

WORKFORCE SHORTAGE

THE EFFECT OF THE SKILLS GAP ON THE LABOR FORCE

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Part two of this knowledge brief will discuss the impact of the skilled worker shortage in the United States and provide ideas for employers to rethink their workforce strategies.



DOMINO EFFECT AND THE SKILLS GAP

The retirement of Baby Boomers, a poor perception of skilled trades and the lack of an educational system focused on skilled trades created a perfect storm in the global workforce—a worst-case scenario where the combination of the three has impacted millions of lives.

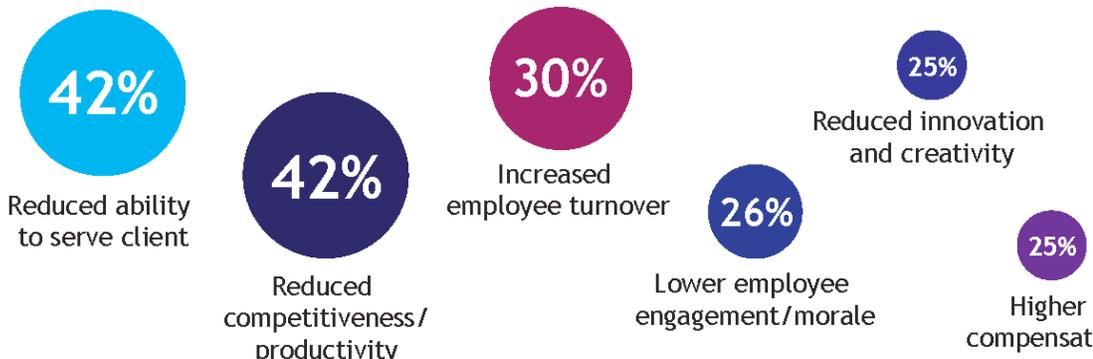
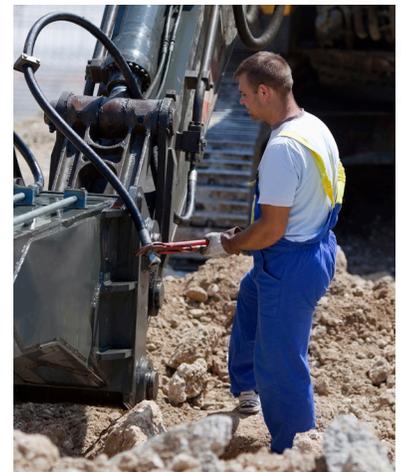
In its 2015 Talent Shortage Survey, ManpowerGroup reported that the 41,000 global employers surveyed on the talent shortage attributed the difficulty to (1) a lack of available applicants or no applicants, (2) lack of technical competencies, (3) lack of experience, (4) lack of workplace competencies and (5) the desire for

higher wages by those applying.

Thirty-eight percent of those employers surveyed had difficulty filling jobs last year, representing a 2 percent increase over 2014—and the highest percentage since 2007. Fifty-four percent felt the talent shortage had a medium to high impact on their client-facing relationships. In addition, more than 40 percent expected the talent shortage to hinder customer service and cause a reduction in competitiveness and productivity.

The gap has reverberated across all aspects of business operations. In ManpowerGroup's survey, employers acknowledged:

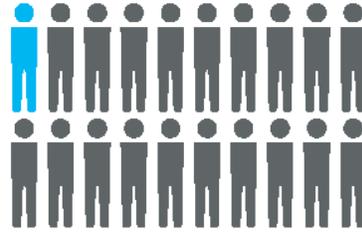
"The key to economic growth lies in the talent, know-how, skills and capabilities of its people — its human capital."



But perhaps the most surprising fact that came out of the survey is that while these employers are acknowledging the impact of talent shortages on their businesses:



More than 1 in 5 is not actively pursuing strategies to address the talent shortages.



Only 1 in 20 is redefining qualifying criteria to include individuals who present a “teachable fit.”



Only 1 in 20 is looking to enhance benefits or increase starting salaries.



Only 1 in 5 is providing additional training and development to existing staff.

In short, employers are not doing enough to bridge the skills gap and brace for the future. It may well be that it is not indifference to the crisis on their part but rather indecisiveness as to what strategies to employ to fill the vacancies in their companies. Some executives believe the best way to combat the talent shortage is to develop their workforces through internal training and development programs. Some are turning to mobile solutions and automating production lines to help ease the load on existing staff. But with emerging technologies looming on the horizon, will it be enough?

THE SKILLS MISMATCH

“The key to economic growth lies in the talent, know-how, skills and capabilities of its people—its human capital.” Those words are from the World Economic Forum and they are the basis of its Global Challenge Initiative on

Employment, Skills and Human Capital, which seeks to reshape the future of jobs, education and skills. Partnering companies helping to raise awareness of key issues related to the skills shortage include Microsoft Corporation, Siemens, Tupperware Brands Corporation and the Coca-Cola Company.

“The global skills mismatch usually comes down to a clash between the output of the education system and the needs of the labor market,” says Rick Goings, Chairman and CEO of Tupperware. “Business can help tackle the problem successfully by following two basic strategies: investing in education and recruiting more women.”

Investing in Education. For many experts, the key to closing the talent gap lies first in changing minds about the vocational trades. For almost five decades now there has existed a negative perception of the trade

Changing a long-standing perception takes a village—in this case, the trade industries themselves. Those very teenagers with no interest in trade jobs must be educated about the viable and fulfilling careers available in equipment industries that support the agricultural, construction, industrial, food service, medical, telecom, waste management and water treatment fields.

industries—that blue-collar jobs were inferior to white-collar positions.

In fact, the Foundation of Fabricators & Manufacturers Association conducted a poll in which 52 percent of teenagers admitted having no interest in a manufacturing career at all. Why? Two-thirds considered trade jobs dirty and dangerous, requiring little thinking or skill and no opportunity for personal growth or career advancement. In their 2015 Skills Gap Report, the Manufacturing Institute (MI) and Deloitte noted that Gen Y (those aged 19–33) ranked manufacturing as their least preferred career destination.

So how do businesses un-ring the bell that has tolled such negativity for the trade industries? Changing a long-standing perception takes a village—in this case, the trade industries themselves. Those very teenagers with no interest in trade jobs must be educated about the viable and fulfilling careers available in equipment industries that support the agricultural, construction, industrial, food service, medical, telecom, waste management and water treatment fields.

Recruiting More Women. Seventy-five years ago World War II created a gaping hole in the U.S. industrial labor force. With millions of young men overseas, women were recruited to work in shipyards and munitions factories—represented by the iconic Rosie the Riveter—to support the war effort and keep the economy strong. In the aircraft industry, the percentage of female

workers in pre-war years was 1 percent; by 1943 it was 65 percent.

With the current shrinking talent pool for trade skills in many industries, we may well witness the emergence of similar Rosies—women entering traditionally male-dominated fields to fill vacancies. While women have worked in such skilled trades for decades, there is now a movement to introduce these fields to a new generation. This past January, for example, a joint effort between the Iowa Workforce Development, IowaWORKS and Hawkeye Community College set up a simulation trailer for women to run virtual heavy equipment such as excavators, road graders, bulldozers and welding equipment. The event was part of the PROMISE JOBS program that provides women with the opportunity to learn non-traditional construction jobs.

The oil and gas industry has its sights set on women, too. As it looks to prepare future leaders in the energy workforce, it is aligning itself with educational institutions to connect the next generation to meaningful careers in the industry.

CONCLUSION

Understanding the skills gap and its impact—along with future trends and disruptions that will sweep in on the waves of the next industrial revolution—will require businesses to rethink their workforce strategies. The time for business leaders to act is now.



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