WHAT’S REALLY BEHIND THE EMPLOYMENT SKILLS GAP
Want to stir things up next time you find yourself chatting with your colleagues in talent acquisition? Mention the skills gap. Interestingly, the topic of a ‘skills gap’ is drawing much controversy within talent acquisition circles. What exactly is it?

A skills gap is defined as a situation where there is a deficit of skilled workers to match open jobs.

Many point to data supplied by the U.S. Bureau of Labor Statistics as proof that those available for employment aren’t armed with the skills needed for roles employers are currently hiring for.
The topic of a skills gap is a divisive one.

One camp fully believes a skills gap is a large part of the equation in this tight employment market, while the other camp thinks it’s just another excuse for employers to use when they are not successfully making ideal hires.

Here we take a look at both sides of the camp:

**NOPE, AND HERE’S WHY...**

With the unemployment rate at a historical low of 3.9% (with expectations to drop even lower in 2019), some don’t think the actions in the labor market equal a true skills gap, but more of a challenge for employers dealing with a changing business landscape.

There are a multitude of reasons that those against the idea of a true skills gap list as why what we are seeing are just bi-products of a changing hiring environment.

Some more frequently mentioned reasons are:

+ **TRAINING**
  As job requirements change, employers are not offering training programs to get workers up to speed

+ **SKILLSET**
  Graduates are exiting school – high school as well as college – without the needed skills, which now weigh more toward technology

+ **LOCATION**
  Getting a job in the ‘trades’ is looked down upon, so workers are looking elsewhere for employment

+ **AUTOMATION**
  As the adoption for automation increases, employers have roles that require technical skills not seen in abundance in the current available workforce

+ **PACE**
  Employers are posting roles to fill at such a fast pace that with the unemployment rate at the current low, there just aren’t available candidates at the ready

+ **ROLES**
  New roles are being created at a faster pace while old roles are becoming obsolete
With the unemployment rate at a historical low of 3.9%, some don’t think there is a true skills gap but more of a challenge for employers dealing with a changing business landscape.

SUPPLY & DEMAND

These contenders for causing the hiring market we find ourselves in point to more of a supply-and-demand problem with a little incongruence between available workers with available jobs.

INDUSTRIES

When taking a look at specific industries, a surprise came to light within the IT vertical. Only about 15% of IT help desks were experiencing long-term unfilled roles within tech positions. Roles experiencing higher percentages required undesirable aspects to the job, for example, the graveyard shift.

REALITY CHECK

Some circles point to the hiring managers lack of relationship with reality – posting job descriptions with requirements that only a unicorn would live up to. They are looking for a mixture of skills that just don’t exist within the current talent pool. Not because there is a gap, but because the list of skills desired is way too tall an order for anyone to fill.
YEP, AND HERE’S WHY...

UPTICK IN OPEN ROLES

According to the National Federation of Independent Business, 45% of small businesses are experiencing a challenge when trying to find candidates with the necessary skills. In addition, Forbes reports that there were 6.2 million jobs left unfilled in 2017, which is up from 5.6 million in 2016. A survey from January 2018 released by Adecco found that 92% of polled senior executives believe the ‘candidate pool isn’t as skilled as it needs to be’.

LACK OF PREPARATION

About 40% of employers in the U.S. state they are having a hard time finding workers with the required skills – even for entry-level jobs. A whopping 60% of employers cite lack of preparation on the candidate’s end. These statistics take into account younger workers facing challenges upon entering the workforce, but the skills gap also affects seasoned workers who have been laid off (due to factory closings or other causes) and are expected to quickly ramp up and adapt to new technological requirements in current open roles.

SPEED OF TECH

There’s a lot of excitement surrounding the use of technology in talent acquisition, but as the speed of utilizing these new innovations quickens, some workers are left behind. For some, reskilling just cannot keep up with the rate that technology is evolving.
CHANGING WORKFORCE

The nature of the workforce is changing. It’s estimated that about 10,000 baby boomers are retiring each day. Those that are still working may be delaying retirement for financial or other reasons...but are essentially keeping their head down and squeaking by without getting up to speed on the latest developments and requirements of their role. On the flip-side, millennials have now been in the workforce for over a decade and are working toward that next promotion. If there’s nowhere for them to move in their career path at their current organization, then retention will also become an issue.

EDUCATION

While many focus on the skills gap within the high-tech sector, there are predictions that roles that do not require a traditional 4-year college degree will be feeling more of the skills gap pain. Jobs in the trades that depend upon on-the-job training such as plumbers, electricians, manufacturing, and construction, are feeling the brunt of it as baby boomers continue to retire.

SKILLS MATCH

Potential candidates aren’t helping themselves either - skills highlighted in resumes don’t add up: an average ad lists about 22 skills while the average resume lists about 13. From there, it’s an uphill battle to match skills listed with those the employer is looking for: hard skills have a 59% match and soft skills are about 62%. The skills found with the largest gaps were multitasking, retail industry knowledge, positive attitude, and physical demand. Soft skills are actually valued more than hard skills across industries as they are included up to 50% more in job listings – customer service and communication skills are the most sought after.⁴
LACK OF EDUCATION

A survey by the Association of American Colleges and Universities published in 2015 found that 91% of employers, 'believe that a job candidate's demonstrated capacity to think critically, communicate clearly, and solve complex problems is more important than his or her undergraduate major'. In addition, a recent Gallup-Lumina report found only 43 percent of Americans believe college graduates are prepared for success in the workforce, which matches the perception of employers, with only 33 percent of business leaders agreeing that educational institutions are graduating students with the skills and competencies their businesses need.

WORKFORCE MAKEUP CHANGING

Baby Boomers are retiring at a rapid rate, leaving more roles open that require institutional knowledge as well as technical skill than can be filled. More than 10,000 baby boomers are retiring each day, and that momentum is predicted to continue for years to come. The influx of millennials as well as gen z workers semi-new to or just entering the workforce will be expected to take on the responsibilities held by their predecessors but also to gain skills not required of previous leaders.

TECHNICAL REQUIREMENTS INCREASING

A Brookings Institution Report found that 108 million workers have jobs that require a higher level of digital knowledge...and jobs that require such knowledge are increasing. According to the Bureau of Labor Statistics, the economy will need about 100K new IT workers per year over the next ten years. At present, only 60K of these workers enter the workforce each year. Rural areas are being hard hit as low-skilled manufacturing jobs were once enough to sustain those in America’s industrial heartland...not so today.
WHAT CAN WE DO ABOUT IT?

A very real concern is that instead of bringing solutions to the table, those in the industry will simply continue to fret about the situation... until it gets worse. However, many do have ideas for how to solve the skills gap issue – regardless of what they believe the cause is.

We’ll go over a few of the most-touted here.

1. **Focus on working with trade associations and build relationships with technical colleges and other trade schools**
   - The majority of IT leaders (59 percent) offer training and development of their current workforce as a countermeasure against the skills gap.
   - More than 8 in 10 middle-skill jobs (82%) require digital skills, a 4% increase since 2014 (middle-skill jobs defined as jobs requiring education beyond a high school diploma but less than a degree from university).  

2. **Create or increase employer-provided training to upskill or reskill**
   - According to Randstad’s Workmonitor Q3 report, 67% of employees say they need more training to stay current or prepare for future needs, but their employers aren’t providing or paying for it. Forward-thinking employers have a clear opportunity to step in to both future-proof their organization and better retain employees.

3. **Combat attrition – incorporate succession planning**

Industries need to be part of the solution and bring ideas to the table.
Look beyond your immediate geographical area – some skills gap challenges hit certain areas harder

Expand the applicant pool

- For example, considering gig workers, older employees, those with disabilities, veterans, etc
- Fifty-six percent of employers increase their use of temporary/contract workers and 55 percent outsource IT projects, functions or initiatives to fill in their team’s gaps. An IT organization’s needs ebb and flow, and in order to perform during peak-demand times or support a major initiative—in addition to maintaining everyday functions—IT organizations need trusted partners on hand to quickly and effectively fill in talent gaps.¹⁰

Bring back or create apprenticeships

- To attract new trained workers, manufacturers also are offering scholarships and apprenticeships.¹¹
- At the end of 2015, there were nearly 448,000 Registered Apprentices in the US, and the federal government announced plans to double the number by 2019.

Partner with a recruiter – core competency is finding top talent suited to your role

Some areas of the country are going even further. In Iowa, state leaders have set a goal to have 70% of working Iowans acquire higher education experience by 2025. The state’s education system is one of the best and has doubled-down on training workers for manufacturing to support Iowa’s largest industry by GDP. In addition, the number of Iowa high school students enrolled in STEM classes has increased by 22%. To reach that 70% goal, the state needs to add more than 120K workers with higher education degrees or credentials.¹²
WHO DOES IT AFFECT AND HOW?

MANUFACTURING

Per Deloitte’s Skills Gap in U.S. Manufacturing 2015-2025 report, almost 3.5 million manufacturing jobs will be open by 2025 but 2 million of those will remain unfilled due to the skills gap. The study shows that 60% of open production jobs are left unfilled due to a talent shortage, with 84% of executives stating that they agree that there is a talent shortage in U.S. manufacturing.13

As manufacturing embraces innovative advances in technology workers will need to be well-versed in data analytics, improved robotics, and automation among other aspects of emerging trends.

TECHNOLOGY

According to the 2017 Global Information Security Workforce Study, the IT skills gap will continue to expand over the next five years. By 2022, there could be around 1.8 million IT jobs waiting to be filled, which is a 20% increase from the same study two years earlier. Per the report, the two most critical factors impacting this challenging hiring environment for hiring managers in IT are the rapid pace of technological change and IT as a core function of modern business in and of itself. The lack of colleges and universities able to keep up with technological advances has caused ill-prepared graduates…and has impacted the number of tech degrees: less than 3% of college graduates earn a degree in computer science or information systems. Still, the report finds that one-third of employers are expecting to increase their IT staff by 15% or more. The perception is that these teams need to hire as their current staff just do not have the skills needed – 60% of those surveyed stated, ‘the skills gap severely or moderately impacts their team or organization’.14
The current estimate of open cyber security positions in the U.S. is at 350K. By 2021, that number is predicted to rise to 3.5 million unfilled cyber security jobs. Experts cite the increased number of cyber threats as well as a long-running lack of training and education as well as a lack of industry self-marketing as some of the main causes of the skills gap problem. Many seasoned experts in cyber security migrated from public to private sector organizations during a spike in outsourcing about ten years ago, and those same experts are now exiting the industry – taking their experience and knowledge with them. This industry in particular is experiencing a rapid increase in skills demand while also facing an even more rapid decrease in resources. Rather than outsourcing for talent and paying expensive contractors, industry analysts recommend companies to 'build up their own expertise in-house'.

While Technology, Manufacturing, and Cyber Security are some industries feeling widespread impact from the skills gap, other major industries are experiencing a hit as well. Construction, arts, entertainment, recreation, retail, and hospitality are some that are routinely mentioned in studies surrounding this phenomenon. Each industry’s situation with the skills gap is unique – the causes differ just as the potential solutions do.
IN SUM...

Regardless of agreeing with the notion of a true ‘skills gap’ or not, most in talent acquisition will cop to there being a challenge in finding the desired candidates for open roles. This hiring challenge spans levels of experience, industry, and geography – an issue in recruiting that does not discriminate.

Be it an education system that has fallen behind, an influx of technological advances that has outpaced even the most seasoned worker, or the change of the U.S. workforce as we know it, the falling unemployment rate combined with these and other factors lends itself to one of the most trying (and exciting!) eras of talent acquisition in the U.S.

Partnering with educational institutions, increasing employer-supplied training, and other solutions will not only help this specific speed bump, but will benefit the U.S. workforce overall and we’re excited to be a part of it as it all unfolds.
REFERENCES

GET IN TOUCH

Sometimes sourcing talent for business-critical positions requires a little help. Our web-based platform features a marketplace of over 10,000 highly-qualified agencies and a performance-based matching algorithm that helps hiring teams of all sizes find and engage the recruiters for each of their roles. All this inside our simple yet effective platform designed to keep you in control of the entire recruitment process.

Help makes hiring happier.

HAVE QUESTIONS OR A TOPIC YOU’D LIKE US TO COVER?

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