nova WORKFORCE REVIEW

May 2018

A monthly review of labor market information for Silicon Valley

# Forget New Robots. Keep Your Eye on the Old People.

*A changing workforce will fuel companies that tap the potential of workers over 55*

Bloomberg asked readers a year ago: "Are you about to be replaced by a robot?" [https://bloom.bg/2pW6c0O]. Next the question became a statement: "Robots Are Coming for Jobs of as Many as 800 Million Worldwide"[https://bloom.bg/2j1GpzG].

Does the real-world experience so far back up the fears? Japan and the U.S. are two of the countries most advanced in robot deployment, and yet both are very close to full employment. To be sure, introducing more software and more robots into the workplace introduces very real problems of training and retraining, but there will always be more work to be done [https://bloom.bg/2G3BUlO].

Scary as the rise of robots apparently is, perhaps it's a fixation because it's actually less scary than the real social issues ahead. One of those is how to integrate growing numbers of elderly into the workplace. More elderly workers will force many people to confront their biases, fears and prejudices, probably leading to a bigger cultural clash than that with the machines.

No matter how much they may disavow explicit age discrimination, many companies try to portray themselves as cool places to work for young people. And indeed these companies are especially interested in hiring younger people: The median age at the hot tech companies ranges from 27 to 31. It's 38 at IBM and 39 at Hewlett Packard, still young by most standards, but in the tech industry those are viewed as much stodgier places to work. Overall, the median age of American workers is a little over 42.

It is not a surprise that tech companies should have so many younger workers, because younger people probably are on average more in touch with the latest developments in rapidly changing fields, such as programming and software. Younger people also seem more interested in putting in the sometimes crazy hours behind many startups, because they have a higher overall career return from doing so.

Of course, American business is becoming more like the tech sector as more companies are incorporating tech innovations. That development may not favor elderly workers.

Squeamishness about the elderly manifests itself in advertising too. Retirement products and Viagra are exceptions, but so many ads use young actors because companies are image-conscious. Collectively it amounts to a harmful form of age discrimination. These biases toward youth may be a greater problem in America, which typically has prided itself on being a young, dynamic culture, always riding the next wave of change.

There is also a practice, hard to avoid even in efficient workplaces, to reward workers to some extent on the basis of seniority alone. In the longer run that makes elderly workers a potential target for cost-cutting, even if they are doing a good job.

Of course, the age structure of America's workforce is moving in the opposite direction of these trends. The populations of the U.S. and many other developed nations are aging, and the big surprise has been that older people want to work more than in previous generations. Against many prior expectations, the labor-force-participation rate of older Americans started rising in the 1980s and 1990s. For instance, the labor-force-participation rate for men ages 65 to 69 was 25 percent in 1985 but 37 percent in 2016. By 2020, over one-quarter of the workforce will be over 55 years of age.

I would suggest that the ability to spot, mobilize and deploy older workers is the next biggest source of competitive advantage in the U.S. The sober reality is that many companies should retool their methods to fit better with the experience and sound judgment found so often in older workers. That also will involve a retooling of the glamour notion to valorize the young less and the idea of maturity more. HR departments may have to work harder to help older workers keep up with new technologies.

That prospect doesn't make for exciting headlines as a robot takeover does. But most of the story of economic success involves such small changes. And do you know which group of workers often understands that best? The older ones.

Of course, some sectors have welcomed elderly workers with open arms. In academia, the practice of mandatory retirement at age 70 has been replaced by permanent tenure, because of changes in the law. This has happened without incidence, though it may bring long-run fiscal problems if more people work through their 80s and beyond. On the bright side, that development might induce a beneficial modification of the tenure system, and a move toward greater contract flexibility.

Our willingness to banter about the robot apocalypse is yet another sign that, too often, we just don't want to confront the issues surrounding the elderly

**Source:** *Bloomberg* (05/17/18)
https://bloom.bg/2Iq8UpM

nova WORKFORCE DEVELOPMENT

# MAY 2018

REGIONAL *Focus*

## UNEMPLOYMENT

| Region | April 2017 | March 2017 | April 2018 | Percentage Point Change 1 month | Percentage Point Change 12 months |
|---|---|---|---|---|---|
| San José–Sunnyvale MSA | 3.2% | 2.7% | 2.4% | **– 0.3** | – 0.8 |
| San Francisco MD | 2.7% | 2.3% | 2.1% | **– 0.2** | – 0.6 |
| California | 4.7% | 4.2% | 3.8% | **– 0.4** | – 0.9 |
| United States | 4.1% | 4.1% | 3.7% | –0.4 | – 0.4 |

## INDUSTRY EMPLOYMENT

| Sector—April 2018 | San Jose MSA | San Francisco MD | Combined Region | Percentage Change *(Combined Region)* 1 month | Percentage Change *(Combined Region)* 12 months |
|---|---|---|---|---|---|
| **Total Nonfarm** | **1,125,000** | **1,130,800** | **2,255,800** | **+ 0.6%** | **+ 2.7%** |
| Construction | 51,600 | 38,700 | 90,300 | + 2.5% | + 3.0% |
| Manufacturing | 171,100 | 39,100 | 210,200 | + 0.4% | + 4.1% |
| Retail Trade | 84,800 | 79,600 | 164,400 | – 0.1% | – 0.7% |
| Information | 91,200 | 79,200 | 170,400 | + 0.6% | + 9.7% |
| Professional & Business Services | 232,100 | 282,900 | 515,000 | + 0.6% | + 3.2% |
| Educational Services | 49,200 | 29,200 | 78,400 | – 1.1% | + 3.7% |
| Health Care & Social Assistance | 125,900 | 110,000 | 235,900 | – 0.1% | + 2.8% |
| Leisure & Hospitality | 104,600 | 142,000 | 246,600 | + 1.7% | + 1.8% |
| Government | 98,300 | 131,800 | 230,100 | + 0.3% | + 1.0% |

NOTE: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

**Source:** California Employment Development Department, LMID

## LABOR FORCE & ANNUAL CHANGE

### 9-County San Francisco Bay Area

| | Labor Force April 2017 | Labor Force April 2018 | Labor Force *Change* | Employed April 2017 | Employed April 2018 | Employed *Change* | Unemployment April 2017 | Unemployment April 2018 | Unemployment *Change* |
|---|---|---|---|---|---|---|---|---|---|
| **California** | **19,240,600** | **19,246,800** | **+ 0.0%** | **18,338,200** | **18,508,900** | **+ 0.9%** | **4.7%** | **3.8%** | **– 0.9** |
| Alameda County | 843,600 | 841,700 | – 0.2% | 813,800 | 819,300 | + 0.7% | 3.5% | 2.7% | – 0.8 |
| Contra Costa County | 560,700 | 559,600 | – 0.2% | 539,900 | 543,700 | + 0.7% | 3.7% | 2.8% | – 0.9 |
| Marin County | 140,400 | 139,200 | – 0.9% | 136,500 | 136,200 | – 0.2% | 2.8% | 2.1% | – 0.7 |
| Napa County | 73,700 | 72,600 | – 1.5% | 71,100 | 70,500 | – 0.8% | 3.6% | 2.8% | – 0.8 |
| San Francisco County | 565,300 | 564,300 | – 0.2% | 549,500 | 552,400 | + 0.5% | 2.8% | 2.1% | – 0.7 |
| San Mateo County | 449,600 | 449,200 | – 0.1% | 438,100 | 440,400 | + 0.5% | 2.6% | 2.0% | – 0.6 |
| Santa Clara County | 1,030,900 | 1,043,100 | + 1.2% | 998,600 | 1,018,500 | + 2.0% | 3.1% | 2.4% | – 0.7 |
| Solano County | 208,500 | 207,100 | – 0.7% | 198,600 | 199,600 | + 0.5% | 4.7% | 3.6% | – 1.1 |
| Sonoma County | 262,100 | 260,800 | – 0.5% | 253,500 | 254,200 | + 0.3% | 3.3% | 2.5% | – 0.8 |
| **SF Bay Area (sum)** | **4,134,800** | **4,137,600** | **+ 0.1%** | **3,999,600** | **4,034,800** | **+ 0.9%** | **3.3%** | **2.5%** | – 0.8 |

NOTE: Totals may not add correctly due to rounding

**Source:** California Employment Development Department, LMID

## REGIONAL LAYOFF ACTIVITY

### April 2018 Events

| Company | Location | # Affected |
|---|---|---|
| Centerplate *(at Levi Stadium)* | Santa Clara | 759 |
| Creation Technologies | Milpitas | 177 |
| Illumina | Santa Clara | 2 |
| Marvell Semiconductor | Santa Clara | 11 |
| Network Appliance | Sunnyvale | 70 |
| Novartis Pharmaceuticals | San Carlos | 35 |
| Symantec | Mountain View | 18 |
| Tintri | Mountain View | 58 |
| Veritas Technologies | Mountain View | 50 |
| | **Total** | **1,180** |

### WARN SUMMARY

| | |
|---|---|
| Events YTD †: | 64 |
| Individuals Affected YTD : | 4,664 |
| Individuals Previous YTD ‡: | 5,794 |

* **WARN:** Worker Adjustment and Retraining Notification *(notice of mass layoff or closure)*

† **YTD:** Year to Date *(Program year: July 1–June 30)*

‡ **Previous YTD:** *(Same date range as YTD, one year prior)*

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

**Source:** NOVA's internal Rapid Response database