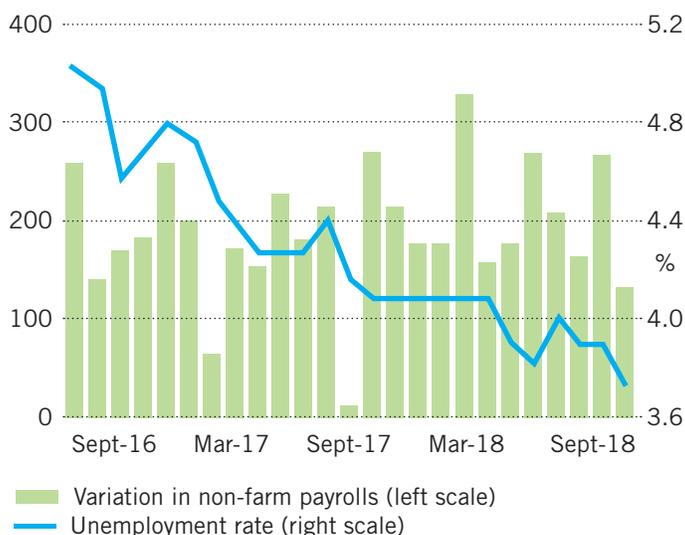




Southern California Employment Trends Report

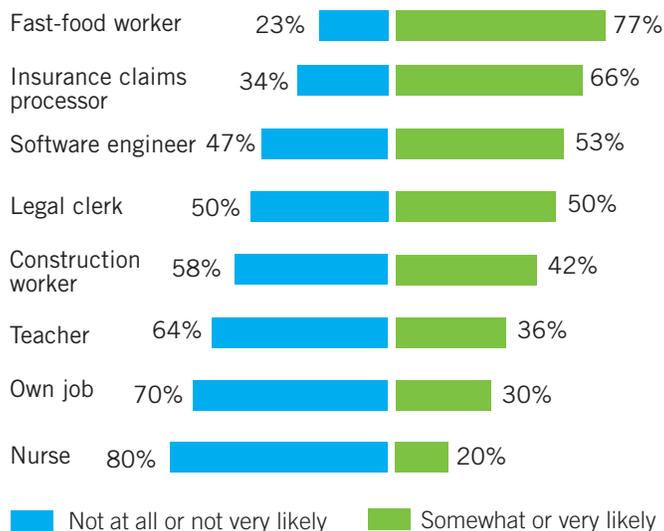
SOUTHERN CALIFORNIA

U.S. Nonfarm Payrolls vs. Unemployment Rate



The national labor market continues to tighten – the unemployment rate fell to 3.7 percent in September, a 50-year low. (Source: U.S. Bureau of Labor Statistics)

Americans view certain professions as being at greater risk of automation than others



According to a recent Pew Research Center study, most Americans think that one day, human jobs will be replaced by automation, robots or computers. (Source: Pew Research Center)

Tight Labor Market and Rise of Automation Create Need for Partnerships with Education

For the first time in nearly 50 years, the national unemployment rate fell to 3.7 percent in September, further tightening the labor market and adding to an already booming economy.

However, there is a deeper aspect to the unemployment rate that has to do with lack of job growth for middle-skilled workers. According to a recent Career Builder report, while 8 million jobs are predicted to be created between 2018 and 2023, only 25 percent of them will be middle-skilled positions. Dozens of middle-skilled positions that currently exist across multiple industries will disappear in the next five years.

A Los Angeles Times article on the changing nature of the workforce might help explain this trend. The story highlights the number of middle-skilled jobs, such as those in warehousing and distribution, will eventually be displaced by automation and robotics.

While some forms of automation may be years away, one thing is clear: workers will need to be trained to efficiently (and successfully) work alongside or with this technology. Workers realize automation will impact their jobs, too. A recent Pew Research Center poll found that “roughly three-quarters of Americans (77%) think it’s realistic that robots and computers might one day be able to do many of the jobs currently done by humans, with 20% describing this prospect as extremely realistic.”

Further advances in Industry 4.0, also known as the fourth industrial revolution, will reduce the number of jobs in industries, including manufacturing. They will be replaced by robotics and automated technologies that communicate with each other to carry out processes independent of human interaction. Because of this, employers need to develop a strategy for how this will affect their businesses. This planning will require visualizing how their industry and specific business processes will be performed two, five and 10 years in the future.

The changes that are coming will impact the skills that employees will need to do their jobs. When considering the effects of automation on their business and in light of the current low unemployment, many companies now are exploring industry partnerships with community colleges, tech schools or trade schools that enable employees to take classes and strengthen their skills for advanced positions in engineering, manufacturing, logistics, vehicle repair and more.

Many of these partnerships involve developing courses that align and teach the skills needed for specific industries. In other words, companies are upskilling a future generation of workers for themselves.

Business owners will need to remain open about new approaches to reskill or upskill workers, which will allow them to address advancements in automation that will affect their profitability.

