers, are laid off and in consequence fail to improve their skills or develop a professional career. However, in the US case there are some firms making real efforts to improve this situation. so in the next paragraphs we will see what they are doing.

Today, the United States spends roughly \$1.1 trillion (11 percent of GDP) on human capital or skills development each year (this quantity includes formal and informal higher education and training).³ Elementary and secondary education, which primarily focuses on developing basic skills, represents the largest share of human capital development spending at \$649 billion (41 percent of spending). Colleges and universities spend \$407 billion on formal education annually, while employers spend \$177 billion. In the last ten years the employer's spending in formal training has increased by 26 percent. We can observe also that colleges and universities have the most percentage increase in spendings on formal education; it grew by 82 percent. Federal Government funds on job training programs include \$18 billion of spending on formal training. The cost of certifications, apprenticeships and other workforce training are around \$47 billion of annual spending on formal training (Carnevale, 2015).

³ Formal learning or training features a scheduled, regimented series of learning or training sessions, typically administered by an assigned trainer. Informal learning or training, by contrast, occurs through experience on the job; it is commonly referred to as on-the-job training.

In the informal training part, the employers spend \$413 billion annually. Including both formal and informal training, employers spend \$590 billion annually, the largest element of the postsecondary education and training apparatus. Employers spend most on college-educated workers in service industries. (Carnevale, 2015)



Graph 1. The United States spends on formal and informal postsecondary workforce education and training annually

Source: Georgetown University Center on Education and the Workforce analysis of data from the Department of Education, Bureau of Labor Statistics, and Government Accountability Office.

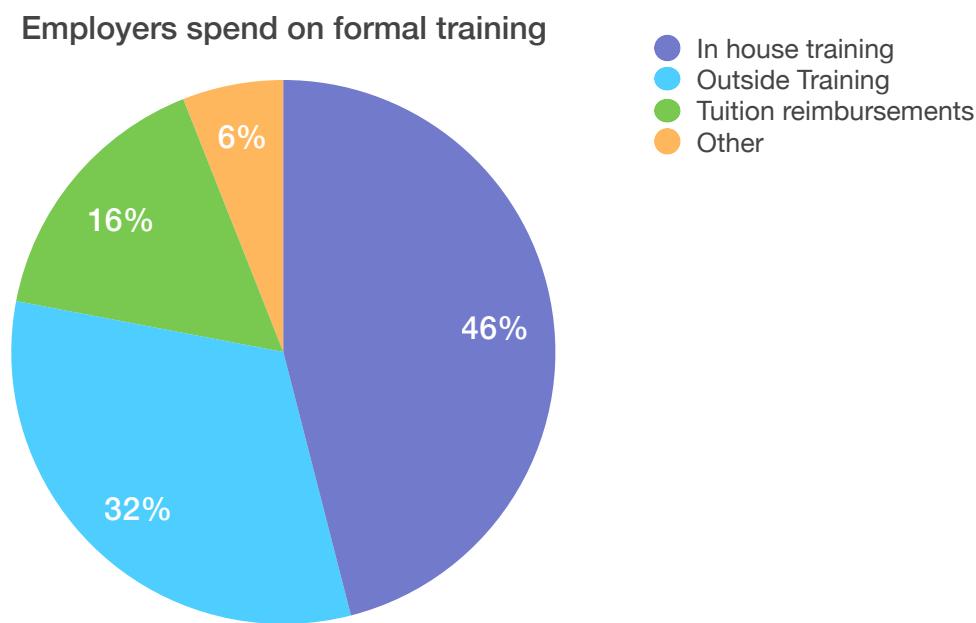
The main three industry sectors that have high levels of investment in formal training are: finance, insurance, and real estate; transportation, communication, and public utilities; and manufacturing. For example, the manufacturing industry accounts for 11 percent of the country's workforce, but 14 percent of spending on formal training. The three other industries invest little in formal training relative to their size within the economy. For example, the wholesale and retail trade sector accounts for 14 percent of all workers, but only 9 percent of spending on formal training. (Carnevale, 2015) In total the services industry spends \$91.6 billion on formal training each year, it equals 52 percent of national spending on formal training.

Industry Sector	Employer spending on formal training in 2013 (billions of 2013\$)	Share of total spending on formal employer training (%)
Services	91.6	52
Manufacturing	25.1	14
Transportation, communication and utilities	19.2	11
Finance, insurance and real state	16.6	9
Wholesale and retail trade	15.9	9
Construction	5.8	3
Mining	2.5	1
Total	177.0	100%

Table 1. The services industry spending on formal training

Source: Center on Education and the Workforce estimates based on analysis of data from the Bureau of Labor Statistics' Survey of Employer- Provided Training (1995) and U.S. Census Bureau's Current Population Survey (2013).

Employers often hire other businesses, educational institutions, or individuals to train their employees. This contract training accounts for one-third of annual spending on employer-provided formal training, or \$60 billion. In-house training accounts for 46 percent of spending, and tuition reimbursements provided to employees who enroll in education and training programs account for an additional 16 percent of annual spending on formal training. (Carnevale, 2015)



Graph 2. Employers spending in formal training.

Source: Center on Education and the Workforce estimates based on analysis of data from the Bureau of Labor Statistics' Survey of Employer-Provided Training (1995) and U.S. Census Bureau's Current Population Survey (2013).

This graph show us, that firms prefer spending money in *In House Training* so most of them train their workers in their own facilities. In some industries it is much

easier to train workers with the same machines and facilities that they will have every day. But at the same time we can notice that employers spend one of every three formal training dollars on outside training, so they hire different institutions to do that work; this US case has shown that the best suppliers for formal training are the community colleges.

The Role of the Private Sector

However, entrepreneurs and businessman have taken a more proactive position against the challenge of finding a formula to improve the system of training and the development of new skills. For example, they are active partners of the Workforce Investment Boards (WIB). WIB are regional entities created in the law Workforce Investment Act of 1998 in the United States and the main objective was to implement the actions and programs declared in this law.

These associations are integrated for a chief elected official, who appoints members to sit on the WIB, they don't receive a salary or compensation. At least, 50% percent of the members must come from the private businesses. It also has seats for representatives from labor unions, educational institutions like community colleges. Every WIB operates in different ways but all of them have the same objective. (NAWB page)

All the WIBs are part of the National Association of Workforce Boards (NAWB), which is the association that advocates and collaborates with the 12,000 business members to develop workforce strategies. Since the institutionalization of this private groups they became and important part of the renovation process of the workforce

system. For example, NAWB works very closely with policy makers in the Federal Government in order, to inform national strategy as it relates to WIBs and the partners in education, economic development, labor and business. Members of NAWB receive information about how to invest in workforce strategies that align with the needs of their local businesses. All the services that NAWB provided are designed to help Workforce Investment Board members; they also tried to educate key policy makers about their important mission. At the same time they collectivize the role of the business sector in workforce development. NAWB wants to help to build organizational capacity and effectiveness, and a network with the nationwide job training and workforce development community to identify industry innovations and best practices (NAWB, 2015)

The WIB's main role in the states, and communities is to direct federal, state and local funding of workforce development programs. They also conduct and publish research on these programs, and they report the needs of the regional companies and the regional economy.

We can observe that companies have taken a more active role, during these last ten years. They realize their important role in this process, so in order to improve the public policy of the development of training programs for workers in various sectors they must be part of the solution. However, the challenge involves, as we seen an inter-institutional work between business-government-society. In addition, it is necessary to consider another kind of factors that affect the workforce system in a direct and indirect form.

Next Generation Workforce Development System

We live and work in a period of rapid movements, all surrounding changes are guided by a number of forces. Most of them are economic, organizational and technological, while others are more demographic and cultural. It means that employees need to be adept at maneuvering within a high-tech, information, fast paced, multidimensional, multinational framework whose inputs may be sourced from anywhere. So, it is relevant that companies and governments very clearly know which forces are occurring when.

- Technological change. It includes computerization, miniaturization, and advances in information technology, innovation and also the new technologies as nanotech.
- Increased labor market segmentation, widening earnings and wealth inequality.
- New management practices and forms of work organization in the companies.
- New global business strategies.
- Globalization and increased connection of the economies around the world.
- Greater job instability and insecurity and increased reliance on non-standard forms of work, including contingent work, outsourcing, temporary employment firms, and the informal labor market.
- Weakened unions and dated industrial relations systems.
- The failure of the “social contract” under which workers traditionally received career advancement and training opportunities, earnings growth, employee benefits and lifetime security in exchange for their strong commitment to a single employer (Alfthan et al., 2000).

They also must be aware of the demographic shifts of the workforce:

- There are three generations in the workplaces that work side by side: the Baby Boomers, the GenXers and the Millennials.⁴ Each of these generational groups values specific attributes of their employers and specific benefits those employers offer. But we must notice that Millennials are, and will continue to be, a very special and different group from the other two groups. Some of their main advantages are as follows: they have grown up in a different and extraordinary world, they have really high expectations about their professional lives, they are more aligned with their personal aspirations, compared to the expectations of the two previous generations. (Jarrett, 2013)

- The last century, the population of the workforce grew, because we noticed a greater participation of other groups, like women and minorities. We must also consider the migration of people from other countries. (Judy and D'Amico, 1997).

These changes in the population have implications for work and workers, but also for the educational system that prepares people for work and careers. There is a deep gap on education and skills in the labor market, at the same time the demand for broad-based workplace competencies have increased in the last couple of years (Murnane and Levy, 1996). Current skill gaps are likely to persist due to the speed of economic change and the need for continual skill upgrading. Most of the evidence suggests that the increasing demand for educated and skilled workers in all the private sectors has contributed to the development of an earnings and income gap between the most educated and skilled workers and the least educated.

⁴ Baby Boomers were born between 1946 and 1964 and number 76 million; GenXers were born between 1965 and 1976 and number 51 million; Millennials were born between 1977 and 1998 and number 75 million.

In many cases, the workers or the individuals are responsible for looking and financing their own skill development. The government and employers have been partners with some of them. But, the main problem of the workers is that they are increasingly moving among numerous employers over time, so they do not have the opportunity to pursuing a long-term career with a single employer. Although employers are investing in workers, they are not investing in low skill workers (Carnevale and Desrochers, 2000).

We have mentioned that the U.S. economy has shifted in the last decade , it moves from an industrial economy to a postindustrial service economy. In consequence, new skills have emerged, but also new combinations of skills are required of a employee. We still do not have a list of the basics skills, they are still being defined and certified, and they will continue to increase over the next several decades. The Institute for the Future⁵, promotes a list of the basic skills that all the workers must develop or have in the next years:

- Sense-making (ability to determine the deeper meaning or significance of what is being expressed);
- Novel and adaptive thinking (for developing innovative ideas and problem-solving);
- Social intelligence (to understand how best to connect to others in a deep and direct way, to sense and stimulate reactions and desired interactions);

⁵ Institute for the Future is an independent, non-profit research organization that helps all kind of organizations make diagnosis and provide practical foresight for a world undergoing rapid change.

- Trans-disciplinary facility (knowledge and ability to understand concepts across multiple disciplines);
- New-media background (to know how to use many forms of media, and also to find, analyze and use information);
- Computational thinking (ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning);
- Mental load management (to manage information overload);
- Design mindset (to create new forms that meet function);
- Cross-cultural competency (to ensure global fluency ability to operate in different cultural settings it also includes linguistic skills);
- Virtual collaboration (to be able to partner with others not seen in the flesh).⁶

The United States needs a next generation workforce development system that will be responsive to the needs of individuals and employers. The new system must combine both public and private human resource development activities and closely link workforce development with state and local economic development strategies and needs. The next generation workforce system should be directed by the needs of individuals and employers, not those of institutions and providers. In order to have a good vocational education, colleges, universities, individuals require good information on current and future employment opportunities, provider performance and employers so that they can make good choices and go into the market. The role of the public sector is not to create second chance programs aimed at targeted groups of individuals. The main purpose is to make markets work better. This suggests that government must

⁶ “Future Work Skills 2020,” Institute for the Future, 2011.

ensure that all individuals can actively participate in and benefit from the market for lifelong education and training opportunities. Another important government role is consumer protection, providing information about opportunities, regulation, and the structure of the public programs. (Ganzlas, et. al. 2000)

It is necessary that the public sector analyze and understand its role in this situation, it has to implement sectorial strategies and focuses on meeting the vocational education and training needs of particular industries or economic sectors and encourage customized training programs, especially ones that work with clusters of firms. This could be an effective way for the public sector to understand and respond to market signals (Ganzlas, et. al. 2000).

In reaction of all the transformations, alternatives were proposed for different organizations as NWBA, most of them based on the subsidiary role of the State and with a role much more leading of the private offer of training. That would assume not only the execution of the actions training, but also its orientation according to the needs of the industry. For example, government might provide incentives for the private sector to better serve a broader population, including individuals with barriers to employment, instead of competing with the private sector. Also it is necessary to expand the participation of other institutions that can provide another perspectives and capacities, like non profits, community based organizations and grassroots organizations.

Moreover, the stakeholders of the workforce system are a very important part of the change; all of them have the same information about the labor market, in order to make informed choices about the demand and supply of workers for particular careers. At this point technology could be very helpful tool to create a service delivery system

that could expand and simplify access to information and services to all the stakeholders. A clear example is the development of one-stop systems that provide self-directed services and use information systems for case management purposes and to carry out administrative support and reporting. (DOLETA, 2015)

As we noticed we must use public private partnerships as effective mechanisms for aligning the private sector's demand for market determination rather than regulation and the public sector's interest in quality assurance, reusability, equitable access and portability (Ganzlas, et. al. 2000).

What are the alternatives for the Workforce System?

The global economy requires a steady increase of labor productivity, which can only be the result of a higher level of education of all the population and a higher level of supply and demand for skills. Training policies cannot be considered alone: its effectiveness and its success depend on several actions that structured incentives for companies and workers to supply and demand for training services. The actual delivery systems, financing and the different approaches to learning are oriented toward initial preparation rather than learning undertaken later in life.

The education system needs to show sufficient flexibility and attractiveness to provide students incentives to stay in school more than basic education, in consequence the transition between school and the labor market, and vice versa will be much easier for the workers. This transition is crucial to give under skilled workers the opportunity to acquire basic qualifications that in most of the cases are a requirement to learn more specialized skills that they can offer and the companies can demand.

In contrast, adult education should be expanded. The public sector must do a review of the resource allocation for the workforce development system as well as financial aid and tax incentives for adult learners to take into account the increasing need for effective mechanisms that support learning throughout one's lifetime.

Most training expenditures and opportunities in the United States and in many countries tend to be focused on upper level workers and managers who have already had the benefits of solid initial preparation. Beneficial tax policies may be a possibility for low-level workers. The cost of the training to the individuals who decide to invest in learning new skills could be subsidized, and the companies who decide to invest in low level workers could receive a tax benefit. At least the investment in human capital should receive the same tax treatment, which receives capital investment.

The next generation workforce system must adopt new ways of learning that are emerging in leading firms. For example, in the last decades German companies have identified the job training system as a key for their success in The United States. These companies use the same system of education and vocational training of first category of Germany, German companies are well positioned in The United States and in other countries to undertake this effort. This system is known as "Dual System of Vocational Training" and is one of the main reasons for the German Companies' success. The system provides strong knowledge through its unique combination of theory and practice, learning and work. This system provides training in an attractive and well recognized way after secondary education, and it is also a complementary alternative, to university education (Federal Embassy of Germany, 2013)

We must realize that the development of the new generation of workers is a complex labor that requires the help of different actors. Companies can find a useful ally in technical schools, community colleges, polytechnic institutes, vocational clubs for high schools and all the organizations that are involved in science, technology and innovation. For example, The National Science Foundation's Advanced Technology Education centers collaborate with post secondary schools; both revise curricula for some professions; with these actions they create a workforce supply for businesses and expand job opportunities for young people and adults.

Community college is one of the most important allies for companies: they enroll about 8 million students every year, many of whom attend specifically for workforce training. In 2012, the federal government announced an \$8 billion Community College to Career Fund. It would help new partnerships between Community Colleges and businesses to train 2 million workers for good-paying jobs in high growth and high demand industries like health care, transportation and advanced manufacturing. The funds provide the resources that Community Colleges need to become community career centers, where people learn crucial skills that local businesses are looking for, but at the same time workers gain industry recognized credentials to build strong careers. (The White House, February 13, 2012)

Conclusions

This paper is an initial vision of the Workforce Development System in The United States. Although there are some weaknesses, we can observe that employers, companies, public officials, workers, workforce board members and training providers, as well as high school and college administrators, are trying to improve the workforce system in order to respond better to the features and demands of the global economy. There is not an easy solution: But this study case will be very helpful to show the experience and the solutions for certain problems in the Workforce Training System. These lessons can be a good way to learn how to deal with the challenges that developed countries like Mexico have in order to bring the access and the opportunity to all the workers to improve their skills, but also according with the needs of the market. In the next paragraphs we enlisted some examples:

The development of Workforce Training System requires, as we have seen, an inter-institutional work, a considerable dialogue and debate with a broad array of key workforce actors. If each actor provides information about experiences, best practices and analysis of the changes of the local businesses and local economy, the outcome of the dialogue will be more productive and it also will be clearer to know the requirements in the near future.

The government should not forget that the main mission of the workforce training system is to provide to all the population a good level and a combination of skills; in order to supply highly skilled workers and companies can generate more productive jobs associated with a competitive economy. This implies that each action in the workforce training system, for example basic training and certification process, should

be determined in terms of their effectiveness, instead of only evaluating their effectiveness in mitigating the social consequences of unemployment.

Developed countries governments tend to think that they have to be in charge of all the parts of the process. For example, in Mexico the government has created several institutions to provide training services, most of them offer programs that are not according with the needs of the market and they also do not provide standardized and quality programs. A possible solution is to disappear the large public institutions of professional training, and create partnerships with private institutions that can provide a competitive service. Instead of being the suppliers of the service they could play a regulatory and audit role. Governments must realized that there are different actors in this process and they also have to interact each other but every actor must be responsible of their own part.

Vocational Education, Training and Work Based Programs are a key economic input skilling and integrating young people into labor market and in providing high quality of skills. The government could establish a formal consultation framework between employers, labor unions, and the suppliers of the training programs. The government could establish a framework of formal consultation between employers, unions, and training suppliers adopting quality standards and apprenticeships to support workplace training as an integral part of the vocational programs.

One of the main problems of training, in developed countries like Mexico, is that the demand does not agree with the supply. Training is a bad investment when people who received the preparation cannot find a job in a short time. So there are two rules: first, if there is not demand in certain labor market, there will not be training, second

employers are part of the equation, firms must work with the training institutions in order to develop programs according with the demand. We need entrepreneurs, businessman and leaders of unions that show a real interest in this topic.

No country can expect the development of its economy without making a considerable effort of training. All industrialized economies have massive and expensive trainings systems, because they have recognized the economic and social benefits that can provide a good education and training system.

References

- Alfthan, Torkel et al. (2000). "Global Restructuring, Training, and Social Dialogue: Overview, Issues and Implications," In Torkel Alfthan, Christopher T. King and Gyorgy Sziraczki, eds., Global Restructuring, Training, and the Social Dialogue, Geneva: International Labor Organization. Forthcoming.
- Balducci, David, Terry Johnson, R. Mark Gritz. (1997). "The Role of the Employment Service." In Unemployment Insurance in the United States: Analysis of Policy Issues, Christopher J. O'Leary and Stephen A. Wandner, eds. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp.457–504.
- Balducci, David E., and Alison J. Pasternak. (2001). "One-Stop Statecraft: Restructuring Workforce Development Programs in the United States." In Labor Market Policies and the Public Employment Service, Paris: Organization for Economic Co-operation and Development (OECD), pp. 141–168.
- Balducci, David E., and Alison J. Pasternak. (2004). "Federal-State Relations in Labor Exchange Policy." In Labor Exchange Policy in the United States, David E. Balducci, Randall W. Eberts, and Christopher J. O'Leary, eds. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp. 33–72.
- Balducci, David E., Randall W. Eberts, and Christopher J. O'Leary (2004). Labor Exchange Policy in the United States. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.

Berger, N., & Fisher, P. (2013). A well-educated workforce is key to state prosperity. Economic Policy Institute. <http://www.epi.org/publication/states-education-productivity-growth-foundations>.

Camara de Diputados de los Estados Unidos Mexicanos, Ley para Impulsar el Crecimiento Sostenido de la Productividad y la Competitividad de la Economía, 2 de octubre de 2014, retrieved from <http://gaceta.diputados.gob.mx/PDF/62/2014/oct/20141002-II.pdf>

Carnevale, A. P., & Smith, N. (2013). Workplace basics: the skills employees need and employers want. *Human Resource Development International*, 16(5), 491-501.

Cragg, Michael (1997). "Performance incentives in the public sector: Evidence from the Job Training Partnership Act." *Journal of Law, Economics, and Organization* 13, no. 1: 147-168.

Department of Labor, Employment and Training Administration, April 22, 2008, Wagner-Peyser Act of 1933, as amended by the Workforce Investment Act of 1998, retrieved from http://www.doleta.gov/programs/w-pact_amended98.cfm

Department of Labor, Workforce Innovation and Opportunity Act, July 14, 2014, retrieved from <http://www.doleta.gov/wioa/>

Department of Labor, The Workforce Innovation and Opportunity Act, July 22, 2014, retrieved from <http://www.doleta.gov/wioa/pdf/WIOA-Factsheet.pdf>

Department of Labor, Budget in Brief 2013-2015, 2015.

Department of Labor, Employment and Training Administration, July 27, 2007 retrieved from <http://www.doleta.gov/wired/about/>

Department of Labor, Employment and Training Administration, January 7, 2010

retrieved from <http://www.doleta.gov/etainfo/mission.cfm>

Dar, Amit and Gill, Indermit (1999). Skills and Change: Constraints and Innovation in the Reform of Vocational Education and Training, Geneva: Joint World Bank- ILO Study.

Embassy of the Federal Republic of Germany (2013), The Skills initiative, retrieved from <http://www.germany.info/contentblob/3846858/Daten/3101511/SkillsInitiativeBrochurePDFAlt.pdf>

Ganzglass, E., Ridley, N., Simon, M., Narver, B. J., & Van Horn, C. (2000). Building a next generation workforce development system. White Paper. Ford Foundation.

Grubb, W. Norton et al. (1999). Toward Order from Chaos: State Efforts to Reform Workforce Development Systems, Berkeley, CA: National Center for Research in Vocational Education, MDS-1249.

Guzda, Henry P. (1983). "The U.S. Employment Service at 50: It Had to Wait Its Turn." Monthly Labor Review 106(6): 12–19. p. 15

Jarrett Wagner, Stacey, (2013), Creating a Skilled Manufacturing Workforce in Richard McCormack, 2013, ReMaking America, The Alliance for American Manufacturing.

National Association of Workforce Boards and Public Consulting Group, (2014), The Workforce Innovation and Opportunity Act (WIOA), Driving Innovation, Collaboration, and Performance, Analytical Report.

O'Leary, Christopher J., and Randall W. Eberts. (2008). "The Wagner-Peyser Act and U.S. Employment Service: Seventy-Five Years of Matching Job Seekers and

Employers." Report prepared for Center for Employment Security Education and Research (SESER); National Association of State Workforce Agencies (NASWA).

O'Leary, Christopher J. (2006). "State UI Job-Search Rules and Reemployment Services." *Monthly Labor Review* 129(6): 27–37.

O'Shea, D. P., & King, C. T. (2001). *The Workforce Investment Act of 1998: Restructuring Workforce Development Initiatives in States and Localities* (No. 12). Nelson A. Rockefeller Institute of Government.

Richard W, Judy, and D'Amico, Carol (1997). *Workforce 2020: Work and Workers in the 21st Century*, Indianapolis, Indiana: Hudson Institute.

The White House, (February 13, 2013) President Obama's Plan to Train 2 Million Workers for Jobs in High-Demand Industries, retrieved from: <https://www.whitehouse.gov/blog/2012/02/13/president-obamas-plan-train-2-million-workers-jobs-high-demand-industries>

Van Horn, Carl (1996). *No One Left Behind: The Report of the Twentieth Century Task Force on Retraining America's Workforce*, Background Paper, New York: The Twentieth Century Fund Press.

Institute for the Future, 2011, "Future Work Skills 2020"