

Alabama's Youth Deficit



Alabama has a disturbing deficit in attracting young workers compared to the more vigorous demographics of the West or our fellow Southern states. We look more like the aging North and East.

By Cam Marston / Photo by Catherine Dorough

“Our greatest asset is our people.” I hear that all the time from fellow Alabamians, and, as a native, I couldn’t agree more. But when it comes to the Alabama workforce, who are “our people” and do they have the right stuff for the 21st century economy? Who is staying and who is leaving? How do our demographics compare with other states? Are “our people” competitive in the marketplace for jobs and growth?

By one measure, the answer to that last question is a resounding “Yes.” Over the last decade or so, Alabama has been chosen repeatedly as the location for blockbuster manufacturing sites that generate jobs by the thousands. The trend began in 1997 with the opening of the Mercedes plant in Vance that now employs more than 3,000 people. In 2001, the Honda plant in Lincoln opened and now em-

ployes more than 4,000. Austal USA in Mobile has grown from 113 employees in 2004 to more than 2,000 today and projects to employ up to 3,600. Hyundai opened its plant in Montgomery in 2005 and spawned another 2,500 jobs. And the latest major manufacturer to land in the Yellowhammer State, ThyssenKrupp, will employ more than 1,800 at its new Calvert plant when it becomes fully operational later this year. That’s a breathtaking record of accomplishment that our state and its business community deserve to be proud of.

But, by another measure, the 2010 U.S. Census, the demographics of our workforce are not as encouraging. It seems we are falling behind in a key demographic category. Millennials between the ages of 25 and 34 are more likely to leave our state than they are to migrate to it. In that respect, we are losing ground to the states that will drive economic growth in this century, most of which are in the West and the South, and some of which are our closest neighbors.

I recently read an analysis of Census

data showing that the populations of the West and South are turning more Millennial, while the populations of the North and East become more Mature. The South and West have gained as many as 1.7 million 25-34 year olds over the past 10 years. Meanwhile in the North and East, those over 65 now outnumber those between 25 and 34, a precarious “upside down” demographic imbalance, similar to that in Japan, that complicates prospects for growth.

Millennials, particularly those aged 25-34, are of vital economic importance. They are young, educated, and just now entering the workforce. They are more mobile and cheaper to employ than older generations. Over time, their size and spending power will only increase. Areas rich in this age group will benefit from their economic dynamism as they enter markets for housing and financial services and arc toward their earning peak. This is likely to generate more opportunities in those regions, especially in the retail and service sectors, drawing still more Millennials from other parts of the country. At the same time, areas with an older population will suffer economically as older generations’ spending power declines over time.

Unfortunately, when I looked at Alabama’s data, I found that our state’s demographics do not reflect the regional trend. Instead, Alabama, like the North and East, is now among the states where those over 65 (13.8% of the population) outnumber those aged 25-34 (12.7%). Even more ominous is that the 2010 Census figures

One factor in driving away bright, young workers: Alabama is still one of the least educated states in the nation. Only about one fifth of Alabamians hold a bachelor’s degree.

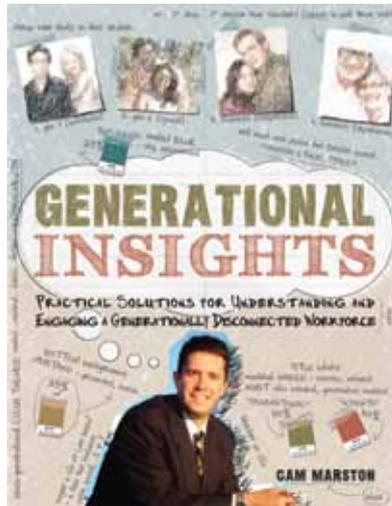
for Alabama's 25-34 set fell short of projections. That suggests that people in that age group are leaving the state. And, since people with more education, accomplishment, and resources are more mobile, we are probably losing the best and brightest among them.

Neighboring states like Georgia and North Carolina seem to be faring better in this regard, having healthier ratios of Millennials to Matures than Alabama. That could be due to their urban and educational centers, known to attract Millennials. It may also be that those states offer opportunities that Millennials, our most educated generation, are looking for in fields like technology, media, finance, and consulting.

What can Alabama do to retain our best and brightest Millennials and harness their energy for our economic engines? Here are a few suggestions:

At the most basic level, Alabama businesses, large and small, should strive to become places where Millennials want to work. What do Millennials want in an employer? I've literally written chapters on this subject, but, to put it briefly, they want openness, communication, recognition, and flexibility from supervisors, even from top executives. They want work that is meaningful and goal- and team-oriented.

They like employers who are good citizens in their communities and good stewards of the environment. They want opportunities for advancement, both personal and professional, and they want to feel like they have a say in how things are done, usually from day one. There are many practical ways to create these conditions, even for the most staid firms. Eventually, doing so will be a matter of survival.



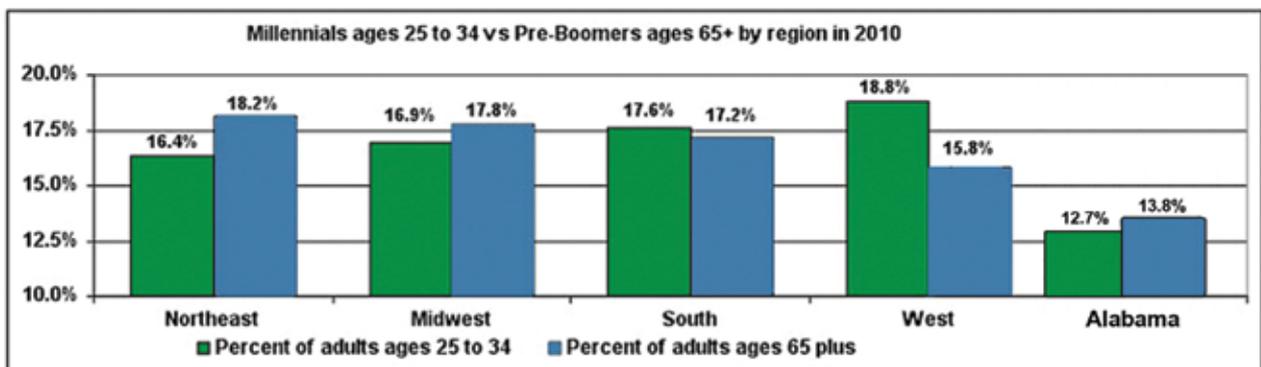
Next, very large businesses, especially manufacturers, should reexamine the way they induct young workers into their firms. According to the Census, Millennials are half as likely to enter manufacturing and other blue collar fields as older generations and even less likely to stay there. Moreover, large plants have had a difficult time getting this generation up to productive speed. To address this problem, UPS has constructed a \$34 million training center in Maryland that uses experiential learning and other Millennial-oriented training styles to improve performance, job satisfaction, and retention. Likewise, Alabama's large employers should think about innovative ways to attract, train, and retain our emerging workforce.

At another level, communities and businesses should think together about what they can do to foster innovation and entrepreneurship in their midst. One regional example of this is post-Katrina New Orleans. In the wake of the storm, the city's civic, business, and educational leaders made a concerted effort to create

an environment conducive to entrepreneurship. Support for young entrepreneurs is available through initiatives like the Idea Village and Entrepreneurial Weekend, both of which match innovators with funders, advisers, and difference makers to help new enterprises lift off. New Orleans has since seen an influx of innovative and energetic Millennials and has been named as a top city for young and minority entrepreneurs in several magazines. In a sign of the Millennial migrants' economic effect there, the city now has more restaurants than before Katrina!

Finally, the state as whole, from our parents and teachers to the top political and business leaders, needs to do more to promote and create an educated workforce. According to the Census, Alabama is still one of the least educated states in the nation. Only about one fifth of Alabamians hold a bachelor's degree. That puts us near the bottom of the rankings and closer to the economically stagnant states in the region than the ones that are vibrant and growing. A well-educated workforce will attract more firms in Millennial-friendly fields like finance, technology, and consulting. And with more firms like that, our best and brightest will have reason to stay put.

Cam Marston studies demographic trends and their impact on industry across many different sectors. His recent book, Generational Selling Tactics That Work, is available on Amazon.com or any other major bookstore. To learn more, contact Cam at 251.479.1990 or email him at cam@generationalinsights.com. Steven James assisted in accumulating the research and can do the same for you. Contact him at stevenjames@att.net.



Source: Census Bureau 2010 Census