

STUDY: CHALLENGE OF TRAINING UNSKILLED WORKFORCE LIES WITH PRIVATE SECTOR



A paper issued a few days ago by the National Bureau of Economic Research says that almost 35 percent of the latest rise in unemployment rate is owing to employers not being able to find the right candidate for the openings that they have. The paper says that there is a mismatch between the jobs available and the capabilities of the people seeking employment. The jobs remain unfilled because the people available do not have the attributes to effectively fulfill the needs of the vacancy. The paper says that those who faced the maximum layoffs, like workers in the construction and manufacturing industries are unable to find jobs in their areas of expertise and are not looking for jobs in sectors that are hiring, such as health care and computers. There are two reasons why they are not exploring these areas: One, they are not qualified and that they lack the requisite skills. This is a problem that needs to be addressed as it could lead to worsening of the long-term employment. According to the Labor Department reports, currently there are 13 million jobless Americans looking for work. The figure should truthfully have read 21 million, for at least 8 million have settled for part-time jobs, that neither merit their qualifications, nor provide them with an adequate income, nor are the type of jobs that they were looking for. Whilst at their current temporary jobs, they are looking for jobs, so they could also be counted amongst those who are looking for jobs. The irony is that almost half of US employers say that they cannot find workers to fill vacant positions and have difficulty in filling them. What could be the reason for this contradiction in terms? There is a lack of skilled workers in the US. The skill gap is the one that is causing this disparity and paradoxical situation. Worse, it is going to aggravate further and chances of it declining are poor. It will take committed and determined efforts on part of both the government and the private industry to address this issue and ensure that the workers acquire the missing skills. Given the strained federal and state budgets, the onus is more on the private industry to find ways and means to find long term solutions. In 2009 the federal government spent in the region of \$18 billion on 47 separate job training programs. However, since three years have elapsed and there does not seem to be a consequential spurt in skilled workers, it is debatable how effective those programs were. In his 2013 budget proposal, President Barack Obama has allotted \$8 billion for a Community College to Career Fund. This money will be used to establish community college partnerships with employers and expand job training programs for skilled careers. Redemption it seems lies through the private sector. It should take on a more active role in training the workers it needs, mainly in skilled trades, information technology and health care. Instead of perennially waiting for a worker who meets 100 percent of its requirements, find one that comes as close as possible and train him for the areas in which he is lacking. A wonderful example is the health-care industry that successfully addressed last decade's nursing shortage. There was such an acute shortage that hospitals were looking for nurses in India, Indonesia and other Asian countries. They effectively addressed the nursing shortage that was going on for more than ten years, by offering scholarships and tuition reimbursement programs to encourage people to enter the profession. The shortage of skilled workers will also mean that employees will compete with one another for the few that are available and further aggravate the issue. Private employers would be best served by taking advantage of "upskilling - the practice of training their existing workforce for more highly skilled labor. This will help the worker fulfill his job better thereby increasing productivity and also get a better wage that comes from his newly acquired skills. "Even in the toughest times, states can transform themselves by upskilling their workforce to be competitive in a global economy and in a world of constant technological change," said Andy Levin, chief workforce officer for the State of Michigan and deputy director of the Michigan Department of Energy, Labor, and Economic Growth. United States Bureau of Labor Statistics show that 30 percent of American workers were not sufficiently qualified for the jobs that they were doing and that more than one third of working Americans have below average-skills. Even if 10 percent of these workers were to be trained and given requisite skills that would mean an addition 4.5 million skilled workers. This would lead to increase in wages, increase in spending and an overall increase in the health of the economy. Employers will find that it could pay in the long run, if they bear the cost of training in other industries. Amazon.com Inc. told its workers that they would sponsor them to the tune of around 95 percent if they were to pursue training in professions that not only pay well but are also in high demand, such as aircraft mechanics, nursing and computer-aided design. Amazon believes that the program will find takers amongst motivated employees and help to retain them until they complete their studies. The government, faced with financial shortages, is further exacerbating the problem. State budgetary cuts have meant that students have to pay more for higher education, keeping many out of college. The lesser the access to higher education the further the skills gap will open. In fact it becomes so large that it is not possible for the markets alone to bridge it. The scale and size of the skills gap and the seriousness of the problem requires an everybody-together approach. Community colleges must be supported by the government, by the private industry and retraining organizations to build a skilled and competitive workforce that is on par with any other skilled workforce anywhere in the world. It's a win-win situation for all. Workers who acquire newer much-needed skills will, apart from getting higher wages, fill positions that were hitherto vacant. This will create more openings for the less-skilled workers. It will lessen the country's dependence on skilled workers from foreign countries, who are called in through the H1B visa. Upskilling workers who have below-average qualifications will always result in improved productivity, higher wages, and speedier economic growth. These trends are needed to reduce the country's ballooning unemployment rate.