

School of Business and Public Administration

Kern Economic Journal

Winner of the Award for Merit from California Association for Local Economic Development

2023 Fourth Quarter

Featured Articles:



Migration and the Economy

Dealing with the Chronically Annoying Work Colleague



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KERN ECONOMIC JOURNAL is a quarterly publication (February, May, August, November) of California State University, Bakersfield. Its purpose is to track local trends and analyze regional, national, and global issues that affect the economic well-being of Kern County. The journal provides useful information and data that can help the community make informed economic decisions. Sources of funding for this journal include university contributions and sponsorship and subscription fees.

Editorial and analytical articles on important local, regional, national, and international issues and trends are invited for *consideration* of publication in the journal. Articles (not exceeding 800 words in length) must be submitted to the Managing Editor in electronic copy. Individual authors are responsible for the views and research results.

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Kern Economic Journal



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Economy at a Glance!

Real GDP increased at an annual rate of 3.2 percent in the fourth quarter of 2023. In the third quarter of 2023, real GDP increased by 4.9 percent.

The increase in real GDP reflected increases in consumer spending, exports, state and local government spending, nonresidential fixed investment, federal government spending, and residential fixed investment that were partly offset by a decrease in private inventory investment. Imports increased in the fourth quarter.

Current-dollar GDP increased by 4.9 percent (annual), or \$334.5 billion in the fourth quarter to a level of \$27.94 trillion.

Current-dollar personal income increased \$219.5 billion in the fourth quarter. This rise reflected increases in compensation, personal income receipts on assets and proprietors' income, that were partly offset by a decrease in personal current transfer receipts.

Real disposable personal income, which is adjusted for inflation and taxes, increased by 2.2 percent.

Personal saving was \$809.2 billion in the fourth quarter. The BEA derives the personal saving rate by calculating personal saving as a percentage of disposable personal income.

Personal saving rate – personal saving as a percentage of disposable personal income – was 3.9 percent in the fourth quarter.

The Conference Board's Index of Leading Economic Indicators – a measure of future economic activity – decreased by 0.4 percent in January 2024 to 102.7 (2016=100), following a 0.2 percent decline in December 2023.

The University of Michigan's Consumer Sentiment

https://conference-board.org/data/bcicountry.cfm?cid=1. The University of Michigan Consumer Sentiment Index is found at

http://www.sca.isr.umich.edu/tables.html

Index decreased from 69.6 in the third quarter of 2023 to 64.9 in the fourth quarter of 2023. The index in the fourth quarter of 2022 was 58.8, and 69.9 in the fourth quarter of 2021.

Local Economy

In California, the unemployment rate grew to 4.9 percent in the fourth quarter of 2023 compared to 4.6 percent in the third quarter. The top 5 counties with the highest unemployment rates include: Colusa (12.1), Imperial (18.8), Kern (8.0), Kings (8.2), Merced (8.8), and Tulare (10.3). Counties with the lowest unemployment rates include Marin (3.7), San Francisco (3.5), San Luis Obispo (3.5), San Mateo (3.2) and Sonoma (3.7).

California's labor force decreased by 38,933 in the fourth quarter of 2023. During this period, civilian employment also decreased by 97,200, from 18.50 million to 18.40 million. Nonfarm enterprises hired 58,367 more workers while farm employment increased by 7,967. Mining and logging employment remained the same as construction hired 12,900 more workers. The manufacturing sector also hired 1,067 more workers. Service sector employment increased from 15.82 million to 15.86 million between the third quarter of 2023 and the fourth quarter of 2023. The state government hired 7,900 less workers while the local government added 10,467 workers.

Local Economy

The local economy witnessed an increase in the labor force from 396,233 in the third quarter of 2023 to 397,300 in the fourth quarter of 2023. Civilian employment increased by 3,933 from 362,333 to 366,267. Nonfarm employment decreased by 4,533 while farming employment increased by 11,033.

In Bakersfield, nonfarm employment changed in the following manner: mining and logging lost 133 workers; construction lost 33 workers; manufacturing lost 33 workers while the service industry added 7,933 workers. Within the service sector, trade, transportation and utilities added 1,800 workers.

¹U.S. economic numbers were obtained from the Bureau of Economic Analysis "U.S. Economy at a Glance". This is found at http://www.bea.gov/newsreleases/glance.htm The information for the Index of Leading Economic Indicators is found at

² The California economic numbers were obtained from the Bureau of Labor Statistics "Local Area Unemployment Statistics Map". This is found at https://data.bls.gov/map/ MapToolServlet?survey=la&map=county&seasonal=u.



Financial activities added 33 workers, professional and business services added 233 workers, private education and health services added 1,033 workers while leisure and hospitality lost 667 employees. Within the government, the number of federal government employees did not change, while the state government lost 33 workers. The local government added 5,533 workers.

Total salaries and wages in Kern County increased from \$360,033 in the third quarter of 2023 to \$362,700 (0.7 percent increase) in the fourth quarter of 2023. Compared to four quarters ago, salaries were higher by \$11,133 or 3 percent.

The unemployment rate varied considerably across cities, ranging from 3.7 percent in Ridgecrest to 20 percent in Lake Isabella. All cities in Kern County (except for Delano, Ridgecrest and Wasco) witnessed an rise in the unemployment rate compared to the third quarter of 2023. The biggest quarter to quarter rise in the unemployment rate occurred in California City where it surged from 16.07 percent to 16.43 percent. In Bakersfield, the unemployment rate was 6.27 percent in the fourth quarter of 2023 compared to 6.10 percent in the third quarter of 2023. In Kern County, unemployment was 8 percent in the fourth quarter of 2023 compared to 7.9 percent in the third quarter.

In the fourth quarter of 2023, the median home price in Bakersfield was \$391,417 compared to \$400,667 in the third quarter. Home prices were \$5,168 lower than they were four quarters ago. Within the county, median home prices in Taft were the lowest, averaging \$208,333 compared to \$398,167 in Rosamond.

The weighted price index for the five publicly traded companies doing business in Kern County (Sierra Bancorp, Tejon Ranch Company, Chevron Corporation U.S., Granite Construction, and Wells Fargo Company) increased by 12.4 percentage points from \$100.50 to \$112.90 (quarter to quarter). The index was 7.3 percentage points greater than it were four quarters ago. All companies gained/ lost as follows: Chevron (decreased 11.5 percent quarter-over-quarter), Tejon Ranch (increased 6.0 percent quarter-over-quarter), Granite Construction (increased 33.8 percent quarter-over-quarter), Wells Fargo (decreased 20.5 percent quarter-over-quarter) and Sierra Bancorp (increased 18.9 percent quarterover-quarter).

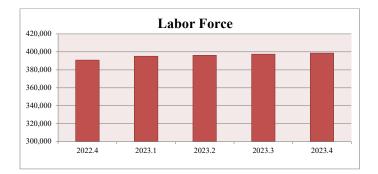
The average retail price of gasoline decreased by \$0.27 to \$4.95 a gallon (quarter to quarter) from \$5.22. Gas prices in the fourth quarter of 2023 were similar to what they were four quarters ago when they averaged \$4.95 a gallon. The unit price of California's Class III milk was \$16.68 in the fourth quarter of 2023 compared to \$16.45 in the third quarter of 2023. The Index of Farm Price Parity in the fourth quarter of 2023 (0.82) was higher than that of the third quarter of 2023 (0.90).

Tracking Kern's Economy¹

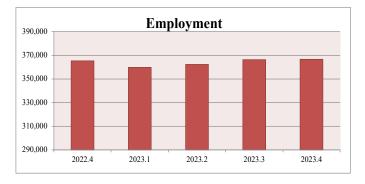
Labor Market

We average monthly data to calculate quarterly data then adjust for seasonality in the series.

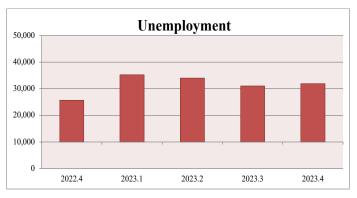
Labor Force – The civilian labor force increased by 1,267 individuals, from 397,300 in the third quarter of 2023 to 398,567 in the fourth quarter of 2023. The labor force estimates for the fourth quarter of 2023 were similar to those recorded in the fourth quarter of 2015 where they averaged ~397,000. The Bureau of Labor Statistics defines the labor force participation rate as the proportion of the working-age population that is either working or actively looking for work.



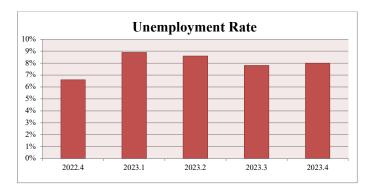
Employment – In the fourth quarter of 2023, Kern County hired 333 more workers (compared to the previous quarter) as total employment increased from 366,267 to 366,600. This is a 0.36 percent increase in employment compared to the fourth quarter of 2022 when 365,300 persons were employed. In 2022, third to fourth quarter employment increased by 1,033.



Unemployment-Quarter to quarter unemployment increased by 900 as the number of jobless workers increased from 31,000 to 31,900. The number of unemployed workers is 24.45 percent higher than it were four quarters ago. In the last quarter of 2022, there were 25,633 unemployed workers.



Unemployment Rate – Kern County's year-toyear unemployment rate rose by 1.4 percentage points from 6.6 percent in the fourth quarter of 2022 to 8 percent in the fourth quarter of 2023. The unemployment rate in the third quarter of 2023 was 7.8 percent. Kern County's fourth quarter unemployment rate (8 percent) was higher than that of California which was 4.9 percent.

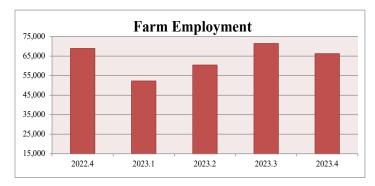


The unemployment rate varied considerably across cities, ranging from 3.7 percent in Ridgecrest to 19.6 percent in Lake Isabella. Quarter to quarter unemployment rate increased in all cities except in Delano, Ridgecrest and Wasco where it decreased. The biggest decrease in the unemployment rate occurred in Delano, where it dropped from 19 percent to 18.7 percent. In Bakersfield, the unemployment rate was 6.3 percent in the fourth quarter of 2023

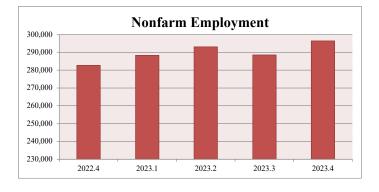
Unemployment Rate of Cities						
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)			
KERN COUNTY	8.0%	McFarland	7.2%			
Arvin	10.3%	Mojave	7.8%			
Bakersfield	6.3%	Oildale	12.8%			
California City	16.4%	Ridgecrest	3.7%			
Delano	18.7%	Rosamond	8.6%			
Edwards	7.8%	Shafter	6.5%			
Frazier Park	7.9%	Taft	5.4%			
Lake Isa- bella	19.6%	Tehachapi	7.6%			
Lamont	7.7%	Wasco	13.4%			
Note: City-level data are not adjusted for seasonality and "informal" market workers.						

compared to 6.1 percent in the third quarter of 2023.

Farm Employment – In the fourth quarter of 2023, Kern County hired 5,233 less farm workers. As a result, farm employment decreased to 66,267 from 71,500 compared to the third quarter of 2023. An average of 68,867 workers were employed in the farming sector in the fourth quarter of 2022. The year-over-year number of farm workers decreased by 2,600.

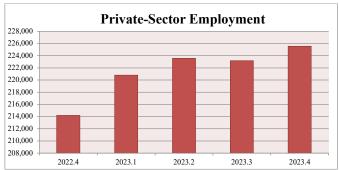


Nonfarm Employment –Local nonfarm industries employed 7,900 more workers in the fourth quarter of 2023 as the number of workers increased from 288,533 to 296,433. The industries hired 13,733 more workers compared to four quarters ago (4.9 percent more).

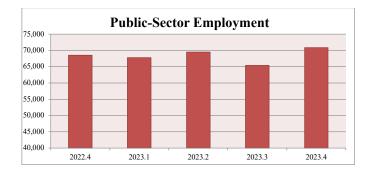


In Bakersfield, nonfarm employment changed in the following manner: mining and logging employment reduced by 133 workers; construction lost 33 workers; manufacturing lost 33 workers while the service sector added 7,933 workers. Within the service sector, trade, transportation, and utilities added 1,800 workers; financial activities added 33 workers; professional and business services added 233 workers; health care and social assistance lost 1,033 workers while leisure and hospitality lost 667 workers. Federal government employment stayed the same while the state government lost 33 workers. The local government added 5,533 workers.

Private-Sector Employment – Nonfarm employment is comprised of private- and public-sector employment. In the fourth quarter of 2023, private companies hired 2,400 more workers compared to the third quarter. They also hired 5.3 percent more workers in the fourth quarter of 2023 than they did four quarters ago (in 2022). Today, the private sector employs 225,567 individuals.



The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies, and public education. In the fourth quarter of 2023, government agencies hired 5,500 more workers, as employment increased from 65,367 to 70,867 – an 8.4 percent increase. Compared to the fourth quarter of 2022, 3.45 percent more workers were hired in the public sector.

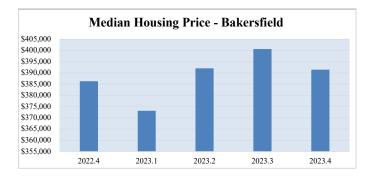


Salaries and Wages – Total salaries and wages in Kern County increased from \$360,033 in the third quarter of 2023 to \$362,700 in the fourth quarter of 2023 – a 0.7 percent increase. Compared to four quarters ago, salaries were \$11,133 (or 3 percent) higher.



Housing Market

Housing Price –In the fourth quarter of 2023, Bakersfield's housing prices were down by \$9,250 (2.3 percent) compared to the third quarter of 2023. The median home price averaged \$391,417 (in the fourth quarter of 2023) compared to \$386,248 (in the fourth quarter of 2022). Prices were 1.3 percent higher than they were four quarters ago.



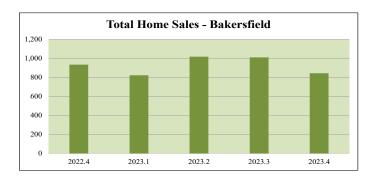
Regional Housing Prices – Changes in housing demand in Bakersfield are likely to spillover to surrounding cities as individuals who are on the margin of buying or selling are likely not located in the Bakersfield Metropolitan Statistical Area (MSA). An assessment of third (2023) to fourth quarter (2023) changes in median sales price indicates that home prices decreased in all cities in Kern County except for California City where they increased. Rosamond recorded the largest drop in prices (-\$25,917) while prices increased by \$3,500 (or 1.2 percent) in California City. The average (annual) price change was -3.12 percent across all regions in the County. The median home price across all regions averaged \$332,542 in the fourth quarter of 2023 compared to \$347,358 in the third guarter of 2023.



The year-to-year home prices changed as follows: Bakersfield (+1.3 percent), California City (+4.5 percent), Delano (+4.3 percent), Rosamond (+3.6 percent), Taft (-20.9 percent) and Tehachapi (-11.6 percent).

Location	Median Price (last year)	Median Price (this year)	Price Change (\$) (Annual)	Price Change (%) (Annual)
	2022.4	2023.4	2022.4 to 2023.4	2022.4 to 2023.4
Bakersfield	386,248	391,417	5,168	1.34%
California City	284,667	297,500	12,833	4.51%
Delano	298,333	311,000	12,667	4.25%
Rosamond	384,167	398,167	14,000	3.64%
Taft	263,333	208,333	-55,000	-20.89%
Tehachapi	439,667	388,833	-50,833	-11.56%
Average	342,736	332,542	-10,194	-3.12%

Home Sales – In Bakersfield, quarter to quarter sales of residential units decreased by 168 units, from 1,012 in the third quarter of 2023 to 844 in the fourth quarter of 2023. An average of 91 less homes were sold in the fourth quarter of 2023 compared to the fourth quarter last year (2022).



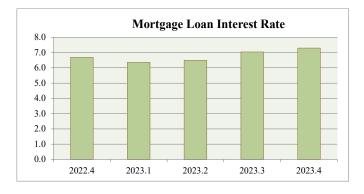
Growth in Housing Sales – We compare growth in sales of existing single-family homes in Kern County with growth in sales in California. Positive values indicate that more homes were purchased this year compared to last year. In December 2023, 26 percent less homes were sold in Kern County compared to December 2022. In California, sales were 7 percent lower. The average growth in home sales in California between December 2022 and December 2023 was –24 percent while the number was –24 percent in Kern County. Overall, less homes have been sold every month this year when compared to last year.



New Building Permits – In the fourth quarter of 2023, Kern County issued 83 more permits for construction of new privately-owned dwelling units compared to the third quarter of 2023. A total of 698 permits were issued this (fourth) quarter compared to 384 in the fourth quarter of last year (2022). The number of permits issued continues to surge. Over the last five years, the average number of permits issued in the fourth quarter of every year is 511.

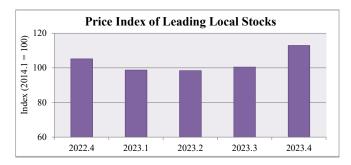


Mortgage Interest Rate – In the fourth quarter of 2023, the interest rate on thirty-year conventional mortgage loans increased to 7.29 percent (up from 7.04 percent in the third quarter of 2023). The interest rate in the fourth quarter of 2022 was 6.69 percent.

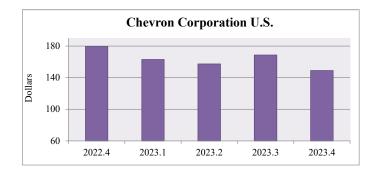


Stock Market

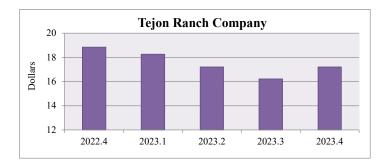
In the fourth quarter of 2023, the composite price index (2014.1=100) of the five publicly traded companies doing business in Kern County increased by \$12.43, from \$100.5 to \$112.9 (quarter to quarter change). The index was 7.3 percentage points higher compared to four quarters ago. Average "close" prices were measured for five local market-movers: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.



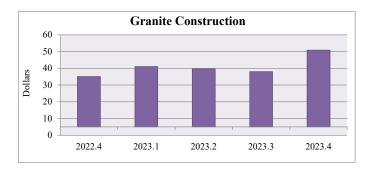
Chevron Corporation U.S.: Compared to the third quarter or 2023, CVX lost \$19.46 (or 11.5 percent) per share as its price decreased from \$168.62 to \$149.16. Relative to the fourth quarter of 2022, CVX was down \$30.33 (or 16.9 percent).



Tejon Ranch Company: TRC lost \$1.64 (or 8.7 percent) per share as its stock price decreased from \$18.84 to \$17.20, between the fourth quarter of 2022 and the fourth quarter of 2023. Compared to the third quarter of 2023, TRC stock price was up \$0.98 (or 6 percent).



Granite Construction: GVA gained \$12.84 (or 33.8 percent) per share as its stock price increased from \$38.02 to \$50.86 between the third and fourth quarter of 2023. GVA gained \$15.79 (or 45 percent) over the last four quarters.

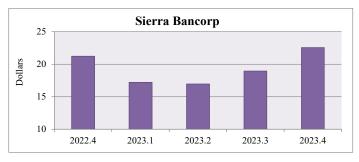


Wells Fargo Company: WFC gained \$8.36 (or 20.5 percent) per share as its stock price increased from \$40.86 to \$49.22 between the third and fourth

quarter of 2023. Relative to 2022, WFC was up \$7.93 (or 19.2 percent).



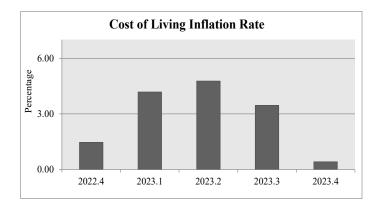
Sierra Bancorp: BSRR gained \$3.59 (or 18.9 percent) per share as its price increased from \$18.96 to \$22.55 (quarter-to-quarter). BSRR gained \$1.31 (or 6.2 percent) in the fourth quarter of 2023 compared to the fourth quarter of 2022.



Inflation

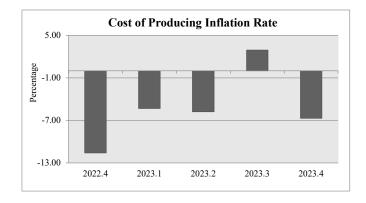
Inflation

Cost of Living – In the fourth quarter of 2023, the Consumer Price Index for all urban areas (1982-84 = 100) decreased from 306.8 to 307.2. As a result, inflation for the cost of living accelerated at an annual rate of 0.42 percent. The index was 297.5 in the fourth quarter of 2022.

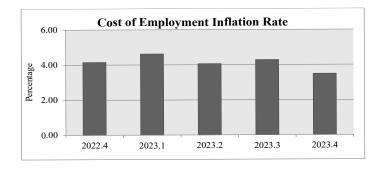


Cost of Production – The Producer Price Index for all commodities (1982 = 100) decreased between

the third and fourth quarter of 2023 from 256.8 to 252.5. The inflation rate for the cost of producing decelerated at an annualized rate of 6.7 percent. The cost of production inflation rate was 262.15 four quarters ago.

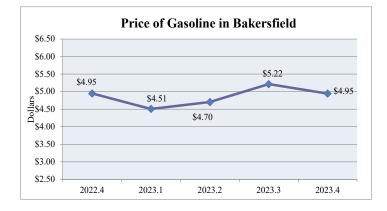


Cost of Employment – The Employment Cost Index (December 2005 = 100) for all civilian workers increased from 160.7 in the third quarter of 2023 to 162.1 in the fourth quarter of 2023, causing quarter-toquarter employment inflation to rise by 3.48 percent.

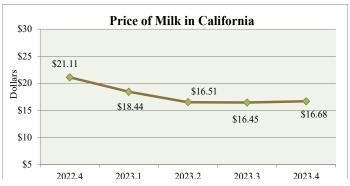


Commodity Prices

Price of Gasoline – In the Bakersfield MSA, the average retail price of gasoline decreased by \$0.27 to \$4.95 in the fourth quarter of 2023. Average gasoline prices were \$5.22 in the third quarter of 2023 and \$4.95 in the fourth quarter of 2022.



Price of Milk – In the fourth quarter of 2023, the National Index of Prices Received by Farmers for all farm products (2011 = 100) decreased by 10.8 points to 113.3 compared to 124.1 (in the third quarter). This is a 14.6 percent decrease compared to the fourth quarter of 2022.



Farm Prices – In the fourth quarter of 2023, the National Index of Prices Received by Farmers for all farm products (2011 = 100) decreased by 10.8 points to 113.3 compared to 124.1 (in the third quarter). This is a 14.6 percent decrease compared to the fourth quarter of 2022.

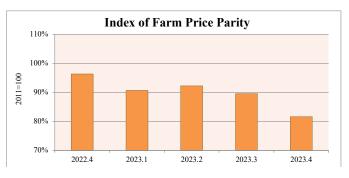


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Meanwhile, the National Index of Prices Paid by farmers for commodities, services, interest, taxes, wages, and rents decreased by 0.14 percentage points. This means that farmers were better off in the fourth quarter of 2023 compared to the third quarter of 2023.



We measure the Index of Farm Price Parity as the ratio Index of Prices Received to the Index of Prices Paid. In the fourth quarter of 2023, the Index of Farm Price Parity was 82 percent compared to 90 percent in the last quarter. Four quarters ago, the price ratio was 96 percent.



¹ Source – Online databases: http://www.labormarketinfo.edd.ca.gov; www.usda.com; www.bakersfieldgasprices.com; www.bea.gov; www.car. org; www.trulia.com; www.census.gov; https://www.redfin.com; https:// www.cafmmo.com; www.bls.gov



Migration and California's Economy

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1. Introduction

The first case of COVID-19 in California was reported on January 31, 2020. Three months later (on March 19), California's Governor Gavin Newsom issued the first stay at home orders for the state (Ortiz et al., 2021 and Office of Governor Gavin Newsom, 2024). The increase in remote work that followed contributed to a major shift in urban to rural migration (Cromartie 2024). These patterns may have had significant impacts on the economy. This article examines whether rural to urban migration impacted GDP, personal income and new business formation in California. Our analysis will focus on the top five counties which witnessed the largest growth in population, and the top five counties which witnessed the largest drop in population.

2. Changes in Population

California's population dropped by 358,140 between 2020 and 2021, then 104,444 between 2021 and 2022, and 75,423 between 2022 and 2023. The total population dropped by 538,007 over the three-year period between 2020 and 2023. Between that period, counties witnessing the largest decline in population include: Los Angeles (lost 329,468), San Francisco (lost 61,530), Alameda (lost 58,278), Santa Clara (lost 53,576) and Orange (lost 49,979). Those witnessing the largest growth in population include: Riverside (gained 69,499 residents), San Joaquin (gained 20,348), Placer (gained 17,634), San Bernardino (gained 12,220), Merced (gained 10,090) and Kern County (gained 7,910) (U.S. Census Bureau (2024a). Figure 1 illustrates that the majority of the counties losing residents were located on the coastal part of the state, while inland counties gained residents.

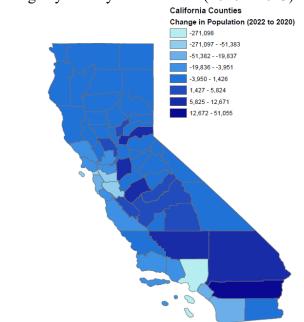


Figure 1: Population Change by County in California (2020 – 2023)

Source: Author's Adaptation from the U.S. Census Bureau (2024a)

3. Changes in Economic Growth (GDP)

California's economy grew during the pandemic period. Between 2020 and 2021, California's GDP grew by 8%. It also increased in the year that followed, growing by 1% between 2021 and 2022 (U.S. Bureau of Economic Analysis, 2024a). Table 1 illustrates growth in GDP in counties witnessing population changes.

		C Olowill (unities with	ere i opulation	JII IIIereas	cu alla Dec	leased
	Population Decrease	2020-2021	2021-2022	2020-2022	Population Increase	2020-2021	2021-2022	2020-2022
1	Los Angeles	6%	2%	8%	Riverside	6%	1%	7%
S	San Francisco	14%	-2%	11%	San Joaquin	8%	-2%	5%
	Alameda	7%	2%	9%	Placer	9%	2%	11%
	Santa Clara	14%	-1%	13%	San Bernardino	6%	1%	7%
	Orange	6%	1%	7%	Merced	2%	0%	2%
					Kern	0%	-3%	-4%

Table 1: Economic Growth (GDP) in Counties where Population Increased and Decreased

Source: U.S. Bureau of Economic Analysis (2024a)

In the two-year period between 2020 and 2022, all counties witnessed a growth in GDP despite the changes in population. Santa Clara and San Fransisco both witnessed a 13 and 11% growth in GDP, respectively, while Orange County witnessed a 7% growth in GDP. An assessment of counties witnessing a growth in residents indicates that only Kern County witnessed a drop (-4%) in GDP while Placer (11%), San Bernardino (7%) and Riverside (7%) Counties saw economic growth.

Population Decrease	2020-2021	2021-2022	2020-2022	Population Increase	2020-2021	2021-2022	2020-2022
Los Angeles	9%	1%	10%	Riverside	7%	0%	7%
San Francisco	19%	-3%	16%	San Joaquin	9%	-3%	6%
Alameda	13%	-1%	12%	Placer	8%	3%	10%
Santa Clara	16%	0%	16%	San Bernardino	8%	-1%	7%
Orange	8%	2%	11%	Merced	8%	-3%	5%
				Kern	5%	-4%	1%

Table 2: Personal Income Per Capita in Counties where Population Increased and Decreased

Source: U.S. Bureau of Economic Analysis (2024b)

5. New Business Applications (Per Capita)

Between 2020 and 2022, applications for new businesses increased by an average of 21% in the five counties where population increased. New business applications increased by 29% in San Joaquin County while Merced, Kern, San Bernardino and Riverside Counties witnessed a 23, 21, 19 and 18% rise in per capita applications. Average growth in business applications rose by 9% in counties witnessing a drop in population. Interestingly, only San Joaquin, Merced and Placer Counties witnessed growth in applications in the 2021 – 2022 period in our sample.

 Table 3: Growth in Per Capita New Business Applications

Population Decrease	2020-2021	2021-2022	2020-2022	Population Increase	2020-2021	2021-2022	2020-2022
Los Angeles	15%	-9%	5%	Riverside	22%	-3%	18%
San Francisco	23%	-10%	10%	San Joaquin	28%	38%	29%
Alameda	19%	-9%	9%	Placer	14%	3%	17%
Santa Clara	16%	-6%	10%	San Bernardino	30%	-9%	19%
Orange County	14%	-3%	11%	Merced	31%	4%	23%
				Kern	27%	-5%	21%

U.S. Census Bureau (2024b)

6. Conclusion

Findings indicate that counties located near the coast experienced the largest drop in population while those in the central and inland valleys experienced population growth. Counties losing population, experienced the largest gain in GDP and income while those in the central and inland valleys (with population decline) witnessed the largest number of new business applications. Finally, the urban to rural migration that took place during the pandemic has slowed down, and reversed for some counties.

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Dealing with the Chronically Annoying Work Colleague

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Let's face it – there are times when a fellow employee, a work associate that we must interact with behaves in a way that is less then professional and perhaps even harmful to the work environment. These annoying employee workplace attitudes, behaviors or communications may range from minor un-called for rudeness escalating to very serious workplace confrontations. What can we do, what must we do to correct, improve, and stop such chronically annoying workplace behaviors? Experience has taught that two levels of response are appropriate, each with its values and concerns – informal attempts made at the employee level to resolve the situation or formal actions made by management that will in fact resolve the issue.

Informal Attempts	Formal Actions
occurs at the employee level	occurs at the management level
as a colleague a resolution is sought	as the leader a resolution is made
is informal – employee to employee	is formal – leader to employee
everyday informal attempts to resolve	usually, a one-time formal action
hopefully the issue is resolved	by policy action the issue is resolved

At the one end of the spectrum is the high -quality but affected employee working with the other less professional employee at their level of interaction to appropriately do what they can to resolve, or at least better deal with the chronically annoying behavior. If these attempts are unsuccessful the issue is escalated to management, who, after careful consideration will implement the needed policy to bring resolution such as through counseling or disciplinary action.

Now a word about the term - chronically – in most work environments you will have an employee here or there experiencing what we call a bad day. They are not feeling well, or they are distracted or are under stress either work or non-work related and simply are not performing at their best. But there are other employees who mis-behave more as their interpersonal work pattern rather than as a once in a while occasion. They are rude to other employees, perhaps dismissive in their interactions with others, and display body language that sends a mean-spirited message to work associates. Their pattern is chronic, meaning this is the way they have chosen to act almost all the time in the workplace. Now our first reaction might be to simply terminate the offending employee and yes, that may be the best option after some level of a performance improvement plan has failed. But may we consider informal attempts that may be successful at the employee-to-employee level.

Informal Attempted Resolutions

There are four informal level principles that an employee may use to better the circumstance with their chronically annoying colleague. It does require a mature and professional employee to engage in this level of attempted resolution.

Participating in Active Listening: It is generally so difficult to listen to another employee whose demeanor is unpleasant and dismissive. We generally disengage quickly or do not even try to interact with others who are being offensive. One tool that a high-quality employee can try is what is known as active listening.

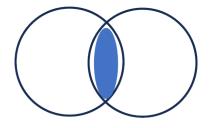
Here is how it works – the offending employee is complaining or discussing a work-related situation with or at another employee and their tone is unkind or rude. The more professional employee works to separate the content of the discussion from the tone of the interaction. What is the annoying employee actually saying – do they have a point, is there any substance to their comments that is getting lost because of their tone? As one stays focused on the content and not the style - is a constructive point being made that has usefulness to the organization. The professional employee commits to listening to the offending work associate in a serious and focused way. Let us assume that is the case, then step two comes into play.

Looking for Gaps of Opinion: The professional employee confirms to the more difficult employee that their comment has some validity but is still different from the view of the organization or the more professional employee. This is where the more polite employee engages in a discussion flushing out and noting the differences. This is hard because the annoying employee's style is to raise their voice, speak in demanding tones or to force the conversation to go their way only.

By being able to clarify – this is your perspective, and this is my differing view, both parties have taken a small step in a resolution. To note the differences of opinion and to let each member in the conversation own their opinion and to recognize there is a difference and what that difference looks like without yelling or stomping off is the goal. It is not important at this point to come to agreement but to note the gap in the shared opinions. If this can be achieved, then step three is possible.

Building Agreement Zones: Now to a more intense clarifying step – building agreement zones. There is a helpful way to do this by using what are known as Venn diagrams. Imagine two circles – one on the left, one on the right. The one of the left represents the position of the difficult employee, and the circle on the right is the view of the helpful employee. The area where there is some level of overlap is the zone of agreement [colored] and the non-overlapped areas [not colored] are the disagreement zones.

Let me share an example where there is a small zone of agreement then hoped for yet being reflective of where both discussion parties are at:



By building these types of visuals, the two employees can note what points they do have agreement about and where there is disagreement. Words can be placed in the circles to help clarify. This exercise does not solve the issue but is a tool to note differences in a polite and constructive way.

Seeking Resolution: With the three preceding steps completed an effort is made to work toward better listening and clarifying the level of differences in agreement. Two goals are sought [1] improved communication and clarification in a non-confrontative more professional way and [2] professionally speak about differences and ways to work together in more congenial ways. This informal model of attempted resolution may bring a better working environment or perhaps the chronically annoying colleague will just continue with their ways. If the informal approach does not yield improvement, then the more formal resolution model comes into play.

Formal Actions

Our perspective thus far has been to focus on the employee-to-employee effort to resolve workplace differences given the chronically annoying behavior of a work associate. If this informal approach is not successful, then management level intervention would be the next appropriate step, rather than allow a fractured work environment to continue. Four considerations come into play in the formal action area [1] **Management Review of Organization Policies:** those at the executive level review the existing work site policies to identify and verify that the behavior of the chronically annoying work associate is in fact in violation of the organizations accepted workplace codes. [2] **Use of the Employee Performance Evaluation:** another valuable tool is the documentation of work site inappropriate behavior as noted on and during the employee review process. This should be the primary verification documentation of any less than accepted workplace behavior. [3] **Employee Based Professional Growth Plan:** assuming documentation has been verified and the misbehavior is serious then an employee growth plan is put into place with clear goals of improvement, timelines, and evaluation points, noting that measurable correction of behavior must occur [4] Employee Discipline: If the plan is not successful then employee discipline is called for that may include termination of employment.

It is so unfortunate when or if your organization and your high-quality employees are confronted by what we call the chronically annoying work colleague. Some employees may with good faith try to resolve the differences with the less then professional work associate using informal attempts to improve the work environment. If those efforts fail, then most assuredly management must institute formal resolution actions.



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