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“Job Vacancies at Record High – Business Response Feeble – RETAINs Offer Solutions”

The U.S. talent crisis is real. We now lack the educated and skilled worker talent to sustain America’s current and future economy. I recently traveled to Muskegon, Michigan to speak at a regional employment summit seeking solutions for this growing mismatch of jobs and skills. The Muskegon area was once a car-parts-manufacturing powerhouse. Currently as in many parts of the state, most of these jobs have disappeared, and those that remain are now in jeopardy. The non-profit Muskegon Think Tank invited me to give a series of briefings to their community on how to revitalize their local workforce. Currently between 15,000 and 20,000 skilled jobs are unfilled in that region due to the lack of qualified workers. Muskegon is not alone.

Nationally the U.S. Department of Labor’s JOLTS Report found that 7.1 million U.S. jobs remained unfilled in September 2018. The chief problem: employers demand higher general education and career skills. This trend will continue as a result of the Fourth Industrial Revolution. By 2022 the Labor Department predicts that 75 percent of U.S. jobs will require higher general education attainment, i.e., reading/math/writing levels at or about the 12th-grade level, plus successful completion of a post-secondary career education program (certificate, apprenticeship or degree). Currently only about 33 percent of the American workforce meets these requirements. My published research in *Future Jobs* (2018) predicts that unless a much higher percent of Americans reach these educational standards, there will be between 14 and 22 million vacant jobs across the U.S. economy in 2022. This should be ringing alarm bells from coast-to-coast.

Although wages have risen 2.9 percent over the past year due to skilled worker shortages, many businesses are waking up to the urgency of the skills crisis. Moreover many business executives are finding automation investments are not yielding desired productivity gains. Some are coming to the conclusion that retraining or upskilling current employees to effectively utilize and maintain these new technologies is a vital component in attaining productivity and profit goals. As the adoption of new technologies grows in American workplaces and baby-boomer retirements accelerate resulting in increased hiring needs, some American employers have significantly increased training and development expenditures. They rose from about \$50 billion (2010) to \$70 billion (2015) and reached \$93.5 billion in 2017. However, in 2018 this investment declined by over 6 percent to \$87.8 billion. Imperial believes that this vacillation will continue over the next decade. A recent Korn Ferry study estimates that by 2030 talent shortages will cost U.S. firms nearly \$8.5 trillion in lost revenue!

Other major economic developments are influencing this inadequate response to employee training. In 2018 many of America’s largest companies were the beneficiaries of a tax breaks for repatriating earnings from abroad. The main selling point for this tax change was that it would boost long-term corporate investments within the United States. Instead, it has mainly resulted in record level of stock buybacks that boost share prices. Five large tech companies, Apple, Alphabet, Cisco, Microsoft, and Oracle thus far have expended \$115 billion in stock buybacks,

nearly doubling what they spent in 2017. This is occurring at a time when there are acute shortages of tech workers as computer technology proliferates in all types of workplaces. Tech talent availability was prominently mentioned in Amazon's announcements of its site selections for a second headquarters. According to Microsoft estimates, 1.4 million IT jobs will be open across the United States in 2020, but projected college graduates in computer science will make up only one-third of that number.

Employer job training is only a part of the solution to the jobs-skills gap. The U.S. education system is not producing enough graduates with the credentials sought by American employers. Although 68 percent of high school seniors enroll in post-secondary education programs, after six years only about 33 percent complete a certificate, apprenticeship, or degree program. Students who are required to take remedial courses (usually in math, reading, or writing) drop out at far higher rates reflecting the difficulty of making up for past deficiencies of attainment. Clearly American education is out of step with current societal and economic needs. I agree with David Brooks who recently wrote, "We build a broken system and then ask people to try to fit into the system instead of tailoring a system around people's actual needs."

Building a new system requires re-establishing effective communications among key segments of American society that then results in the building of cross-sector partnerships. That is why Regional Talent Innovation Networks (RETAINs) are continuing to expand across the United States. They link together diverse community sectors to forge new regional talent-delivery systems. A regional focus facilitates cooperation on many levels. For instance, to motivate students and inform them and their parents on the high levels of skills required in today's workplaces, local employers can participate in career information programs starting in elementary school that demonstrate how their workplaces are organized, what their employees do, and the education and skill requirements for these positions. RETAINs can also promote a wide variety of cross-sector partnerships for secondary and post-secondary programs that broaden course offerings and provide a wide variety of career education options including, internships, career academies, apprenticeships, and certificate programs.

As we have already stated, a Fourth Industrial Revolution is now underway. Unless more community leaders join together in forming RETAINs that develop the talent needed for today and tomorrow, this time the revolution may bypass the United States.

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