Drilling Down Into the Skills Gap

Training magazine, Brandon Hall Group, and the Society of Manufacturing Engineers partner to research how three industries—high tech, health care, and manufacturing—are addressing their skills gap challenges. **BY STACEY HARRIS**

The debate over the existence, causes, and extent of a skills gap in the U.S.—and around the world—continues to rage. A barrage of research (see p. 18) seems to indicate a growing skills gap, while Peter Capelli, professor of Management and Director of the Center for Human Resources at the Wharton School at the University of Pennsylvania, wrote a book last year focused on debunking the premise behind the U.S. skills gap. He asserted that most companies were simply not willing to pay enough or unwilling to give new employees the opportunity to obtain the required skills.

Boston Consulting Group conducted its own research report in October 2012 and found that less than 8 percent of the market's highly skilled manufacturing jobs were going unfilled and that the shortages were local, not nationwide, in nature.

So the finger pointing begins:

- Companies are unwilling to pay enough for the skills they need.
- Education is not adequately preparing a skilled workforce.
- Candidates aren't willing to move to where the jobs are located.
- The government isn't doing enough to support skilled labor markets.
- Our society as a whole has placed a premium on achieving a four-year college degree, versus going into a skilled labor role.

In the middle of all of this debate sit the unemployed and the hiring manager—both trapped in the reality of dealing with open positions and lack of skills or experience needed to meet expectations. It will take years to address the systemic problems that have created these conditions. And every year that goes by with increased levels of unemployment among our youth is another year that they are not getting the training and experience needed for future skilled labor opportunities.

To further understand the challenges, it

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is important to realize that most "skilled labor" jobs are going through massive transformations in knowledge and competency requirements. Most organizations define their skilled workforce as employees who have a specific set of technical or practical skills that are obtained through a mixture of technical or practical education, as well as hands-on practice.

It isn't surprising to learn that the technology requirements for the skilled labor market have changed drastically. Today, skilled IT programmers are asked for experience in cloud environments and mobile languages that simply didn't exist a few years ago. The manufacturing and health-care industries demand not only experience with changing technology, but also better interpersonal skills and critical thinking capabilities.

It's difficult to calculate the cost of the skills gap at the global level, but each organization is aware of the increased costs of overtime, missed opportunities, poor product quality, and missed deadlines that occur due to the lack of a prepared workforce. To address these long-term challenges, governments, education, associations, work councils, and corporations will need to work together to create a sustainable model for fixing the skills gap issue over time. Until that happens, each organization is left to address the issue individually—with varied levels of success.

TRAINING UP

To better understand how today's organizations are individually addressing the skills gap, Brandon Hall Group, a research and analyst firm focused on learning and development and talent management, partnered with the Society of Manufacturing Engineers (SME) and *Training* magazine on an in-depth survey that was sent to each of our databases. We want to understand the solutions that are working today—particularly how organizations are hiring and developing their skilled workforce. As such, we asked respondents about their approach to hiring skilled workforce employees, community and educational programs they participate in, the skills they've had most difficulty finding, roles and performance metrics, career paths, and employee engagement.

Preliminary data from our research indicate that some organizations realize that salary is an issue when recruiting skilled labor, and some of them are in the process of conducting compensation analysis efforts to address these issues. Other organizations feel that increasing salaries at this time would limit their ability to compete in the market, and are investing instead in more extensive development programs that allow new employees to increase their salaries with proven performance metrics or the ability to move into higher-paying positions.

For example, Wheeler Machinery Co. is a Caterpillar heavy-equipment dealer headquartered in Salt Lake City, UT. With more than 608 employees, Wheeler's workforce is largely composed of service technicians and parts laborers. The perception is that uneducated laborers can perform these jobs. However, individuals in these positions tend to require specialized skill sets—the ability to work safely around heavy equipment, high-pressurized systems, and chemicals requires ongoing education and awareness.

Wheeler faces challenges in attracting and hiring workers with the correct set of skills. Few individuals are coming out of college with diesel equipment experience, which requires the company to recruit at a different education level. Growing job demands and a less qualified workforce require it to hire people with lower skills and then train them up to a higher skill level.

A Gold Award winner in the 2012 Brandon Hall Group Excellence Awards, Wheeler designed its technical service training to focus on the specific needs of each technician, along with providing a path for future growth. For Wheeler, training addresses the primary business goals of safety, customer service, and product support. The learning organization is responsible for ensuring relevant training that enables the workforce to service an extensive and expanding product line; work safely around hazardous equipment, systems, and materials; and work on technologically advanced machinery and systems.

Over the next few months, we'll share research data and anecdotal details on how three specific industries—high tech, health care, and manufacturing—are addressing their skills gap challenges.

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