



2019 STATE OF THE WORKPLACE

Exploring the Impact of the Skills Gap and
Employment-Based Immigration



INTRODUCTION

The United States is facing a growing skills gap that threatens the nation's long-term economic prosperity. The workforce simply does not have enough workers and skilled candidates to fill an ever-increasing number of high-skilled jobs. **7 million** jobs were open in December 2018, but only **6.3 million** unemployed people were looking for work. As the country nears full employment, businesses face an even greater talent shortage that will have a stifling impact on the economy and global innovation.

Several factors contribute to the skills gap: low unemployment, new technologies and competition in the global landscape.

The fastest growing sectors of the economy—health care and technology—require workers with some of the most highly specialized skills. The talent gap is also visible in the trades, middle-skilled jobs and high-skilled STEM jobs. The skills businesses say are most lacking include data analysis; science; engineering; medical; and trade skills such as carpentry, plumbing, welding and machining.

Business and HR leaders view the skills shortage as a top concern that needs to be addressed. Among HR professionals, **75%** of those having recruiting difficulty say there is a shortage of skills in candidates for job openings.

To address the skills shortage, the United States needs a world-class, highly skilled workforce. This will require training workers, collaborating with educational institutions to improve graduate employability, and competing globally for top talent. Foreign-born talent is a necessary complement to the U.S. workforce as businesses become increasingly interconnected globally.

The studies described in this report begin the exploration of the skills gap and foreign-born talent's role in lessening recruiting difficulty. To supplement these preliminary findings, SHRM will be conducting robust additional studies in 2019 and beyond.

THE GLOBAL SKILLS SHORTAGE

Bridging the Talent Gap with
Education, Training and Sourcing

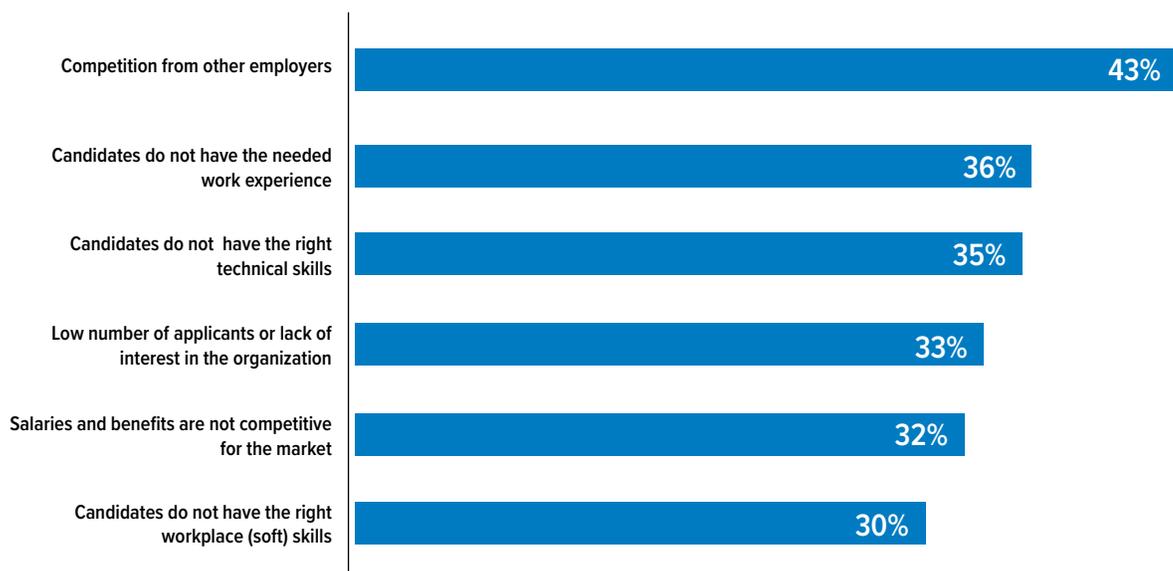


IN A TIGHT TALENT MARKET WITH LOW UNEMPLOYMENT AND HIGH COMPETITION, TALENT ACQUISITION IS GETTING MORE DIFFICULT

83% OF RESPONDENTS HAVE HAD TROUBLE RECRUITING SUITABLE CANDIDATES IN THE PAST 12 MONTHS.

Over **one-third** report a decrease in applicant quality across the board, and **45%** report a decrease in quality for specific positions.

TOP REASONS ORGANIZATIONS ARE STRUGGLING TO HIRE SUITABLE CANDIDATES

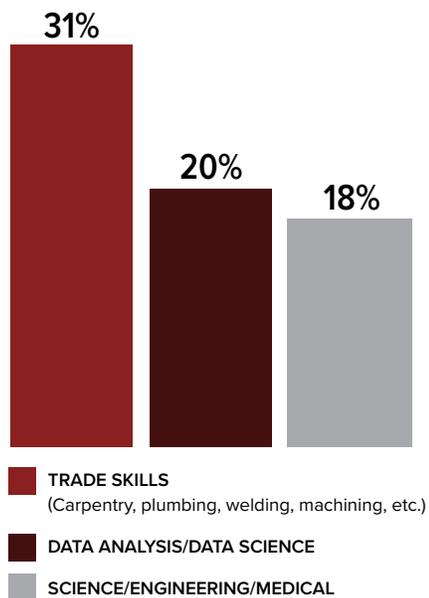


SO WHAT SKILLS ARE MISSING?

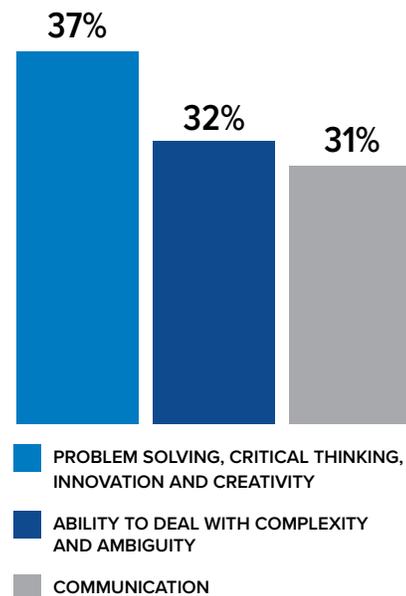
75% OF THOSE HAVING DIFFICULTY RECRUITING BELIEVE THERE IS A SKILLS SHORTAGE AMONG THEIR APPLICANTS.

However, some skills are more frequently reported as being missing than others. Generally, respondents feel that applicants lack technical skills (those associated with specific knowledge and training) more so than workplace or “soft” skills that are necessary regardless of industry or job type.

TOP 3 MISSING TECHNICAL SKILLS



TOP 3 MISSING SOFT SKILLS



The skills gap isn't going away or fixing itself—over 50% of respondents feel that skills shortages have worsened or greatly worsened in their organizations in the last two years. Less than 10% of respondents report skills shortage improvements.

HOW ORGANIZATIONS ARE BRIDGING THE SKILLS GAP

Many organizations are taking steps to address the skills gap and maintain a high-quality workforce, but are they taking the right steps? Not every remedy to the skills shortage is effective, and even those that are highly effective for some positions aren't right for all difficult-to-fill positions.

MOST COMMON REMEDIES

- Expanding advertising efforts (e.g., using social media, expanding search regions)
- Collaborating with educational institutions to build talent pipelines
- Outsourcing recruiting efforts (e.g., using a third-party staffing agency)
- Training internal employees to take on hard-to-fill positions
- Increasing compensation
- Improving retention efforts for current employees

MOST EFFECTIVE REMEDIES

- Providing onsite training to employees (e.g., seminars, training programs)
- Starting/expanding training programs to help improve skills of new hires
- Hiring external workforce (e.g., temps, independent contractors)
- Increasing compensation
- Improving retention efforts for current employees

While not appropriate for every organization or position, some employers find alternative candidate sources an effective remedy, including:



FOREIGN COUNTRIES



VETERANS



RETIREES



FORMERLY INCARCERATED

WHAT ELSE NEEDS TO BE DONE?

Employers can't solve the skills gap issue alone; they need support from education systems to build talent pools with skills relevant to today's business needs. While some organizations have worked directly with education partners to build talent pipelines, most are reliant upon education systems identifying and developing the needed skills of the future workforce on their own.

51% OF RESPONDENTS SAY EDUCATION SYSTEMS HAVE DONE LITTLE OR NOTHING TO HELP ADDRESS THE SKILLS SHORTAGE ISSUE.

More work needs to be done by organizations and education systems to ensure that the U.S. workforce is prepared for the future of work.

Based on open-ended responses, HR professionals feel candidates are lacking some skills that are shared by all education systems:



PROFESSIONALISM



BUSINESS ACUMEN



CRITICAL THINKING



LIFELONG LEARNING

WHICH EDUCATION SYSTEM IS BEST POSITIONED TO ADDRESS THE SKILLS GAP?

It depends who you ask:

Industries like **manufacturing** and **construction** rely mostly on **vocational education** systems to provide workers with the skills they need.

Industries like **high-tech** and **professional/scientific/technical services** rely mostly on **higher education** to develop their workforce.

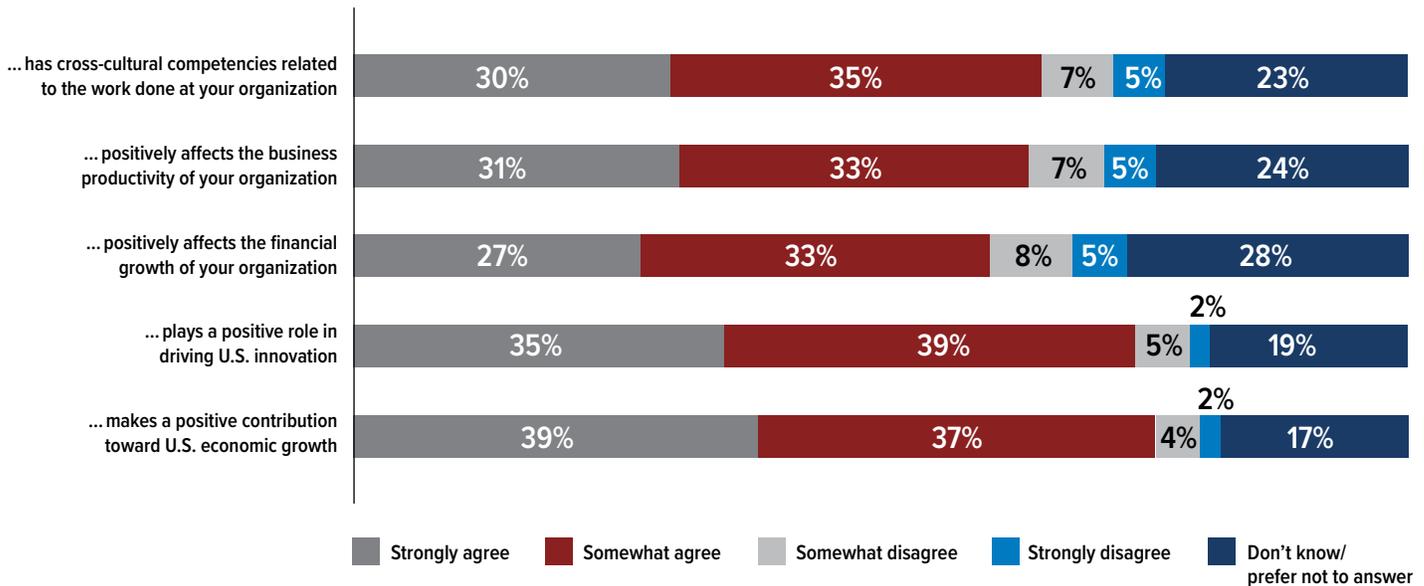


A WORLD-CLASS WORKFORCE

Employment-Based Immigration:
Reducing Barriers and Recognizing
Global Talent

EMPLOYMENT-BASED IMMIGRATION ATTITUDES IN THE U.S. ARE **GENERALLY POSITIVE**

FOREIGN-BORN TALENT ...

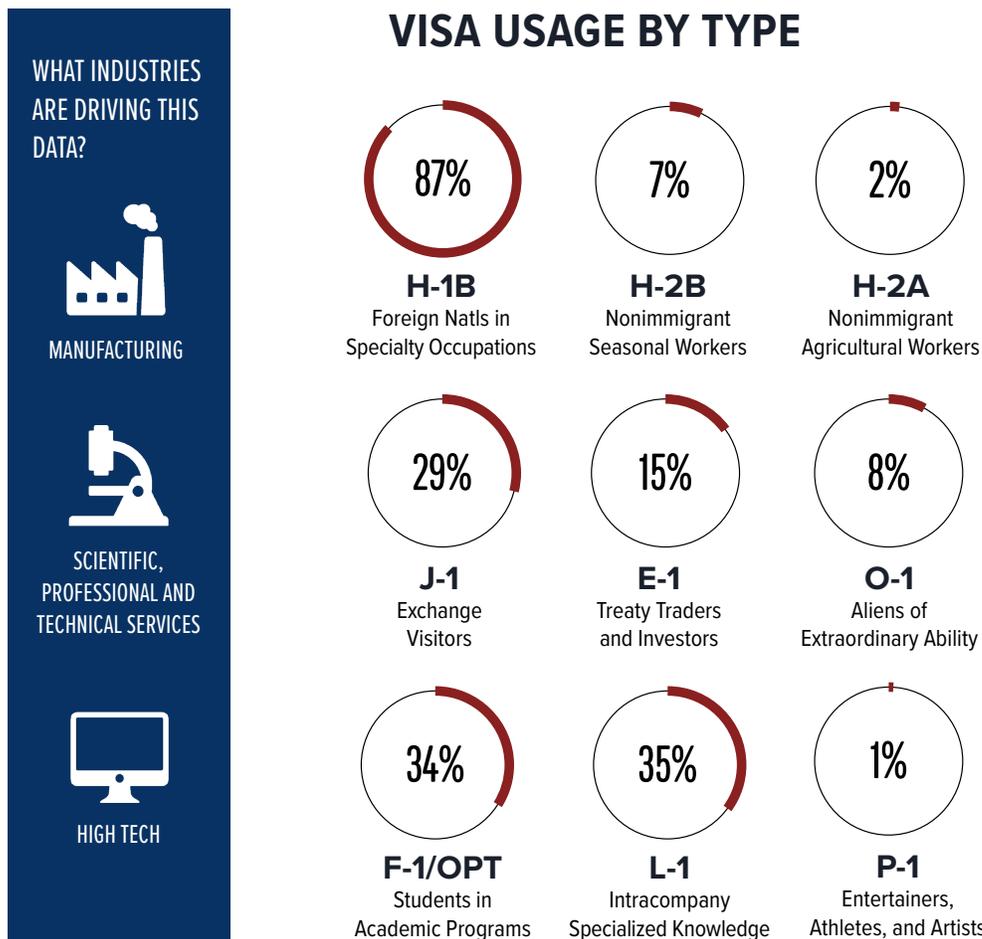


Source: SHRM Employment-Based Immigration Survey

SO WHO USES THESE VISAS?

52% OF ORGANIZATIONS HAVE SPONSORED AN EMPLOYMENT-BASED VISA FOR AT LEAST ONE WORKER IN THE PAST 5 YEARS.

Most organizations that sponsor employment-based visas sponsor between 1 and 25 visas—65% of respondents who indicated that their organization had sponsored any number of visas. Ten percent of organizations sponsored over 100 visas, and 13% of organizations sponsored between 26 and 100.



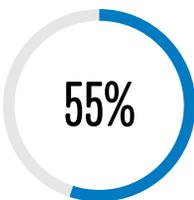
CHALLENGES OF THE U.S. EMPLOYMENT-BASED IMMIGRATION SYSTEM

Over 85% of respondents feel that it is very or extremely important to recruit talent to meet business needs, regardless of their national origin. Foreign workers are a critical complement to the domestic workforce, especially as the U.S. labor market faces an aging workforce and record low unemployment.

TOP 3 CHALLENGES ORGANIZATIONS FACE WHEN HIRING FOREIGN TALENT:



LENGTHY PROCESSING TIMES



UNPREDICTABILITY OF THE
VISA PROCESS



COMPLEX VISA APPLICATION
PAPERWORK

WHAT ABOUT GREEN CARDS?

Some see Green Cards, or Lawful Permanent Resident Cards, as a solution to the challenges of the employment-based visa process. So how many organizations are actively pursuing green cards for their foreign-born employees?

37%

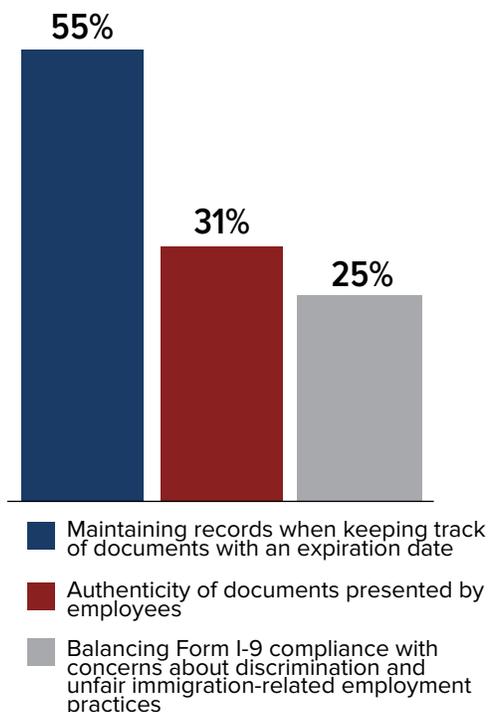
OF ORGANIZATIONS SURVEYED
HAVE SPONSORED AT LEAST ONE
GREEN CARD IN THE PAST 5 YEARS.

FORM I-9 AND E-VERIFY

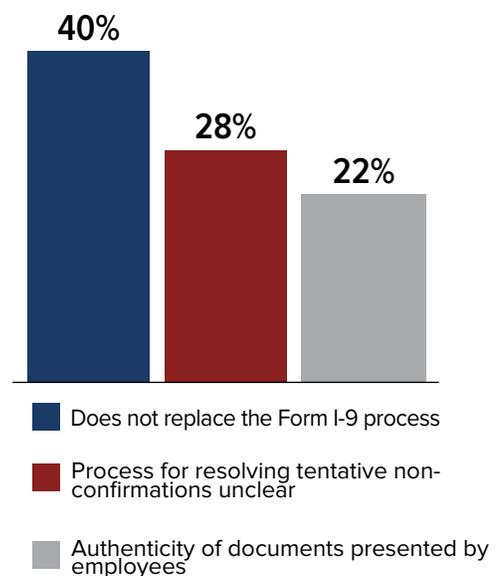
Some of the other challenges of the U.S. employment-based immigration system are related to the paperwork that must be done to verify identity and work authorization for candidates. Many organizations—67% of those surveyed—participate in the E-Verify system. For the organizations that don't participate, the leading reason is that E-Verify does not eliminate the required paper-based Form I-9 process. Currently, participating in E-Verify leads to duplication of work due to the required Form I-9 process and lengthens the processing time for foreign job candidates.

78% OF RESPONDENTS WOULD SUPPORT A MANDATORY E-VERIFY SYSTEM THAT ELIMINATES FORM I-9.

CHALLENGES OF FORM I-9

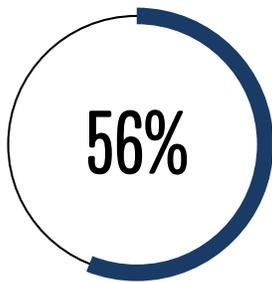


CHALLENGES OF E-VERIFY

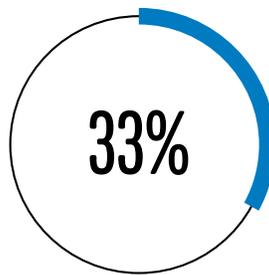


HOW DO WE IMPROVE THE SYSTEM?

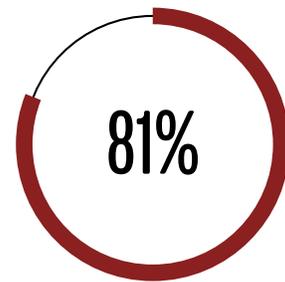
The data all points to the conclusion that U.S. businesses need a modern, predictable and efficient employment-based immigration system.



of respondents say that the U.S. government should create a Trusted Employer Program; one that would streamline the process for low-risk immigration-compliant employers to obtain visas and save resources for top government priorities.



of respondents marked not enough visas as one of the challenges they face when hiring foreign-born talent; policymakers should provide enough visas to allow businesses to recruit, hire, transfer and retain top talent.



of respondents would support a mandatory E-Verify system that authenticates identity; this would make the employment-based immigration system more efficient and resolve some of the unpredictability generated by the current paperwork process.

METHODOLOGY NOTE

For the skills gap survey, 20,000 U.S.-based SHRM—Society for Human Resource Management—members were invited by e-mail to participate. Of those, 1,028 participated, yielding a response rate of approximately 5%. The survey was fielded September 12-26, 2018.

For the immigration survey, 20,000 U.S.-based SHRM members were invited by e-mail to participate. Of those, 785 participated, yielding a response rate of approximately 4%. The survey was fielded September 12-26, 2018.

The number of respondents varies from one finding to another as some respondents did not answer all of the questions. Individuals may not have responded to a question on the survey because the question or some of its parts were not applicable or because they did not know the answer, thus the varying number of responses to different items.

As with any research, readers should exercise caution when generalizing results and should take individual circumstances and experiences into consideration when making decisions based on these data. Although SHRM is confident in its research, it is prudent to understand that the results presented in this survey report are only truly representative of the sample of HR professionals responding to the survey.



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