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# The State of the Workforce: North Carolina a Market Leader



**Thomas Stith**

*The Michael Thomas  
Group Inc.*



## Workforce Disrupted

Seeking the Labor Market's Next Equilibrium

COVID-19 exacerbated existing shortages in the labor market, causing business leaders to revise corporate strategies designed to recruit and retain the workforce needed to compete in at the state, national, and global level. We must recognize and support the critical role our community colleges serve in meeting employers' post-pandemic workforce demands if we are to close the skills gap in the current labor market.

Historically, North Carolina has benefited from a growing economy, establishing the state as a global competitor for attracting businesses and nurturing economic expansion. A report published by MyFuture NC, however, indicates that North Carolina's educational strategy requires immediate attention. The state risks falling short of its goal of producing an additional 2,000,000 workers with high-quality degrees or credentials by 2030, with a projected shortfall of 31,000 individuals, according to the MyFuture NC report. The same study determined that North Carolina would need 74,704 additional workers to achieve its labor force participation goals by 2030.

This essay focuses on how community colleges can lead in providing the education and training needed to close the skills gap between existing and future high-demand careers.

## **The National Landscape**

In a review of national data identified by Colombia University's Community College Research Center researchers found:

- Roughly 40% of all undergraduate students begin their postsecondary study at a community college, and research suggests that community colleges are especially effective in serving workers impacted by COVID-19.
- New technologies dominate daily work life; employers expect employees without bachelor's degrees to have higher levels of digital literacy and to be comfortable working with technology and using data.

- Increased complexity in entry-level jobs contributes to the demand for workers with stronger quantitative, writing and English language skills.

The national survey conducted in 2022 by Harvard Business School, “The Partnership Imperative: Community Colleges, Employers, & America’s Chronic Skills Gap,” highlights gaps in the current strategies for collaboration between community college educators and business leaders. The survey also provides a roadmap for stakeholders as they develop approaches to enhance collaboration between community colleges and the private sector.

### **A few highlights from the survey: Education and Business Leader Views**

- To improve their material performance, community colleges require far more engagement from employers. Community college leaders have low expectations for substantive collaboration. Only 11% of community college leaders believe that their local employers’ are willing to set hiring targets, and only 10% believe employers would offer job guarantees to students who completed a program.
- Business leaders believe community colleges are resistant to curriculum change. As high as 43% of employers surveyed agreed with the statement, “My community college lacks the mandate or culture to develop programs that align with what employers are looking for.”
- Community college leaders and business leaders set very different values on their partnership’s importance to producing a pipeline of workforce-ready students: 98% of educators surveyed believe a partnership between the two is “very important,” compared to 59% of employers.

### **Seeking a New Labor Market Equilibrium: A Leadership Perspective**

On August 23, 2023, leaders from the North Carolina’s higher education institutions, businesses and the N.C. General Assembly gathered on a panel, “Seeking a New Labor Market Equilibrium: A



Leadership Perspective,” hosted by UNC’s Kenan-Flagler Business School and the Kenan Institute of Private Enterprise. The panelists discussed the challenges of sustaining a viable workforce pipeline and the state’s strategies for overcoming these challenges, bucking the national trend reflected in the Harvard survey. Now more than ever, the global economy requires an innovative approach to preparing our workforce, and the members of the distinguished panel outlined how their organizations are contributing to this imperative, helping to build an advanced workforce pipeline in North Carolina. These panelists were Jeff Cox, President of the North Carolina Community College System; Sen. Amy Galey, N.C. General Assembly; Jennifer Paylor, industry talent innovation thought leader from IBM, Capgemini, MG100; and Gary Salamido, President and CEO, NC Chamber.



*L-R: Thomas Stith, CEO, The Michael Thomas Group Inc.; former president, North Carolina Community College System; Jeff Cox, President of the North Carolina Community College System; Sen. Amy Galey, N.C. General Assembly; Jennifer Paylor, industry talent innovation thought leader from IBM, Capgemini, MG100; and Gary Salamido, President and CEO, NC Chamber.*



## The Skills Gap

Addressing the skills gap was the panel's first area of focus. This gap is defined by comparing the specific skills of the workforce with the required skills needed by business. The panelist responses were comprehensive in their scope:



Jennifer Paylor

*“Skills are evolving and changing at lightning speed. There are skills that will never go away — durable skills and durable trades. But there are skills that are evolving, or they’re being used in different ways. The skills shortage...requires a mindset shift in all of our processes, our infrastructure, the way we recruit talent, the way we attract, retain talent, and more importantly, how do you continue to upskill talent every day? Because whatever job, whatever skill you have today is going to change. In a year, in three years, it’s going to look completely different.”*

- Jennifer Paylor, industry talent innovation thought leader from IBM, Capgemini, and MG100

*“The more we can dig into what is the actual skill that the company needs, we can create short-term workforce credentials that match up very nicely with the specific skills. ... The closer that’s a one-to-one*

*relationship between, ‘here’s a job, here’s a student, here’s the community college,’ that’s the bridge between that student and that job, that makes the operation seamless.”*

- Dr. Jeff Cox, President of the N.C. Community College System

*“We had two and a half years of people reassessing what the next phase of their lives would be. So I think companies learned a lot, and we became better communicators. And I think our education community learned a lot and became better communicators, and we both became better listeners. So I’m optimistic as to how the communication is going right now, and I think as we get better at immediate skills, the ability to be a lifelong learner is where the business community is looking for and identifying its talent.”*

- Gary Salamido, President and CEO of NC Chamber

## The Importance of Collaboration

North Carolina ranks as the top state for business for the second consecutive year, with its “world class workforce” identified as a leading reason for its repeat performance in CNBC’s annual ranking. The panelists explored the factors that distinguish North Carolina from the other 49 states in its attractiveness to business, noting the importance of collaboration between all stakeholders within the

workforce ecosystem as one key characteristic. A business infrastructure built with a foundation of collaboration distinguishes North Carolina in a highly competitive business environment.



Sen. Amy Galey, R-Alamance

*“North Carolina’s leadership is aligned between K-12, the community college system and university system. The X Factor is not competition with each other but how do we make it better? We have the courage now together because we have the alignment of leadership at this moment in time.”*

- Gary Salamido, President and CEO of NC Chamber

### State Policy to Enhance Strategic Workforce Initiatives

State policies have an outsized effect on strategic workforce initiatives, as they provide critical resources and support needed to sustain a viable workforce ecosystem. The panelists highlighted strategies that could inform state level policy.

*“We don’t think of early childhood education as being workforce development, but it is. If the child is not ready for kindergarten, statistics show that they are much, much less likely to graduate from high school. Another place where we can measure that skills gap is in third grade, in reading and math scores, and again in eighth grade reading and math scores.”*

- Sen. Amy Galey, R-Alamance

*“The military presence in North Carolina is an incredible number of really special folks that are coming here to serve their country. Over 1,000 of them are being discharged per month, and they’re not staying. Some people want to go home and everything, but it should be easier to say, ‘Were you aware of these opportunities? And by the way, here’s the pathway, through whatever community you want to live in, to get the skills and the training that you need.’”*

- Gary Salamido, President and CEO of NC Chamber

*“We have an opportunity to grow apprenticeships. [ApprenticeshipNC](#), an employer-driven training model that combines paid work-based learning with related classroom instruction.”*

- Dr. Jeff Cox, President of the N.C. Community College System

## A Conversation with N.C. Senator Michael Lee: Meeting North Carolina's Workforce Needs



Thomas Stith and N.C. Senator Michael Lee

North Carolina was named the country's #1 state for business for the second consecutive year by CNBC. Some CEOs have identified the state's superior workforce pipeline as a significant competitive advantage. North Carolina's educational system, specifically its community college system, sustains this advantage in the global economic development market.

N.C. State Senator Michael Lee joined the Kenan Institute's Frontiers of Business Conference to discuss state policies for workforce development, strategies to enhance

collaboration between community colleges, business, and policy makers, and how our state can increase the number of individuals with a post-secondary credential or degree by 2030 to meet the business community's workforce requirements.

### Highlights from the Fireside Chat

North Carolina's "world class workforce" is a determining factor in our rank as the top state for business. What distinguishes North Carolina from all other states?

*"North Carolina ranks high in several key categories: workforce, education and infrastructure. The state's tax structure along with our regulatory policy provides a positive environment for business. And if you look at our state – 58 community colleges across our state really working to train not just our existing workforce but our future workforce – that is a very attractive proposition."*

- Michael Lee, N.C. State Senator



What strategies can be developed to enhance collaboration between community colleges, universities, and business to strengthen our workforce pipeline and enhance our competitive advantage?

*“Sometimes people don’t feel like they can pick up the phone and call one another. And so I think fostering an environment of collaboration among private business, universities, community colleges and in particular K-12 is needed. There’s so much that our kids can do in the 10<sup>th</sup> and 11<sup>th</sup> grades to learn about what they’re interested in from a career perspective. And they’re never going to do that unless we as adults are establishing those policies and procedures by which they have the opportunity to do that.”*

- Michael Lee, N.C. State Senator

North Carolina’s Community College System leads our nation in providing a robust workforce pipeline. What role can the system serve as we focus on ensuring adult learners are participating in higher education opportunities that lead to high demand, high paying careers?

*“North Carolina Community Colleges do a great job in identifying workforce needs in their specific area and needs that have statewide implications. They then develop academic programs to address the identified need. A good example of this was a collaborative effort with Duke Energy resulting in establishing a partnership leading to a ten-week program and job opportunities for graduates.”*

- Michael Lee, N.C. State Senator

## **Fostering a Collaborative Approach Between North Carolina Community Colleges and Business for a Post-COVID Workforce Pipeline**

In the COVID-19 pandemic’s wake, the importance of a collaborative approach between North Carolina community colleges and businesses cannot be overstated. As we move forward into a post-pandemic world, the workforce landscape is evolving rapidly, with new demands and expectations. It is crucial for community colleges and businesses to work together to successfully navigate these changes and to ensure a thriving workforce pipeline. This collaborative effort will benefit colleges and businesses while contributing to the broader

economic development of the state. First, let's look at the importance of collaboration and the priority steps to support its success.

### The Importance of Collaboration

1. **Alignment with Real-World Needs:** As business adapts to new realities, the skills and knowledge required of the workforce are changing. Community colleges are pivotal for preparing students for these changes. By collaborating closely with businesses, these institutions can ensure that their programs align with real-world needs. This alignment will lead to graduates who are better equipped to enter the job market immediately, thereby reducing the skills gap.
2. **Economic Growth:** North Carolina's economic growth depends on the success of its businesses and the availability of a skilled workforce. Strong collaboration between community colleges and businesses can enhance economic growth by providing businesses with the talent they need to thrive. A high-skilled, well-prepared workforce also attracts new industries and investment, which contributes greatly to economic prosperity.
3. **Resilience and Adaptability:** The COVID-19 pandemic emphasized the importance of resilience and adaptability in the workforce. A collaborative approach affords the development of educational programs that build these qualities. Effective collaboration ensures that community college curricula remain flexible and responsive to changing economic conditions, helping students and workers remain relevant in a rapidly evolving job market.

4. **Empowering Adult Learners:** Adult learners constitute a significant portion of North Carolina's workforce. These workers are seeking to retool their skills or re-enter the job market after experiencing career disruptions. By working closely with businesses, community colleges can develop programs that meet the distinct needs of adult learners, providing this segment of the workforce with the skills and knowledge required to thrive in an evolving work environment.

### Priority Steps for Success

1. **Regular Communication and Feedback Mechanisms:** Effective collaboration requires open and regular communication between community colleges and businesses. This communication can be achieved by establishing formal channels for feedback and dialogue. Community colleges should actively seek input from businesses regarding the skills and competencies they require. Likewise, businesses should provide constructive feedback on the preparedness of graduates. Regular meetings, advisory boards, and surveys are examples of tools that can facilitate this exchange.
2. **Internship and Apprenticeship Programs:** Practical experience is invaluable in preparing students for the workforce. Community colleges and businesses should work together to develop robust internship and apprenticeship programs. These programs provide students with an opportunity to gain hands-on experience while allowing businesses to evaluate potential future employees. Expanding these initiatives would give more students access to real-world learning experiences that increase their employability. Businesses can partner with community colleges to offer workplace-based training and apprenticeship programs tailored to adult learners. These programs allow participants



to earn while they learn, making it a viable option for those who need to balance work and education. Program participants also receive training directly aligned with business needs, ensuring job-ready graduates.

3. **Recognizing Prior Learning and Experience:** Adult learners often come with a wealth of experience and prior learning. To support their success, community colleges and businesses should develop policies and practices that recognize and credit this experience. This recognition would reduce the time and cost of acquiring new qualifications, making educational opportunities more accessible.
4. **Flexible Online and Blended Learning:** The pandemic expanded the utilization of online and blended learning. Community colleges should collaborate with businesses to develop and offer flexible digital programs that cater to adult learners. These programs should accommodate work schedules and family commitments, allowing adults to acquire new skills at their own pace. Regular feedback mechanisms would ensure the content remains relevant and effective.
5. **Customized Workforce Development:** A one-size-fits-all approach to education and training is neither sufficient nor appropriate. Businesses have unique needs, and community colleges must offer customized solutions. By developing tailored workforce development programs, community colleges can provide businesses with the precise skills and competencies they need. These programs may include industry-specific certifications, specialized training, and degree programs designed in collaboration with business experts.

## Conclusion

A collaborative approach between North Carolina community colleges and businesses is not a mere luxury, but a necessity. Collaboration not only means investing in individual career opportunities but catalyzing economic growth and workforce resilience. As we recover from the shocks of the COVID-19 pandemic, our workforce's ability to adapt and thrive in a changing landscape is paramount. Collaboration is crucial for aligning educational programs with real-world business needs, driving economic growth, and fostering a resilient and adaptable workforce.

A collaborative approach between community colleges and businesses with a strong focus on adult learners will help North Carolina sustain and grow its workforce while also ensuring workers and companies thrive in the face of new challenges. By taking these steps to success, North Carolina will position itself as a hub for innovation and economic growth in the post-COVID era. This is a strategic imperative for the future of our state, ensuring a thriving workforce pipeline that can meet the evolving demands of the 21st-century economy.



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