

Skills Gap

Who created it, and who should close it?

 By Donna Wells



It's a vicious circle we're in today. The majority of companies are letting employee development fall by the wayside – under pressures of the fast-paced marketplace, rapid growth or competitive threats. At the same time, these companies are raising and changing their hiring and skills requirements more rapidly than ever before. It's the combination of these two forces that's creating the skills mismatch, and the large and growing skills gap we see in the U.S. today. In 2014, we have at least two unemployed workers for every open, unfilled job: 10 million active job-seekers vs. 4.8 million open roles according to the [Bureau of Labor Statistics](#).

That ratio gets much worse when we add in the millions of workers who are [voluntarily leaving the job market every month](#), according to Forbes, and those who are marginally employed... either part-time or in a job for which they are overqualified. And with current trends, the gap is only projected to widen. As CNBC recently cited, "Research from the McKinsey Global Institute suggests there will be

a shortage of between 16 million and 18 million high-skill workers among advanced economies by 2020."

So how did we get here, and more importantly, who should fix this situation? Companies and economists have all weighed in, but until now, little has been heard from the American worker.

In a [September 2014 survey from Harris Interactive](#), American workers cite the lack of corporate training as #1 driver of the U.S. skills gap today. Both employed and unemployed Americans believe that it's employers' lack of willingness to train new employees that is the leading reason why many Americans are unemployed and job opportunities are sitting unfilled. In fact, almost one-third of Americans surveyed believe employers aren't willing to train new hires for the specific skills they need.

Are workers' perceptions accurate?

The data paints a clear picture of declining investment in employee training time over the past several decades. As Wharton School profes-



sor Peter Cappelli has cited, American workers received an average of 2.5 weeks, or 100 hours, of training annually in 1979. By 1995, several employer surveys indicated that [average had dropped to 10 hours per year](#), according to *Businessweek*. And the decline appears to be accelerating. Current data suggests that the majority of employed Americans receive no training at all. The Harris/Mindflash survey showed 40 percent of employees received no training in the prior two years. While a 2011 Accenture study found that 79 percent had received no employer-based training in the prior five years. [As Bloomberg reports](#), “Something is clearly broken in the labor market. In recent decades, on-the-job training has declined.” Yet, “Companies want new hires to be able to “hit the ground running,” Bloomberg continues.

Cappelli and others argue that employers believe they have to -- or are now able to -- shift the burden of skills development onto the employees themselves. The “Have To” camp points to the rapid decline in employee tenure as a root cause. Employees spend on average 4 years (according to September 2014 data from BLS) in each company, and so it’s not economical for employers to invest in the development of staff that could soon be working for the competition. The “Able To” camp points to the decline in U.S. union power, the increasing transparency of the U.S. labor market via web-based tools such as LinkedIn, and the growth and value of capital inputs to productivity over labor.

Training for \$1,000, Please

Pessimists assert that these underlying conditions are unlikely to change and, therefore, employees themselves will need to pay for the training they need to hold the jobs of the future. And many American workers appear ready to do so. In the Harris/Mindflash survey, more than 25 percent of employed and unemployed Americans indicated they would be willing to invest up to \$1,000 of their own money each year for relevant skills training.

Leveraging Technology to Train

The optimists among us say that employers are rapidly leveraging technology to close their own skills gaps. Especially, some forward-thinking employers are recognizing that traditional approaches to training (e.g. instructor led, live training etc.) is often too expensive and too time consuming to produce measurable improvements in employee performance during the few years they will be on your payroll. And they are adopting Blended, Flipped (i.e. Kahn Academy-style) or truly online, on-demand, self-paced learning to get quantifiable results, faster.

Implementing training quickly in the high turnover retail industry. In just six months, one major U.S. retailer we work with has successfully launched 36 courses, and achieved over 2,000 course completions across its store managers and salespeople using a combination of online and live training. Another has achieved 9,500 course completions and 5,000 hours of product training this year alone via a blended learning training program.

Training employees in new, technical skills, cost-effectively. A metal fabrication company customer has successfully converted their ISO, Certification, Grinding, Ultrasound, RFID and Crane Operation training into web-based training. A national mobile phone and tablet repair company is utilizing online, on-demand training to train its largely remote workforce in display and digitizer replacement and assembly. Their experiences are demonstrating that using new simple-yet-powerful cloud-based training tools, companies can now successfully provide “hard skills” training courses at a lower cost and to more employees than they could using traditional approaches. Kofax

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Software’s move to online training allowed them to [reduce training costs](#) by 80 percent and made it possible for them to provide even more training to its employees and partners.

Partnering with educators to launch training courses for job candidates. Companies as varied as Accenture, Goodwill, McDonalds and Snap-On are collaborating with local community colleges on course curriculums specifically designed to [train job candidates](#) with the skills they need to qualify for current and future jobs. Many of these breakthrough programs, including an apprenticeship program sponsored by the AFL-CIO, allow students to take these community college courses online, earning college credit from any location.

As shown by these examples, organizations are already taking advantage of new technologies to implement training even as they scale. As discussed in a [recent Mindflash blog](#), the Learning Management System (LMS) market is well over \$2.5 billion and grew by over 21% in 2014. Reasons for recent growth, cited by Bersin by Deloitte, include a targeted focus on reskilling employees and closing the skills gap, the ubiquity of learning content, recent advances in learning technology, and a growing necessity for supporting [global learning needs](#).

However, the best news is that these elearning solutions are proven and effective. For those employees who did receive training, the Harris/Mindflash poll tells us that 71 percent of employed Americans felt effectively trained when on-boarded to their most recent position. Additionally, 70 percent of employed Americans agree that their company’s training is relevant to their day-to-day jobs.

Through their sharp decline in hours of training offered, companies themselves have a hand in creating the very skills gap that is holding up work and productivity across our country today. Fortunately, however, new training technologies are a part of the solution to make increasing investments in employee and candidate training profitable once again, due to their affordability, speed-to-market and effectiveness. And it can’t happen soon enough -- we’ve got five million jobs to fill. **TEL**



Donna Wells is the CEO of Mindflash, a leading online training platform. She was previously CMO of Mint.com, the online personal finance service, where she was responsible for driving the company’s growth to 2 million users from its launch in 2007 to its acquisition by Intuit in 2009 for \$170 million. Follow [@DonnaWells](#) Visit [www.mindflash.com](#)

