Policy Report
Number 10 • January 2008

Center for Local, State, and Urban Policy
UNIVERSITY OF MICHIGAN

Coming Together in Tough Economic Times:
Workforce Development and Economic Development Move Closer Together in Michigan

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Summary

Based on two recent studies of the Michigan and national workforce development systems, this report examines how Michigan's local workforce agencies are coping with the state's recent economic decline, and how their relationships with economic development agencies are evolving to meet new demands. While the two functions have historically been discrete and disconnected, this research finds growing connectivity between workforce and economic development efforts in response to Michigan's dramatic economic challenges.

While the changes have been driven by macro-level economic pressures, this research identified the following six factors which have also been key to the growing connectivity between workforce development and economic development efforts in Michigan:

- Organizational changes that have blurred the former divisions between the two fields;
- Intersecting networks, shared knowledge and growing social capital that have increasingly linked the two fields together;
- Customization of efforts which have increased collaboration between the fields, based on local assets, traditions and relationships;
- Changes in the actors involved, as business leaders take increasingly active roles in workforce development efforts;
- Political leadership calling for greater collaboration;
- New approaches taken by workforce development officials that are more inline with how economic development officials operate.

Based on the research findings, this paper also offers suggestions to improve efforts to develop both the economy and the workforce in a more integrated fashion.

CLOSUP

Introduction

Historically, public workforce development and local economic development have been separate and disconnected public endeavors. Previous research has documented this disconnect and described the need for greater connectivity between these professional areas (Fitzgerald 1993; Giloth 2000; Harrison, Weiss, and Gant 1994). One reason for the divide is the inconsistency in geographical boundaries or service areas of public workforce agencies and economic development organizations. Another point of departure relates to the distinct goals and approaches of each group: while economic development has traditionally focused on creating jobs and increasing economic activity, workforce development has focused on placing people in jobs. Additional barriers to the integration of workforce and economic development result from separate funding streams and governmental departments overseeing the two functions (Fitzgerald 2004).

STUDY METHODOLOGY

In-depth interviews with administrators and staff of local Michigan Works! workforce agencies provided the primary source of data for this research. The study, funded by the Center for Local, State, and Urban Policy, focused on six Local Workforce Investment Areas (LWIAs) in Michigan. Cases were selected to capture variety on several characteristics over the study period (1999-2003) including unemployment rates, performance on the Department of Labor's Workforce Investment Act (WIA) performance measures,[1] number of clients served in WIA funded programs, workforce development funding levels, and level of urbanization. A total of 46 in-depth semi-structured interviews were conducted at workforce development agencies with administrators, staff, and members of Local Workforce Investment Boards (WIB) between October 2004 and June 2005.

In Michigan, however, recent economic hardship has produced greater incentive for workforce agencies and economic development organizations to innovate and to find common ground upon which to save their local economies. Regions hit particularly hard were those whose economies had high concentrations of manufacturing, technology, and financial services jobs. The economic challenge was compounded by decreased government funding for programs and initiatives that would have alleviated some of the strain. In addition, global economic forces increased the level of economic competition among regions worldwide. There was a widespread call from both public and private stakeholders in local areas to strategically employ all available resources and expertise to salvage their local economies. With high unemployment rates in many areas, workforce development agencies charged with helping the unemployed find jobs desperately sought new approaches and strategies. Economic development organizations aimed at creating and retaining jobs and businesses were also under extreme pressure in a downsizing, globalizing, and skills-hungry economy. Michigan had been hit so hard by economic challenges that workforce and economic development agencies had to devise new strategies, including forming partnerships for mutual survival.

The research findings reported here suggest that the relationships between workforce development agencies and economic development organizations in Michigan have evolved in several important ways. These transformations have resulted from numerous factors,

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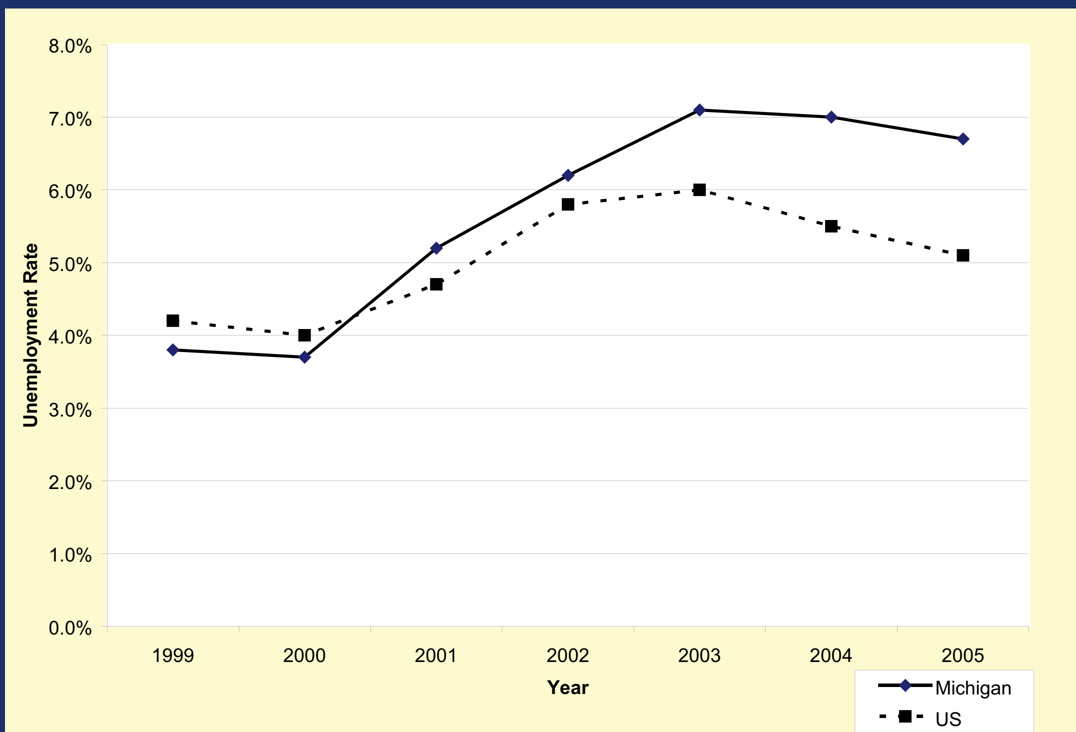
including basic economic necessity, as well as changes in policy, institutional structures, networks, and the attitudes and professional backgrounds of the players involved. In several local areas, the process of focusing on industry sectors and/or clusters to create jobs, train a specialized workforce, and create a competitive economy has resulted in stronger connections between the people and organizations involved in workforce and economic development initiatives. Still, several unresolved issues and role conflicts remain to be worked out between the stakeholders and organizations in workforce development and those in economic development. Despite these continuing challenges, the process thus far has produced encouraging results suggesting that the two sides can find common ground.

Michigan's Economy in the Early 2000s

The workforce challenge in Michigan has been shaped in part by the state's history as the auto-manufacturing capital of the country, and its region-specific definitions of normal work and pay structures. By 2000 the state's labor force included a dominant sector of workers in low-skill high-paying manufacturing jobs. Although Michigan made significant economic gains during the 1990s and reached "full" employment (96 percent) in 2000, the recession beginning around 2001 and the rise of macroeconomic forces such as globalization, information technology innovations, and the transition toward a knowledge and service economy turned the tables on the state economy. Since 2001 Michigan's unemployment rate has remained above the national average (see Figure 1).

One of the key trends during this period was the loss of automotive and other manufacturing jobs. Between the end of 2000 and the first quarter of 2005, the state lost about 111,900 auto-related jobs. Another key trend in this period was tremendous increase in service sector jobs. Not only was the number of jobs shifting, so too was the nature of these jobs. For instance, although automobile manufacturing remains critical to the Michigan economy, the distribution of occupations in automobile related employment is now more concentrated in knowledge-intensive areas, such as management, research and development, engineering and design, purchasing, logistics, marketing, and finance (Glazer and

Figure 1. Unemployment Rates in Michigan and the U.S.



Source: U.S. Bureau of Labor Statistics

Grimes 2002). This shift challenged the workforce development system to provide the skills demanded in the new economy.

Another major challenge to the workforce development system came from Michigan's tradition of higher than average earnings per job, based historically on unionization in the state's dominant automobile industry. In 2001 Michigan's average earnings per job stood at 2.5 percent above the national average (MEDC 2002). During the subsequent decline period, this high earnings tradition created significant challenges to workforce development systems trying to find employment for dislocated blue-collar workers accustomed to high-paying jobs.

As the economy was shifting from manufacturing to services, changes taking place on the demand side of the labor market were complicated by shifts in the nature of the labor supply. In the 1990s, the labor force in Michigan grew significantly due to tight labor markets. By 2000, the labor force included a larger number of less-experienced workers than it had a decade earlier. At the same time the proportion of workers with a bachelor's degree or higher rose by 50 percent between 1990 and 2000, thus raising the education expectations of employers.

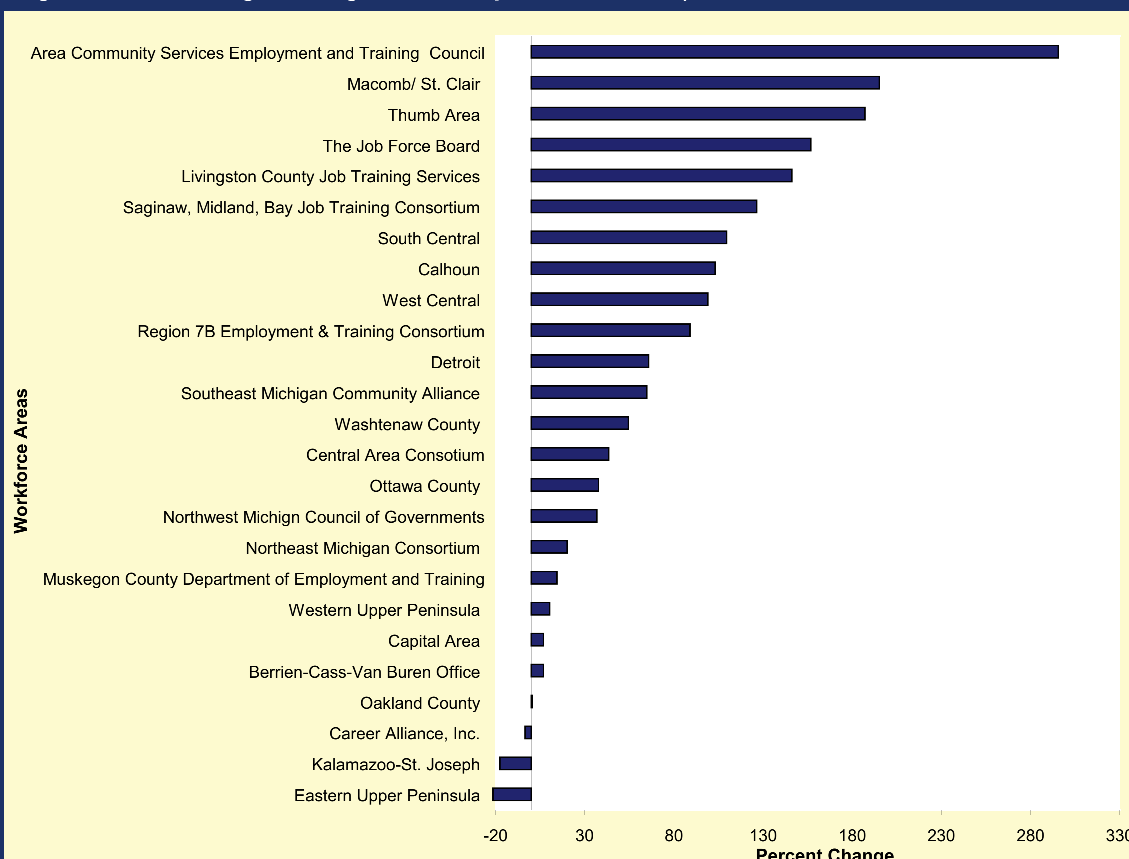
These economic trends created four related but unique challenges for workforce development in Michigan:

1. The large numbers of primarily less-educated workers laid off in the early 2000s recession significantly increased the demand for services from workforce agencies. Participation in workforce programs increased by 61 percent between 2000 and 2003.[2] As shown in Figure 2, 13 of the state's 25 local workforce areas increased their clientele by over 50 percent, with 9 areas seeing increases exceeding 100 percent.

2. Many newly created jobs were increasingly knowledge-intensive, requiring skills lacked by many of the laid-off blue-collar workers.

3. The laid-off less-educated workers faced increased competition from

Figure 2. Percentage Change in Participants Served by MI Workforce Areas, 2000 - 2003



Source: Michigan Annual WIA Reports, Program Years 2000 - 2003 the tremendous growth of those with bachelor's degrees in the labor force.

4. The high earnings tradition made it difficult to convince laid-off blue collar workers that low-paying service jobs were their best new options unless they upgraded skills through new training.

Amidst all of these challenges, public workforce agencies had to find ways to overcome the obstacles and connect job seekers to jobs.

Public Workforce Development in Michigan

The Workforce Investment Act (WIA) of 1998 provides the national strategy for employment assistance and job training efforts. Federal WIA funds are awarded to states, and states disperse these funds to local workforce investment areas (LWIA).

The WIA provides for flexible and customizeable implementation for local conditions, although it influences efforts through its 17 performance measures which track implementation efforts. Each state negotiates with the U.S. Department of Labor regarding yearly performance targets for each measure. In turn, Michigan also negotiates these performance targets with each LWIA.

The Act's dual focus on both employers and job seekers provides for universal service and the creation of one-stop employment centers as the heart of the service delivery model.[3] The Act allows local areas to develop customized training programs to meet employers' needs, define locally relevant strategic partnerships and institutional arrangements for service delivery, prioritize target populations, and allocate funds as needed, for example, choosing to operate more than a single one-stop service center, or determining how much to spend on various training activities, etc.

In Michigan, WIA funds support Michigan Works!, a statewide association of local workforce development boards (WDB), local elected officials, and workforce development agency directors.

In 2003, Michigan Works! consisted of 111 sites in 25 local workforce areas (LWIAs). Some of the LWIAs represented multiple jurisdictions whereas others in more populated areas represented only a portion of a county or city. Employees from the various Michigan Works! agencies staff the local Workforce Development Boards. Each agency is responsible for administering several federal, state, and local programs focused on employment and training.

Economic Development in Michigan

Economic development efforts occur at the state, regional, and local levels in Michigan. At the state level, the Michigan Economic Development Corporation (MEDC), a public-private collaborative body, is the primary economic development organization. With regional offices around the state, MEDC is charged with keeping businesses in Michigan and helping them grow; attracting new businesses; providing information on Michigan and its industries; and providing assistance regarding site location, financing, employee recruitment and training, acquiring permits, and coordinating site development, resources, and services (MEDC 2004). At the regional and local levels, interviews with workforce administrators identified four types of organizations responsible for economic development efforts: chambers of commerce, local public agencies, development boards and councils, and individual businesses and business owners. Interviewees also pointed out that in some rural areas there are no particular entities in charge of economic development efforts.

According to local workforce administrators, the MEDC's efforts vary from place to place. Some local areas' workforce staff reported during interviews that the local chamber of commerce or city economic development office worked very closely with the MEDC; in other places, local workforce and economic development leaders reported limited interaction with the state organization. One local workforce agency respondent thought the size of the business or development deal determines the level of MEDC versus local involvement. Indeed, local workforce staff tended to conceptualize economic development in terms of local efforts, relationships, and traditions, including local manifestations of state and regional initiatives.

The Intersection of Workforce and Economic Development

Both economic and social justifications support the call for greater connectivity between workforce and economic development efforts. The central economic argument is the equilibrium logic of a market economy where efficiency is achieved when the labor supply produced by workforce development meets the labor demand created via economic development. Further, macroeconomic globalization trends have heightened the importance of a high-quality workforce in creating regional economic competitiveness, implying that those engaged in economic development now have a greater incentive to pay attention to the development of their region's workforce (Clarke and Gaile 1998; Florida 2002). In a recent national study of workforce development administrators, 79 percent identified the economy as a key driver in their relationship with local economic development stakeholders (Harper-Anderson 2007). Social arguments, on the other hand, include the goal of providing jobs for the hard-to-serve populations in order to avoid other public interventions to the market (Harrison, Weiss, and Gant 1995) and focusing the spatial distribution of jobs created via economic development efforts to match the capacity of the local labor force (Rosenfeld 2003; Ranny and Betancur 1992).

Recently there has been some progress as businesses, nonprofits, and government agencies are beginning to collaborate more on workforce and economic development efforts. In a recent national survey of workforce development administrators, 88 percent reported feeling more connected to their local economic development partners than they felt five years earlier. Importantly, 97 percent of these survey respondents reported that their goals were either related to or the same as those of the economic development organizations in their local areas (Harper-Anderson 2007).

In a recent national survey, 88% of workforce developers reported feeling more connected to their local economic development partners than they felt 5 years earlier.

Because some businesses lack the capacity to find and keep workers by themselves, they have partnered with local governments to develop the workforce, and in turn, to enhance the local economy (Giloth 1998). Economic development organizations are also beginning to partner proactively with workforce development agencies for delivery of training programs (Eberts and Erickek 2002). And, firms concerned about potential labor crises in replacing skilled workers are also becoming involved in workforce development processes (Giloth 2003).

Several changes in the labor market have also encouraged greater connectivity between economic and workforce development activities. Service sector growth, the collapse of internal career ladders, the growth of temporary employment, and insecurity among employers and job seekers have all encouraged economic development organizations to cooperate with workforce development service providers (Cappetti 1997; Osterman 1999). Together, these market dynamics produced incentives to create new workforce development initiatives that bridge the gaps between supply and demand, city and suburb, and neighborhood and sector (Giloth 2000).

Despite the resounding call for stronger connectivity and the beginning of more collaborative efforts, there is still a great deal of work to be done. Workforce administrators interviewed in Michigan saw a need for more consistent and systematic efforts to create more seamless connectivity as compared to the sporadic and ad hoc efforts they see now. Still, the good news is that forward progress is occurring, due to economic pressures and evolution in the two domains' roles and work styles as well as the relationships among institutions and individuals. Understanding this evolution is critical for continued progress on closing the gap. The Michigan case, outlined below, suggests that several factors underlie both the perception of a decreasing gap and real progress in linking these areas together.

The Michigan Case: Six Ways the Relationship has Evolved

Interviews with local workforce development administrators regarding the state's tough economic times made it clear that their relationships with economic development organizations were evolving. Massive job losses in Michigan, the ailing auto industry and its related sectors, decreases in federal program funding, and out-migration of young educated workers increased the sense of urgency to address local economies. Interviews suggested that desperation to save local economies from devastation forced innovation in partnership arrangements, networks, strategic approaches, and resource sharing.

In the sections that follow, six broad changes which have contributed to the evolving relationship in Michigan are discussed.

THE DIVISION BETWEEN WORKFORCE DEVELOPMENT AND ECONOMIC DEVELOPMENT HAS BEEN BLURRED

In many of Michigan's local workforce areas, the discrete division between the workforce and economic development functions is no longer as clear or distinct as it once was. Several changes have contributed to the blurred relationship.

First, in many areas the two functions have been brought together under one larger administrative unit. For example, Detroit's workforce development effort is now part of the Economic Development Organization (EDO), which encompasses the Employment and Training Department (workforce development), Detroit Economic Growth Corporation (economic development), and several other city agencies and outside organizations that play roles in the economic development process. The goal of the EDO is to realize the "Mayor's vision of creating a coordinated structure to streamline and coordinate all economic development activities for Detroit" (City of Detroit 2007). The result of this innovative collaboration has been consistency, or at least common leadership, and in theory complementary goals, priorities, and vision.

Second, many organizations now serve either dual or multiple purposes, including both workforce development and economic development. The director of one agency in a small rural workforce area said his team "does it all" due to limited funding and the need to multitask.

Third, intermediary organizations whose sole purpose is to coordinate resources now work to create seamless systems. One administrator of an intermediary said "everybody plays a role in economic development including the workforce folks and somebody needs to fit the pieces together so that they add up to results." What is new is the recognition of the connectivity between the two functions and the embodiment of "dual knowledge" in individual workers.

INTERSECTING NETWORKS, SHARED KNOWLEDGE, AND SOCIAL CAPITAL HAVE LED TO BETTER CONNECTIONS

Networks of institutions, initiatives, and professional relationships have proliferated and become more sophisticated both within and between the economic and workforce development domains, crossing the boundaries that historically divided the two fields. For example, there has been a tremendous upsurge in the number of organizations that network people together such as boards, collaborations, regional commissions, and so on. To address the complex issues these groups face, stakeholders from a wide spectrum of fields are involved. For instance, one regional commission reviewed in this research included members from the local chamber of commerce, K-12 education, higher education, trade organizations, local businesses and several social service organizations. One workforce administrator who also is a member of the commission explained that a group structured in this way "brings people out of the silos" that have kept them separate. Further, several administrators explained that they continue to sit on the same boards and working groups even after their official title and/or organizational affiliations have changed. The result of more local, regional, and national networks made up of individuals with diverse backgrounds and interests taking on workforce and economic development issues simultaneously has been a great deal more crossover and connectivity between the two fields.

Cross-fertilizing career paths of high-level experts have created new connections between the fields.

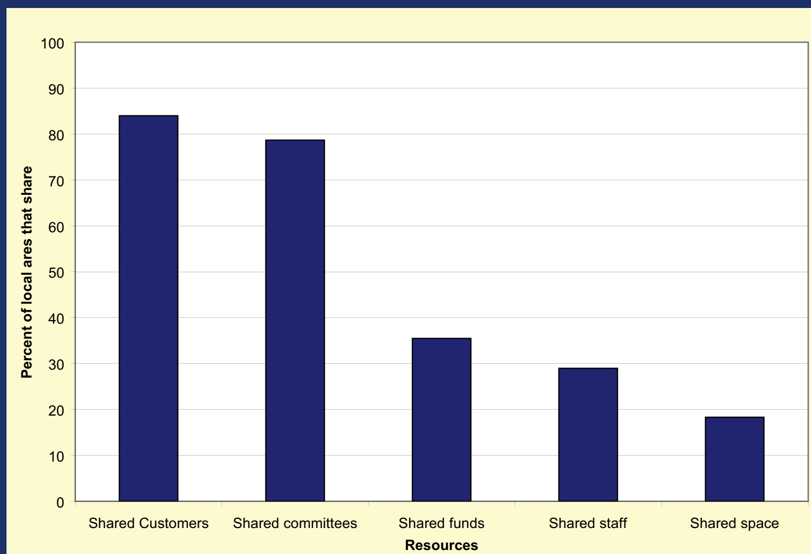
Beyond increased networks, cross-fertilizing career paths of high-level experts have also created new connections between the fields. Several administrators interviewed had held positions in both workforce and economic development. This has led to two important developments. First the dialogue on either side is broader when lead administrators have experience and knowledge of both sides. And second, the increased connectedness is embedded in the social capital of individuals who can access key players in both the economic and workforce development fields. For example, one agency director explained that because he had worked for decades in state government workforce development, had headed an economic development organization, and was now directing a local workforce agency, people knew him and his work and so he had access to and the attention of key decisionmakers on both sides. Because his reputation and past affiliations got him in the door, he could put important workforce issues in front of economic development decisionmakers and visa versa.

CUSTOMIZATION HAS LED TO COLLABORATION

Attempts to build economies on existing local assets have led to customized strategies based on local institutions, resources, traditions, and relationships. In turn, leveraging these local assets has necessitated new partnerships and collaborations. Some of these partnerships have occurred directly between workforce and economic development organizations and some circuitously by way of their partners. Several agency leaders told similar stories of being in survival mode trying to create a plan based on the local area's assets and deciding to join forces rather than "reinvent the wheel." This strategy is shared by many across the nation, according to a recent survey (Harper-Anderson 2007). As shown in Figure 3, eighty-four percent of the workforce administrators surveyed reported sharing customers with local economic-development organizations, while 79 percent share committees, 36 percent share funds, 29 percent share staff, and 19 percent share space.

One example was a "one-stop" office combining all personnel and facility resources between the workforce and

Figure 3. Shared Resources Between Workforce and Economic Development Agencies in Local Areas



Source: Harper-Anderson 2007

economic development partners, to fill gaps in the previous system. In this office there was no differentiation in staff regardless of which agency paid the employee. Employees for this group of agencies were all located in one place, wore identical ID badges, and assisted customers including the WIA staff, local community colleges, and a private staffing agency. The agency administrator explained that this arrangement worked in this particular area because of the unique relationship between the agencies involved and a local understanding regarding how they would combine resources.

Other examples of customization reported by several agencies included workforce training programs designed to meet the needs of specific local economic development initiatives under way. One respondent explained that in his area the only remaining manufacturing employer decided to relocate, so his agency worked with the local economic development organization to design a specific training program to create a pool of skilled workers for new technologies to breathe life into the floundering plant. This new effort, which targeted a segment of workforce clients who had been hard to place, utilized assets and relationships at a nearby trade school for certain components of the program. By customizing a local strategy, this area was able to meet the immediate economic development needs and utilize existing resources including a local trade school, all while meeting the local workforce development agency's need to serve hard-to-place clients.

Many workforce agency leaders made it clear that integration into a larger system of service delivery based on specifics in their particular areas was necessary for successfully connecting people to jobs. Supportive services such as childcare, parenting classes, nutritional support, and transportation had to be tied together with workforce programs and local economic development initiatives. The interviews showed that each local area had developed a highly customized service delivery system that required a great deal of partnering and collaboration. Of course, this was the intended spirit of WIA and local areas felt this collaboration was also encouraged by the state. Several of the local areas have formalized their collaborative efforts in contractual agreements. One director of a local WDB explained that formal agreements allow the workforce development agency and the economic development council to share not only space and operating expenses but also "the whole process of planning and implementing a strategy to sustain and strengthen our economy."

THE PLAYERS ARE CHANGING

The interviews revealed another factor changing the connections between workforce and economic development: key players in the workforce development arena have changed dramatically. To encourage business use of workforce development services, the WIA mandated that business leaders become a more substantial part of workforce development boards. In addition, workforce administrators reported that business leaders have become more interested in labor force development because they realize that a critical component of a competitive economy is a well-trained workforce. Many workforce administrators said that business leaders have taken a more active interest in the system in general. One administrator boasted that "my WDB members are all CEOs." He also made the point that those running workforce development agencies are no longer necessarily "social workers." Several interviewees felt that this new cadre of business players on the workforce side has increased the willingness of economic development organizations and other business owners to work with the entire team.

POLITICS HAS PLAYED A ROLE

In March of 2004, a floundering state economy caused Governor Jennifer Granholm to declare war on unemployment, saying that she wanted thousands of unfilled jobs to be filled in the following six months. In an early 2005 press conference the Governor said:

> "We'll combine state and federal resources and tap the tremendous potential of our community colleges. In the year ahead, we expect to match up to 30,000 Michigan residents with jobs that are going waiting today. … Right now, Southeast Michigan is turning to Canada to fill 3,000 positions in the health care industry. … Detroit Medical Center has 400 vacancies for nurses, medical technicians, and laboratory staff. Henry Ford has another 500. These are good jobs. Jobs that we can train qualified people for right here in Michigan. And, most importantly, because there's just no substitute for quality health care close to home – these jobs won't ever be outsourced." (Governor Jennifer M. Granholm 2005)

In the view of several workforce administrators, Governor Granholm's statement meant the MEDC and economic development leaders needed to coordinate with workforce development leaders to make the system work better.

WORKFORCE DEVELOPMENT IS NOW ACTING MORE LIKE TRADITIONAL ECONOMIC DEVELOPMENT

Perhaps the most important factor which has both complicated and strengthened the connections between workforce and economic development is that workforce development agencies and professionals are increasingly acting more like traditional economic developers. The ways in which administrators and staff conceptualize their roles have increasingly included new functions not previously on the workforce development agenda, due in part to the strategies of the Workforce Investment Act of 1998, which are based more on business concepts than on traditional approaches of social services. Most of the administrators in this research wanted to be regarded as important contributors to the creation of competitive regional economies, not as social workers. This attitude, more reflective of business logic and market principles, brings new approaches to customers, business strategies, self-images, and even organization names. The result has been a fundamental redefinition of the relationship between workforce and economic development professionals and organizations. Fitzgerald and Leigh (2002) characterize this phase of workforce development as market driven and connect it to Porter's (2000) regional competitive approach.

Workforce developers have increasingly begun taking the more common economic development strategy of sector and/or cluster-based approaches.

One important development here is how workforce developers have increasingly begun taking the more common economic development strategy of sector and/or cluster-based approaches to their efforts. In its simplest form, sector-based workforce development targets investment in particular high-growth industries, kinds of facilities, or companies based on a local or regional competitive advantage (Finkle 1999). At more advanced levels, interdependent competitive industries may cluster to gain a competitive advantage (Porter 2000).

The workforce development focus in the old model was primarily on creating employment opportunities for low-income people, whereas the goal for economic development had been to attract businesses and increase economic activity in general regardless of the specific benefactors. Now, creating or advancing a competitive advantage requires a well-trained workforce matched to specific new or expanded business activity, thereby binding together the workforce and economic development processes. While the idea of focusing on specific sectors is not entirely new, the amalgamation of workforce and economic development goals created through deliberate collaboration and structured interaction is a step forward and could hold promise for how the two sides can focus their efforts more effectively in the future.

Many workforce leaders in this study felt that sector-based strategies allowed them to focus on local economic strengths, including their unique labor force. As one workforce administrator put it: "We began by looking around and asking, what are we in a position to take advantage of?" When asked how they customized their programs, almost all of the administrators mentioned using sector or cluster-based strategies, targeted not just to the needs of low-income workers, but rather to building a strong economy that links newly trained low-income workers to new or expanding businesses in the area. And when asked about partnerships with economic developers, many workforce administrators immediately began discussing their sector and/or cluster strategies.

By providing common goals with integrated and complimentary roles for workforce and economic developers, sector-based approaches have helped bridge the gap between the two domains. The approach helps workforce development agencies decide where to focus their training of workers and services to employers while also helping economic development agencies decide where to focus their efforts for maximum impact on the economy. The common goals and strategies create common ground, or a point of convergence for the two sides.

Another prevalent and dramatic example of how workforce developers are acting more like economic developers is seen through an increased emphasis on marketing and branding. One administrator boasted: "I spend $300,000 a year on marketing, billboards, TV, radio, and direct ad mail. … I target every business in the area with five or more employees." Other workforce agencies have hired professional marketing firms and paid for sophisticated new logos. One administrator writes a weekly local newspaper column and has a talk radio show to promote his organization. Some organizations have changed their names, some have renovated their buildings, and others have invested heavily in traditional marketing, using billboards, television, and radio ads to become more appealing to their business customers and partners.

That workforce agencies struggle against the stigma of serving welfare clients and being viewed as social service organizations is not a new phenomenon. Previous research has shown that whereas economic developers are often regarded as partners with business, workforce developers are regarded as social workers (Fitzgerald 2004). While they have tried before to escape that image, workforce developers are now trying new approaches that focus on businesses as their primary customers. On the extreme end, one workforce administrator said:

> "The jobseekers are not my clients. The businesses are my only clients. At the end of the day they are the ones who have the jobs that I want to fill. So, I use all of my resources and energy to market my organization and services to them. I am all over the place just like any other business making sure that they know who we are and what we have to offer them and quite frankly why we are a smarter choice than some staffing firm."

Although most interviewees' views were not quite as extreme, the spirit of these remarks was common, reflecting an increased customer-service focus on businesses in addition to job seekers.

Not only are workforce offices dealing with their business customers in a more businesslike manner, they are also proactively pursuing businesses to use their facilities and services and to employ their job-seeking clients. In the old model, one workforce administrator explained, the workforce staff accompanied economic development staff to meetings when requested, or they would wait for the economic development staff to send businesses to them. Such interactions are no longer the only mode of contact, as workforce developers now often take the lead by setting up their own meetings with new or expanding businesses.

Using innovations in information technology, the aggressive pursuit of business clients has included the creation of new products and services such as customized information provision, geographic information services, and current labor market information. These innovations have been instrumental in building rapport with, and confidence from, potential employers.

While many of the activities described above look like economic development, the underlying motivations remain true to the spirit of workforce development. Several interviewees stressed that their ultimate goal is to create a strong economy through attraction, retention, job creation, and innovation, in an effort to not simply boost economic indicators but also to increase the well-being of job-seekers. One emphatically said:

> "it's all about putting more people to work, retaining more good jobs for people … not just about making corporations more profitable."

Summary

The various developments described above have placed workforce development agencies and economic development organizations in a common realm, with increased connectivity at three

Table 1. Typology of Connectivity

Direct Connections	Overlap	Institutional and Network Connections
Formal agreements	Blurred boundaries	Boards and Commissions
Joint projects	Dual purpose organizations	Intermediary organizations
Shared resources	Overlapping roles	Intersecting networks
New partnerships	Shared knowledge	

levels: direct connectivity, connectivity via overlap, and institutional/network connectivity. Table 1 organizes the contributing factors by types of connectivity. All of these connections have created opportunities to develop and/or refine a common language and lens for framing the issues from which leaders and organizations in the two fields approach their work. A key goal found in the interviews with workforce development personnel is to think strategically and work toward self-sustaining systems, instead of simply "placing individual bodies in jobs." This goal of empowerment and economic sustainability is very compatible with the economic development concept of creating competitive advantage.

Conclusions and Recommendations

The cases examined in Michigan suggest that economic necessity is driving workforce development and economic development closer together in an organic process that depends on specific local conditions and on local manifestations of macro-level trends. In many of Michigan's local areas, economic and workforce development officials have come together to get the most out of their limited resources. What began out of necessity, however, is now seen in many places as the only way to move forward.

Cluster or sector-based strategies provide a role for both sides and focus their responses on the local manifestations of macroeconomic developments that made them vulnerable in the first place. How the cluster/sector concept will unfold remains to be seen. One criticism of the approach is the uncertainty and risk associated with trying to pick "winners." The purpose of this report is not to promote sector-based strategies, but rather to point out their growing importance as well as their usefulness for engaging and linking the two complementary functions. The key lesson to be learned from Michigan is that a unity of vision and purpose was necessary to bring workforce and economic development teams together to design mutually beneficial innovative strategies. Continuing to work in that collaborative spirit toward comprehensive, competitive, and innovative approaches to achieving workforce and economic development goals seems to hold a great deal of promise for building more economically and socially-sustainable systems for creating jobs, creating a strong workforce, and having the two efforts match up.

From a policy perspective, these findings suggest that federal and state workforce and economic development policies should acknowledge the interdependencies between the two domains. A key complaint from interviewees regarded stringent regulations that separate the funding sources and hold each side to disconnected measures of success, thereby limiting their ability to create and implement unified strategic efforts. Allowing flexibility to customize the use of funds and to choose the most beneficial partners in a given area is more consistent with today's economic reality and the evolving relationship between workforce and economic development in local areas.

Part of the success of collaboration lies in locally constructed views of the key players and objectives. Thus, when we use lenses and definitions that are too broad or generalize about locally specific relationships and phenomena, we may fail to see forward progress as readily. This research suggests that greater attention and flexibility for locally defined criteria of success could be the key to better understanding of the progress being made in bridging the gap between economic development and workforce development.

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Notes

1. The Workforce Investment Act of 1998 (WIA) established 17 performance measures related to the implementation of WIA. Each state negotiates yearly targets for performance on each measure with the U.S. Department of Labor and the state in turn negotiates target levels with each of its Local Workforce Investment Areas (LWIA). Data collected from clients enrolled in WIA-funded programs are used to calculate performance levels for each LWIA and state. Specific data on performance can be obtained from http://www.doleta.gov/performance/results/wia_national_performance.cfm.

2. See the annual WIA reports for Michigan, available at: http://www.doleta.gov/usworkForce/documents/AnnualReports/.

3. "One-stop Center" - under the Workforce Investment Act, every local system must have at least one one-stop center. A center is one of the vehicles by which customers can access the system. It is a physical location or facility that makes a wide range of the system's products and services available at a single site, through self-service or personalized assistance. The number of centers, the scope of services offered and the manner in which they are delivered will vary from one area to another, according to local needs and resources." Source: http://www.nyatep.org/transwia/Partners/ServicesFunding/mouappendD.pdf.

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