

Where job growth is expected

Where will the new jobs be in 2011?

As Southwest Virginia continues to rebuild from recession-level unemployment rates, it's a question that is on the minds of economic developers, business owners and, of course, job-seekers.

The federal Bureau of Labor Statistics predicts that Virginia will see its highest rates of job growth in the areas of technology, construction, health care, higher education, natural resources and hospitality.

How will Southwest Virginia fare?

On Jan. 26, The Roanoke Times and Cox Business will host a discussion on the region's employment outlook with panelists Nathaniel Bishop, president of Jefferson College of Health Sciences; Stan Breakell, chairman and CEO of Breakell Inc.; Doug Chittum, director of economic development for Roanoke County; Mary Guy Miller, president of IDD Inc.; and Sumati Srinivas, associate professor of economics at Radford University.

We asked our panelists to share their preliminary thoughts on where we can expect to see job growth this year, and what the region is doing — or should be doing — to capture that growth.

— Megan Schnabel

NATHANIEL BISHOP

President, Jefferson College of Health Sciences

Where in the ranks of health care do you expect to see job growth in

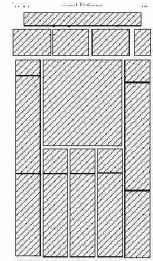
2011? What is the region doing to capitalize on that growth potential? Or perhaps: What should the region be doing that it isn't?

Inside the Jefferson College of Health Sciences, we evaluate employment information and forecasts from the U.S. Bureau of Labor Statistics as one of the determinants for the programs we offer. We compare this data to the trends we find inside our organization, as well as to trends being experienced in the valley and region.



The bureau's statistics demonstrate that jobs in the health care industry hold significant promise for the future. While health care was in no way exempted from the negative effects of the recession, at the same time we did not experience some of the significant quandaries that were heaped upon a variety of industries related to the slowing of the economy. This is largely due to the fact that health issues don't take a timeout just because of downturns in the financial market. Even in economic downturns, we all have health issues and needs that still need to be met, and these needs require the services of skilled health care workers.

Additionally, the health care needs of our population continue to grow at a steady pace, and much of this is related to how swiftly the population numbers are increasing among the elderly. While we don't anticipate major increases in hiring in 2011, we are optimistic about some measured growth. According to the bureau's statistics, 10 of the top 20 fastest-growing employment careers in this



country are related to health care, and we prepare women and men for these opportunities.

Going forward, there are some things that we need to watch closely. At some point, the increasing cost of medical care will need to be addressed. Government involvement and the increasing number of uninsured will tend to drive providers to reduce expenses. This could negatively affect traditionally high-volume services such as X-ray and imaging, which are increasingly coming under fire for being overused. It could also provide opportunities for professionals who specialized in managing or coordinating care, or who work to reduce the impact of chronic disease.

Any region wanting to capitalize on health care employment opportunities should make sure they are preparing a work force that is computer- and technology-literate. Practically everything we do going forward will involve information technology.

STAN BREAKELL

Chairman and CEO,
Breakell Inc.

Where in the construction sector do you expect to see job growth in 2011? What is the region doing to capitalize on that growth potential? Or perhaps: What should the region be doing that it isn't?

My sense is that the growth will continue to come from the governmental sectors, particularly federal, as the American Recovery and Reinvestment Act funding and other mandates work through the system. Otherwise, look for building owners and businesses to do retrofits and improvements to existing build-



ings for modernization and energy efficiency. The credit markets are not conducive to new buildings or ground-up development deals in the near term.

I think the region is in a state of partial paralysis. As local governments struggle with current budgets, they fail to see the future return of prosperity and how to capitalize on it. It will be the individual businesses with vision and strong balance sheets that will lead the private sector out of the doldrums, taking advantage of low interest and a soft construction market.

DOUG CHITTUM

Director, Roanoke County
economic development

In what sectors do economic developers expect to see job growth in 2011? What is the region doing to capitalize on that growth potential? Or perhaps: What should the region be doing that it isn't?

The recession that began in 2006 accounted for an overall employment drop of 10 percent in the Roanoke region, yet several sectors experienced significant job growth: health care, higher education, medical manufacturing, information technology and FIRE (finance, insurance and real estate). This is not a surprise given the region's history as a banking and finance center, the depth of its higher education assets and the significant expansion at Carilion Clinic. This is also where growth is predicted to continue, according to the Virginia Employment Commission. Conversely, the downward trending of heavy truck orders negatively influenced the



region's motor vehicle manufacturing clusters and resulted in steep declines in related employment. Thankfully, heavy truck orders are increasing nationally, which should result in a regional revival as Volvo and its suppliers increase employment to meet demand.

The region recruits to its strengths. An example would be our region's participation in Bio International this June in Washington, D.C. This meeting, the largest global event for the biotechnology industry, attracts the biggest names in biotech. We will join the Shenandoah and New River valleys to present our regions in the larger context of the Interstate 81 corridor. Business recruitment is not the only focus. Research shows that jobs are most likely to be created by small companies who have been in existence for five years, so working closely with our existing industry base is of paramount importance to job creation, as well as supporting the development of entrepreneurs who start these companies. Lastly, we need to continue to support our institutions of higher learning, as well as our local school systems, as they are on the front lines of preparing future talent to fill these jobs. Job creation is a product of many initiatives, institutions and individuals. Only by working together will we succeed.

MARY GUY MILLER

President, IDD Inc.

Where in the technology sector do you expect to see job growth in 2011? What is the region doing to capitalize on that growth potential? Or perhaps: What should the region be doing that it isn't?

This is a great question because I think the answer will surprise many people. Over the past 18 to 24 months, the NewVa Corridor Technol-

ogy Council studied this issue and the report is finally ready. The study covered a period from 2002 to 2009, and during this period the region added a total of 382 new technology companies. Even in the economic downturn, 175 new technology businesses were created since 2006. Across the seven-year study period, the number of technology-based businesses rose from 1,312 companies to 1,694. Clearly, the technology sector is a major contributor to employment growth in the region.



shout about, given the opportunity, is affordable transportation to and from the region. Businesses need to be able to get out of the region and pull customers in, but that has been and continues to be a challenge, both in cost and accessibility. I make no secret about the fact that I think the north-east regional train should start in Blacksburg rather than Lynchburg. It is a tremendous asset for the region, but we need to increase the access to it and we can.

SUMATI SRINIVAS
Associate professor of economics, Radford University

What sectors do you expect will see the most significant job growth in the region in 2011? What is the region doing to capitalize on that growth potential? Or perhaps: What should the region be doing that it isn't?

When thinking about job growth, it is useful to distinguish between two types of job creation: (1) jobs created in order to replace existing workers, and (2) jobs created as a result of new positions becoming available as companies grow.

The second type of job creation is more important, because it indicates long-term job growth opportunities. A look at occupations that are projected to show an increasing number of jobs created in the Western Virginia region suggests that most of them are in health-related occupations. This is not a surprise, given the demographics, and is in keeping with the national trend. (National employment projections are made by the Bureau of Labor Statistics, U.S. Department of Labor. The BLS employment projections, while being the most trusted ones



available, are intended to determine long-term growth areas, and assume an economy that has recovered from the recession.)

A look at the current job openings for the region from the Virginia Workforce Connection bears out the BLS projections: Four of the five occupations with the largest number of job openings are in health-related fields. The number of job openings for occupational and physical therapists in the region, for instance, is more than six times the number of openings in any non-health-related occupation.

As for what the region could/should be doing, I should qualify my opinion first by saying that I am not an expert in regional economic development issues. However, as a labor economist, what I would like to point out is that a major cause of labor market inefficiencies (the term economists use to describe a situation where job openings go unfilled at the same time there is high unemployment) is the lack of accurate information about available jobs. Surveys find that job seekers are often misinformed about the kinds of jobs available, expected wages and the quality of training programs, and this constitutes a major barrier in matching workers to available jobs.



When: Jan. 26; 7:30 a.m., check-in and breakfast; 8 a.m. panel discussion

Where: Hotel Roanoke & Conference Center

Cost: Free

Information: Register online at roanoke.com/business. Registration ends Wednesday.

So, who are these businesses? The top six sectors include computer/networks, microelectronic manufacturing, systems engineering, transportation, software development and health/medical. We are clearly a diverse region in regard to our growing technology sectors, and I think this is a great benefit to the region. While our companies may be different in their outputs, they are similar in their inputs. The technology sector recruits highly educated problem solvers, and we could not be in a better region of the country to have access to this talent — which, by the way, is the No. 1 reason given by tech firms for locating here.

In regard to the talent, I do think one of our challenges is retaining more of the talent that we produce here. The universities in this region are a tremendous asset, and without question we graduate quality students. The trick is for us to keep more of them here. It is a chicken-and-egg problem. If we kept more young professionals, there might be more for them to do, and if we had more for them to do, we might be able to attract and keep more of our talent in the area. I know that many organizations are working on this issue, and I hope to work more on this issue in the near future myself.

It is an important one, but there are other issues that need to be addressed as well. One that I will



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