

Labor Market Realities and Career Guidance

❖ Will Texans embrace market realities in career decision making?

Introduction

It's never been easy to realize career dreams — for any generation. And the world of work is becoming more complex. The future world of work is often described as an increasingly competitive “job jungle,” replete with all the traps and pitfalls conjured by that image. Yet students still often hear the same simplistic message from family and school counselors: “Go to school and find your passion. Focus on getting a degree, and your career will unfold before you.” Consequently, many of these students follow their dreams and pursue studies that align with their interests.

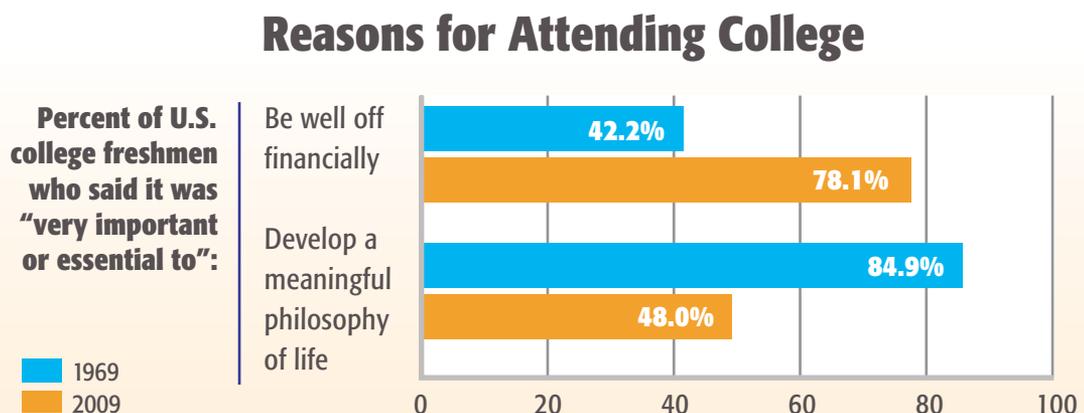
But such advice should include caveats. People are not their jobs nor their professions. In an ideal world, everyone would study what they want, get the job they want and live in the community they want. In the ideal world, intellectual interest, career aspirations and lifestyle expectations nicely align. But not everyone lives in this ideal world. Labor market

realities significantly influence employment opportunities. To make informed education and career choices, each student should have an understanding of the increasingly competitive and global world of work.

What's Happening

The recession is influencing college choice. In the 2009 annual freshman survey conducted by the Higher Education Research Institute of UCLA, a record-setting 78.1% of incoming freshmen nationwide identified “being well-off financially” as their primary objective for college attendance. Survey results from 2009, which covered 220,000 first-time, full-time freshmen across 297 universities in every state, differed markedly from the 1969 findings when only 42.2% said it was either very important or essential to be well off financially (see **Figure 8.1**). Similar results were reported by college students in a University of Colorado survey, who noted by far the most important reason they

Figure 8.1



SOURCE “The American Freshman National Norms 2009,” Higher Education Research Institute at UCLA.

Rising Cost of College in Texas

School	2001–2002 In-State Tuition and Fees	2009–2010 In-State Tuition and Fees	Percentage Increase 2001–2009
Texas A&M University	\$3,374	\$8,176	142.3%
Texas Tech University	\$3,400	\$7,485	120.1%
Sam Houston State University	\$2,228	\$6,515	192.4%
University of Texas at Austin	\$3,575	\$8,930	149.8%
University of Texas – Pan American	\$2,363	\$4,304	82.1%
University of Houston	\$2,444	\$8,496	247.6%
Abilene Christian University	\$10,910	\$20,290	85.9%
Baylor University	\$11,938	\$27,210	127.9%
Rice University	\$16,400	\$32,105	95.8%
Southern Methodist University	\$19,620	\$35,160	79.2%

SOURCE: Peterson's College Guide, 2001, 2010.

Table 8.1

chose to attend college was to gain skills or knowledge for a job or for graduate school. Beyond seeking the proverbial “good job,” students of any age seem interested in not only general education but also significantly enhanced job opportunities.

Yet a new reality exists in the world of work. A college degree is important. A degree conveys that a student has a certain level of knowledge, can achieve a major goal and has the critical-thinking skills employers desire in their workers. Most jobs don’t require a four-year degree, but most well-paying jobs, particularly the fastest-growing occupations in Texas, require some postsecondary education or training. Many employers use evidence of a college degree as the “price of entry” for a job, even if the skill requirements do not directly relate to a specific degree. Still, despite common beliefs to the contrary, a degree does not guarantee a “good” job.

Not only is the workplace changing, but the knowledge and skill sets demanded by employers are similarly changing. Critical-thinking and problem-solving skills are more important than ever, according to human resources directors and hiring managers. For employers, workers who cannot apply their knowledge in real-world situations do not add to a business’s profitability or competitiveness.

In a world where new knowledge is rapidly created, more employers want their workers to have a heightened sense of intellectual curiosity as well as an understanding of how to learn, in anticipation of the next new wave of innovation.

For many new jobs, particularly those that can be performed anywhere in the world, the competition will come not just from fellow Americans but from job candidates in Singapore, India and other foreign lands. Globalization has created a new workforce environment. Students must be aware of these new realities as they make their education and career choices.

The Data

There is no doubt higher education pays. An analysis of occupations and educational requirements in Texas revealed that a Texan with a Bachelor’s degree can earn roughly \$1.6 million more over a lifetime than someone who holds a job that requires only a short demonstration — that is, the kinds of jobs generally available to those with high school diplomas. The same research also showed a lifetime earnings differential of \$1.1 million for those achieving an Associate’s degree.

Critical-thinking and problem-solving skills are more important than ever, according to human resources directors and hiring managers.

College Degrees Earned by Texas Graduates, 2008

College Program of Study	Graduates	Postgraduation Earnings
Business, management & marketing	18,058	\$38,001
Multi-/interdisciplinary studies	9,246	\$35,602
Health professions & related clinical sciences	5,759	\$49,247
Social sciences	5,710	\$28,460
Biological & biomedical sciences	4,939	\$24,104
Communication, journalism & related programs	4,677	\$26,672
Psychology	4,479	\$24,562
Engineering	4,066	\$56,125
Visual & performing arts	3,382	\$25,700
English language & literature/letters	3,196	\$27,152
Parks, recreation, leisure & fitness	2,973	\$27,511
Criminal justice	2,435	\$28,775

SOURCE Texas Higher Education Coordinating Board.

Table 8.2

Both examples assume a 40-year work life in occupations relating to their education level.

But that earnings premium comes at a price. According to the College Board, 2010 tuition and fees for a public four-year college are \$7,020 per year, an increase of 6.5% over 2009 costs. During the past decade, college costs have increased each year. For example, the cost of tuition for undergraduate students at the University of Texas at Austin increased 22.9% between 2005 and 2010 (see **Table 8.1**).

Many adults hope that if students are willing to incur significant financial burdens to learn knowledge and skills required in the workplace, they must make the connection among labor market demand, postgraduate earnings and their choice of college major. Yet those connections are tenuous at best. In a 2008 survey conducted by tuition financing giant Sallie Mae, more than 70% of parents and students said future earnings potential did not factor into their borrowing decision. “That’s a recipe for disaster,” noted Janet Bodnar, editor for *Kiplinger’s Personal Finance*.

The disaster Bodnar refers to comes when it’s time to repay student loans,

a time when the adage “it matters not only that you study but what you study” becomes vividly clear. Research of postgraduate salaries shows wide variation in the earnings of graduates, depending on their college program of study, and their ability to repay student loans.

For example, the 2008 graduating cohort of undergraduate engineering students from a Texas university earned \$56,125 a year, whereas the cohort graduating with a Bachelor’s degree in psychology earned \$24,562. Unfortunately, many students pursue degrees that have little connection to the skill demands of Texas employers. And many Texas college students are pursuing degrees that offer limited employment opportunities.

In 2008, more Texas students graduated with a psychology degree (4,479) than an engineering degree (4,066). To further show this disconnect, comparing the ranks of enrollments by major for Texas university students in 2009 with programs of study that have the highest postgraduate earnings shows there is no significant correlation between the realities of the job market and the thinking of students (see **Table 8.2**).

College degrees differ. And degrees matter differently in the working world. Of the top 25 programs of study with the highest postgraduate earnings, 14 are in the science, technology, engineering and math (STEM) disciplines. Also, 12 of those top-paying fields of study don't even require a Bachelor's degree but an Associate's degree or industry certification

Students in high school tend to receive much of their career information from the media. The Texas Workforce Commission and the Texas Education Agency operate a toll-free career information hotline to help students access college and career information. Students can call the hotline to request information about particular careers of interest. Since 2005, the hotline has responded to more than 35,000 requests. According to Roger Gonzalez, the hotline operator, the most popular occupation inquiries are doctor, lawyer, high school teacher, coach, athlete, veterinarian, law enforcement official (especially crime scene investigation, or CSI), cosmetologist and actor. Gonzalez, who has staffed the hotline for 10 years, said, "The top occupations have been mostly the same since I started, but they do change if a TV show is hot or something big happens."

But TV often does not show the necessary educational preparation. Hotline callers have not been asking about career information for jobs like computer software engineers, network systems administrators, physical therapists, pharmacy technicians, dental hygienists and medical equipment repairers — all of which are near the top of the Texas high-demand occupations list.

| So What?

Ryan Long, campus relations manager for Vector Marketing, wants several lessons to be communicated to young Gen Y and Millennial graduates entering the workforce: "On the one hand, someone has to prepare grads of this generation for the realities of the work world and life after college. On the other hand, employers may need to change recruiting and retention activities based on who they will be working with."

Many students have an idea of what they want to do in terms of a career but don't understand the day-to-day activities that go along with the "glamorous" view of their future job. For example, Long noted that she has interviewed many finance majors who don't know what someone in the financial industry does. They just plan to get a job in the financial field, doing something.

Long, who visits college campuses all over the Southwest, claims that liberal arts majors tend to be the most lost in their job search and stumble into jobs in various industries that they never would have considered because they have no expectations beyond magically finding a job. "Many liberal arts students have no idea what they will be doing after graduation" Long said. "Students seem to assume that good grades and a diploma mean a job opportunity will just appear."

Students entering the world of work during the next decade will find a knowledge-based economy that values creative thinking and problem solving. This economy will also be characterized by increased job volatility, which means shorter tenure in a single occupation or with the same employer. Even as workers are laid off in robust economic periods, companies still hire during general recessionary periods. For example, the Conference Board's online database documented 249,069 available job postings in Texas during March 2010, amid a recession. With such an increasingly global and unpredictable marketplace, workers must manage their own career paths and retirement strategies.

Most career counselors tell students to be prepared, get experience and build their résumés, but some students just aren't getting it. While attending a job fair at a small, private university in Central Texas, Long was surprised to find that many of the seniors and alumni job seekers thought they could find management and midlevel positions regardless of their lack of experience. Long lamented that many were quick to pass over the entry-level positions available at her company even before they knew what was being offered.

"Many liberal arts students have no idea what they will be doing after graduation. Students seem to assume that good grades and a diploma mean a job opportunity will just appear."

— Ryan Long, Vector Marketing



Chapter 8 | Suggested Strategies

Think Globally, Plan Regionally

Employers and educators agree that additional education after high school is important for every student. Better-educated citizens are good for society, and the added knowledge will be critical to labor market success. A four-year college degree in a field of study with good job prospects is one option, but not the only one. Many two-year degree programs offer good job prospects and above-average wages, including programs in health care, computer technology, skilled construction trades and energy and logistics. The same can be said for a variety of apprenticeship programs.

Before matriculating at a two- or four-year college, students could benefit from understanding how college coursework and job requirements align. Learning is always healthy, and the pursuit of education can be a goal in itself. But if a primary goal of college is to acquire knowledge and skills in demand to enhance employability and earnings potential, then students deserve to know how the learning objectives in a course or program relate to job opportunities. Students should also know about changes in the labor market, which is constantly evolving.

Automation, job blending, globalization — these factors influence how employers use labor and affix worker value. Some questions to ask about longer term job prospects in a given occupation might include:

- **Does the occupation of interest involve mostly routine tasks?** Jobs that have mostly routine tasks or require a body of knowledge that is easily broken down into simple “if-then” decision rules can be computerized or automated more easily, reducing the demand for workers in that occupation.
- **Does the occupation require physical proximity to the tasks performed?** Plumbers must do their work in the community in which they live. But customer service representatives, many of whom work mostly by telephone, can perform their work almost anywhere in the world. This concept applies even within higher status professions. Routine accounting, for example, can be performed in a variety of places, including offshore locales. Effective management audit practices, however, require a higher degree of face-to-face contact and personal interviews.
- **Where do you want to live?** Location matters. Not all jobs exist in the same proportion in all communities, nor do all communities add jobs at the same rate. Unemployment rates in February 2010 were 4.6% in Fargo, North Dakota; 5.7% in Amarillo, Texas; and 15.8% in Flint, Michigan. Also in February 2010, Washington, D.C., had almost twice as many job postings (141,000) as did Dallas (82,742), which had more than twice as many as the Pittsburgh metropolitan area (31,400).

- **Does the occupation require mastery of advanced analog or digital technology?**

In general, higher wages are afforded to jobs that require mastery of technology, whereas jobs with a large percentage of low-value-added or manual tasks tend to have lower wages.

- **Is the occupation found in multiple industries or can the skills within the occupation transfer readily to other industries or occupations?**

In a volatile labor market, skill transferability is the best ticket to continued employment. Moreover, multidisciplinary programs that cross the lines of traditional majors, such as information technology paired with health care or biology paired with statistics, will offer students greater opportunities.

Length of education is another important consideration. Three-year graduation options are becoming more attractive. It takes discipline and a clear study plan, and advanced placement (AP) credits from high school help, too. Finishing coursework in three years is one approach to finishing college and saving thousands of dollars in tuition. Only 4.2% of U.S. undergraduates earned a Bachelor's degree in three years, according to the most recent statistics from the U.S. Department of Education. Three-year programs are being touted by education experts, such as Senator Lamar Alexander, former U.S. Secretary of Education and the Lumina Foundation for Education.

Young people mature at different rates, and not everyone crystallizes their career aspirations in high school. Some students

spend time after high school exploring options by taking a foundation course at a community college that can apply to most degree programs. Students can also search for work experiences or internships in industries of interest. The key is to stay focused on continued education and avoid wasting financial resources.

Finally, students should be intrepid in understanding how the world of work is interconnected. In other words: network, network, network. How often does Microsoft put an ad in the paper for a new vice president? Never. Many great positions are never advertised but are filled by word of mouth. The bigger the network, the better the opportunities to land a great job.

The concept of talking professionally with old bosses, friends, family members, teachers, former co-workers, acquaintances and others in an effort to uncover job opportunities is rarely taught to students. They never know who or what may lead them to the next best thing or their elusive dream job. Not only should job seekers learn all they can in each successive job they have, but they also should meet and build relationships with as many people as they can, no matter how prestigious their job. Though a company's vice president of marketing probably has a lot of connections, the receptionist might be an even more important person to know. The person at the front desk of a large corporation just might be the sibling of the executive at an even bigger corporation. Many times, networking, more so than the type of education earned, leads to success.