

Addressing the Skills Gap



As the economy continues to rebound from the recession, a unique challenge has arisen.

- Nearly 7.5 million people are actively seeking employment
- Nearly 5 million jobs are going unfilled

Millions of workers remain unemployed or underemployed while employers find it difficult to fill many open positions. And, with the aging workforce and more people dropping out of the labor pool, that gap will continue to widen. Why the anomaly?

There is a major disconnect between the market for middle-skills jobs, those that require more education or training than a high school diploma but less than a four-year college degree, and the number of people qualified for those jobs. Many employers see a significant gap in the skills they need and the skills jobs candidates possess, leaving many positions open for months at a time. In a study conducted by Inavero, businesses said that their longest open position had been open for an average of 7.4 months.

Not helping the situation is the fact that, in many industries, wages have stagnated, and many employers have not been willing to offer more competitive salaries to attract the skills they need. Many employers continue to believe that the high unemployment rate justifies keeping salaries low, and most would not consider raising a starting salary to attract new talent. In addition to the problems this creates for attracting new talent, the wage gap impacts retention. More than 30% of professionals are looking for new jobs due to dissatisfaction with their current salaries.

In 2014, the American Staffing Association (ASA) established the Skills Gap Index to measure the difficulty, on a scale from one to 100, to recruit for a specific occupation. As of December 2016, the ASA Skills Gap Index identified 171 difficult-to-fill occupations in the United States. Of those 171 occupations, 38 were industrial positions. The Skills Gap Index found a correlation between those positions with the greatest skills gap and wage stagnation. In almost every case, wages for the top 10 hardest-to-fill positions were

stagnant or below market salaries. Many employers also have unrealistic expectations of the skills that job candidates should bring to the table, often not considering the cost benefit of hiring a candidate otherwise qualified and providing the necessary on-the-job training for specialized skills.

Hiring managers are searching for people with the ability to be productive immediately, not candidates who may need extra training to do well in a job.

While employers often have unrealistic expectations of the candidate pool, job seekers can also have unrealistic expectations. Students are graduating college with little or no “practical” skill to bring

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to employers. With little career path guidance in high school, only 25% of job seekers said they had received career advice, many students choose majors that may or may not help them land that first job. As a result, 44% of college-educated workers under 25 have jobs that do not require a college degree.

Bridging the Gap

One of the most effective ways we can bridge the gap is to create a talent pool more in tune with the needs of the future. Brian Huff, CEO of Midwest Technical Institute, suggests high school seniors “should consider their options before making the choice to take on the debt load of college. There are many careers for which trade school is a better, cheaper option.” He and “Dirty Jobs” star Mike Rowe advocate trade school as an efficient path to gaining the necessary skills for in-demand jobs.

Employers must also re-examine the way they look at on-the-job training programs. While some employers worry that by giving employees valuable, marketable skills, they may be creating a flight risk, the opposite is actually true. When employers invest in employees, that person is more likely to remain committed to the organization. An overwhelming 92% of employees become more loyal to a company that invests in training them, adding that they are more likely to stay at a company that values them in this way.

Ultimately, to grow, businesses need to change the way they look at talent.

By broadening their approach, they may be able to positively impact the size and quality of their talent pool and shorten the length of time to hire. Businesses can look at the long-term unemployed and go deeper into the reasons for the gap in jobs. One of the things we can all do is be more open to hiring for potential and providing training and development.

Long-term, however, for us to be competitive, we need to look at a strong, three-prong approach to solving this problem.

1. Business leaders must champion an employer-led skills development system in which they bring the type of rigor and discipline to sourcing middle-skills talent that they historically applied to their materials supply chains.
2. Educators must embrace their roles as partners of employers and help their students realize their ambitions by being attentive to developments in the job market and the evolving needs of employers.
3. Policymakers must actively foster collaboration between employers and educators, invest in improving publicly available information on the jobs market, and revise metrics used by educators and workforce development programs such that success is defined not by graduation rates, but by placing students and workers in meaningful employment.

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