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Knowledge Shock Series

Introduction

In 1970, Alvin Toffler's ground-breaking book, *Future Shock*, contended that the growth of science, the Internet, and IT would lead to an overwhelming pace of change. Society would suffer because people and institutions would fail to adapt to the rapid pace of change.

With this issue, the Gordon Report is launching a six-part series contending that "Knowledge Shock" is a key driver of "Future Shock". We will show how key elements of our society are failing to keep up with the changes required to equip future and incumbent workers with the education and skills necessary for employment in today's increasingly technological workplaces. The unsettled contemporary political climate has further helped to deflect public attention from the broad, complex reasons why the talent pool in today's labor market is running on empty.

This series will explore how businesses, unions, educators, parents and popular culture have failed to grapple with "Knowledge Shock". They need to collaborate and assume joint responsibility for making the changes needed to produce more knowledge workers. Students and adults require a stronger general education blended with specific post-secondary career skills that will be updated through lifelong learning as technology and the U.S. labor economy continue evolving. Finally, we will explore some of the dynamic regional solutions in which cross-sector partnerships are creating new talent-creation pathways.

Knowledge Shock Part I: Flying the Unfriendly Skies of American Commerce

Few Americans haven't seen the viral video of Dr. David Dao being dragged off an overbooked United Express Flight after he refused to give up his seat. What has more recently been revealed is that United will only begin in August to provide training on how to conduct negotiations with customers who are denied seats due to overbooking and similar difficult situations. While this is a case of insufficient training adding to a bad policy, it also indicates that customer-service job training, in addition to the many types of safety training United and other airlines are required to provide, is vital for keeping the skies "friendly". For the past several decades, U.S. business training has been flying in an opposite direction.

In 1995 about 35 percent of American businesses provided training to their workers; this fell to only 20 percent in 2016. The Organization for Economic Cooperation and Development (OECD) recently reported that for every \$1.00 that businesses in other major economies invest in worker training, U.S. businesses invest only \$.20.

Over recent decades the productivity of American workers has been declining. One reason is that American businesses have cut their investments in plant and equipment. Even more importantly especially in view of the adoption of more advanced technology, the training and education of new and current workers has often been curtailed or eliminated.

For most people, customer service is often a nightmare. It has been reduced to a set of automated menus based on customer-contact algorithms, often backed by poorly trained people reading scripts. It is a distinctly refreshing experience to actually hold a real conversation with a customer-service representative who has been fully trained in a company's products or services and who actually can negotiate a reasonable solution to a customer's needs.

Knowledge shock is now having a notable impact on American business' bottom line. According to first quarter 2017 CareerBuilder survey results, 68 percent of employers with open full-time positions could not find qualified candidates. About 60 percent of the U.S. employers surveyed reported having job openings that remained vacant for 12 weeks or more. The consequences of such extended vacancies include decrease in productivity, higher employee turnover, and revenue loss. The U.S. Chamber of Commerce Foundation found that the cost to a business for each unfilled position can be as high as \$23,000.

Across the United States, about 8 million jobs now stand vacant because of a lack of qualified applicants. Businesses need to increase entry-level job training and cooperate in developing or updating education and training programs that provide students with the skills needed for these jobs. Part of the problem is the tsunami of Baby Boomer retirements. About 30 million Boomers with years of experience and knowledge are expected to retire between now and 2020.

Innovation occurs only when properly educated and skilled workers can utilize technologies that increase performance, productivity, and profits. For this to happen, businesses must make both short- and long-term investments in training and education. As the OECD data show, America is falling behind most of its major competitors by limiting business investment in human capital. Short-term profit remains the key objective to satisfy the demands of Wall Street, thus jeopardizing the future of the U.S. labor economy. We need dynamic business leaders who comprehend that their organizations need to broadly participate in updating education and training and spearhead a culture change that acknowledges the real impact of learning in the American economy.

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