



STRATEGIES FOR ADDRESSING THE SKILLS GAP

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It's no surprise that U.S. employers are having a hard time finding qualified workers. Many jobs now require technical knowledge and specialized skills that prospective employees simply don't have, creating a "skills gap."

Unfilled positions can be costly: A CareerBuilder survey found that a company loses an average of \$14,000 for every job vacancy lasting three months or longer. The impact ripples through to lost production, poor customer service, delivery time delays, inferior work quality, low morale and higher turnover among those carrying heavier workloads!

Whether the problem stems from a general shortage of skills, a regional mismatch of skilled workers and appropriate jobs, or a lack of job-specific training, politicians, business leaders and academics are rallying to address the skills gap.

GOVERNMENT PROGRAMS TARGET TRAINING

In July 2014, President Obama signed the Workforce Innovation and Opportunity Act and the U.S. Department of Labor has proposed regulations to implement it. The Act aims to empower workers with the education and training needed for the United States to compete globally in the 21st century.²

The ongoing challenge is to connect talent supply with demand. By tapping into a variety of options, companies are beginning to bridge the skills gap.

Among its measures is the re-authorization of 33 job training programs and requirements for state workforce development agencies to create unified training programs.³ Another element is a renewed emphasis on apprenticeships: The U.S. Department of Labor has announced \$100 million in grants for apprenticeship programs in advanced manufacturing, information technology and healthcare.⁴

In support of the Advanced Manufacturing Partnership, a national effort to secure U.S. leadership in emerging technologies and create high-quality manufacturing jobs, several major companies are developing apprenticeship programs with local community colleges to provide world-class training and on-the-job experience.

RENEWED FOCUS ON WORKFORCE DEVELOPMENT

Many companies can't wait for state or federal programs to gear up, so they are ramping up their own programs and partnering with other organizations to address their needs. Such programs include:

- **Internships** — Internships effectively train and channel undergraduate and graduate students into entry-level jobs. These programs often lead to full-time jobs and provide hands-on experience, knowledge of corporate culture and a network of mentors to younger workers.
- **Mentoring** — Too often companies experience "brain drain" when knowledge isn't transferred between older, experienced employees and younger workers. Mentoring programs can alleviate that problem, as well as smooth onboarding and boost retention. For management candidates, mentoring effectively supplements leadership development programs.⁵



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- **Retaining older workers** — As Baby Boomers grapple with reduced retirement funds, longer life expectancies and ongoing family commitments, many are postponing retirement. Many companies are seeing the value in keeping older workers longer, as they carry institutional knowledge, respect authority and teamwork, have a broad perspective and exhibit a strong work ethic.⁶
- **Business-academic partnerships** — Regional business initiatives such as the Greater Houston Partnership and Oh-Penn Manufacturing Collaborative are working to revise technical training programs at local community colleges.⁷ In financial services, the Association for Financial Professionals (AFP) has partnered with 35 universities to develop a corporate treasury management program.⁸
- **Global sourcing** — As the U.S. economy picks up, the lack of American workers with STEM skills — advanced knowledge in science, technology, engineering and mathematics — continues to be a trouble spot. But the global marketplace is rich with STEM talent, according to an Accenture study. Large multinationals tap talent overseas, and middle-market companies have found that labor market intermediaries can draw highly skilled workers globally for specific projects.⁹

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To discuss these topics in more detail, please contact your PNC Relationship Manager.

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2 "Fact Sheet: Administration Announces New Commitments in Support of President Obama's Upskill Initiative to Empower Workers with Education and Training," The White House, Office of the Press Secretary, April 24, 2015. <https://www.whitehouse.gov/the-press-office/2015/04/24/fact-sheet-administration-announces-new-commitments-support-president-ob>

3 "DOL Proposes Rules Addressing the Workforce Skills Gap," Society of Human Resource Management, April 24, 2015. <http://www.shrm.org/hrdisciplines/staffingmanagement/articles/pages/dol-rules-workforce-skills-gap.aspx>

4 "White House Unveils Efforts to 'Upskill America,'" Society for Human Resource Management, April 27, 2015. [http://www.shrm.org/hrdisciplines/staffingmanagement/articles/pages/apprenticeships-programs-us.aspx?utm_source=HR%20Week%20May%2018%202015%20\(1\)&utm_medium=email&utm_content=May%2018,%202015&MID=&LN=&spMailingID=22671464&spUserID=MTA5NTQ4MzYzNDU3S0&spJobID=561771500&spReportId=NTYxNzcNTAw50](http://www.shrm.org/hrdisciplines/staffingmanagement/articles/pages/apprenticeships-programs-us.aspx?utm_source=HR%20Week%20May%2018%202015%20(1)&utm_medium=email&utm_content=May%2018,%202015&MID=&LN=&spMailingID=22671464&spUserID=MTA5NTQ4MzYzNDU3S0&spJobID=561771500&spReportId=NTYxNzcNTAw50)

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6 "The Aging Workforce," Society of Human Resource Management Executive Roundtable, June 5, 2014. <http://www.shrm.org/hrdisciplines/diversity/documents/7-14%20roundtable%20summary.pdf>

7 "Match Game: Companies Push Training to Close Skills Gap," The Wall Street Journal, April 23, 2015. <http://www.wsj.com/articles/match-game-companies-push-training-to-close-skills-gap-1429814821?mg=id-wsj>

8 "Four Ways Treasurers Can Attract and Develop Young Talent," Association for Financial Professionals, April 20, 2015. http://www.afponline.org/mbr/reg/res/reg_news/Four_Ways_Treasurers_Can_Attract_and_Develop_Young_Talent.html

9 *No Shortage of Talent: How the Global Market is Producing the STEM Skills Needed for Growth*. Accenture Institute for High Performance Research Report, 2011, page 3.

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