

THE GLOBAL SKILLS SHORTAGE

Bridging the Talent Gap with
Education, Training and Sourcing





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.

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.

Until now, little has been known about how businesses are addressing the skills gap or whether there are effective remedies.


Our research shows that employers are making efforts. They are investing in employee training, hiring from more diverse pools of talent and collaborating with educational institutions.

But they also say more progress is urgently needed.

The skills gap presents HR professionals with an opportunity to better understand the needs of their organizations and strategize remedies.

This will require increasing worker training and education, closely collaborating with educational institutions to improve graduate employability, and supplementing the existing workforce with foreign-born talent.

The study described in this report begins the exploration of the skills gap. To supplement these preliminary findings, SHRM will be conducting robust additional studies in 2019 and beyond.

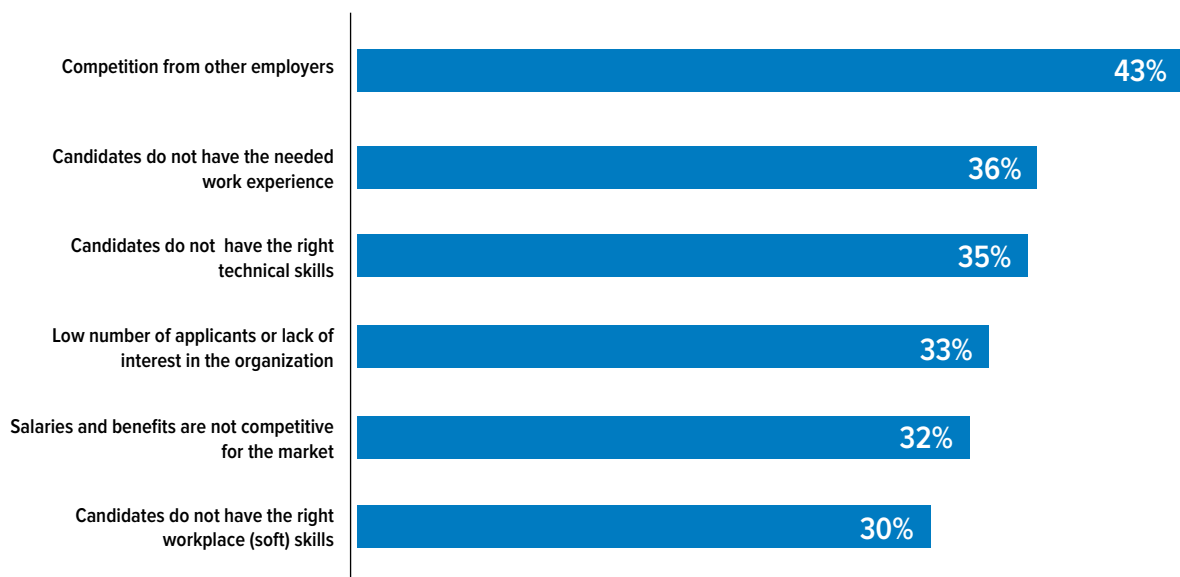


IN A TIGHT TALENT MARKET WITH LOW UNEMPLOYMENT AND HIGH COMPETITION, TALENT ACQUISITION IS GETTING MORE DIFFICULT

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

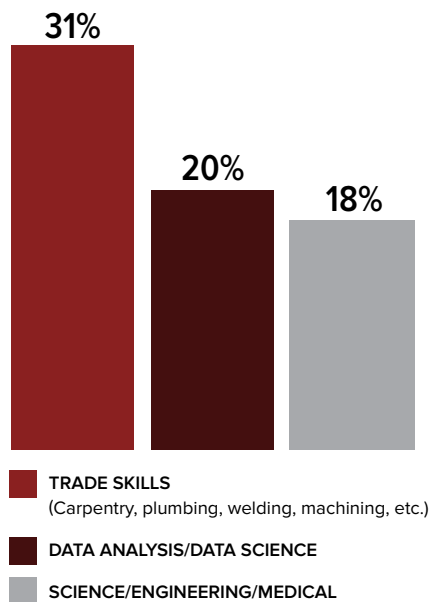


SO WHAT SKILLS ARE MISSING?

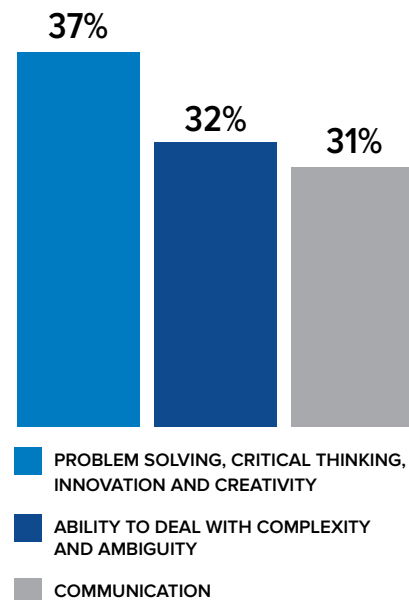
75% OF THOSE HAVING DIFFICULTY RECRUITING BELIEVE THERE IS A SKILLS SHORTAGE AMONG THEIR APPLICANTS.

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.

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METHODOLOGY NOTE

Twenty thousand U.S.-based SHRM—Society for Human Resource Management—members were invited by e-mail to participate in this survey, which was fielded September 12-26, 2018. Of those, 1,028 participated, yielding a response rate of approximately 5%.

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.