

CLOSING THE GAP

The United States leads the 12 major world economies in the percentage of jobs that take greater than two months to fill.

Take a moment, and let that sink in.

According to Indeed's 2016 Labor Market Outlook Report, 25% of American jobs go unfilled for more than 60 days—a grossly higher percentage than those posted by some of America's strongest global competitors like Japan (11.12%), India (10.22%), and China (1.42%).¹ This means, comparatively, American employers experience greater setbacks or delays in productivity because they can't fill open positions as quickly. Are you feeling the pain, too?

On a very basic level, this happens for two reasons: There's a mismatch between the jobs candidates want and the jobs employers offer, or there's a mismatch between the talents candidates possess and the talents employers require.

For Elwood Staffing and our clients—a group dominated by contingent work arrangements in manufacturing and distribution environments—these mismatches, thankfully, are relatively easy to pinpoint and solve for.

Here's what we know.

THE INTEREST MISMATCH

Simply put, people don't always want the jobs available to them. Steady job creation and lower labor force participation rates across the country have created an environment where workers—a *smaller number of workers*—have more opportunities. Choice is abundant, and when choice exists, so does preference. Job seekers routinely overlook open positions due to lack of interest in the job duties, wages offered, or job location or belief a better job is lurking around the next corner. In fact, a recent survey with over 35,000 responses from our job applicants shows more than 85% of job seekers believe the number of jobs available to them is either *increasing or staying the same* and 90% believe the quality of those jobs is either *increasing or staying the same*²—in other words, the vast majority of job seekers feel the current wealth of opportunity is, at worst, going to remain stable, or, at best, going to grow.

WHAT CAN YOU DO ABOUT IT?

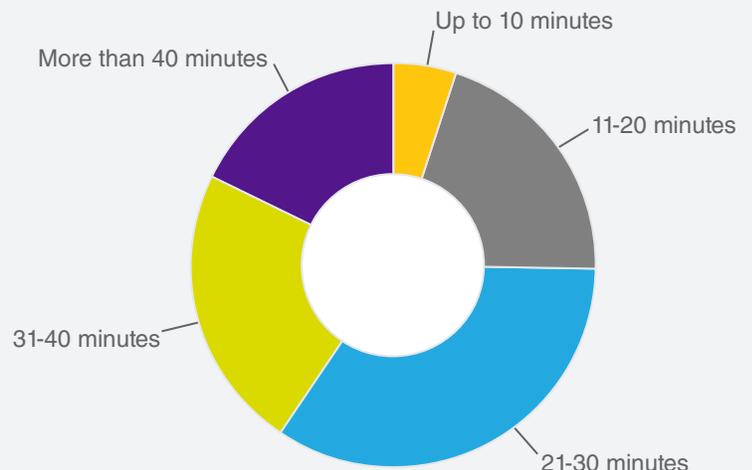
To combat interest mismatch, we routinely consult with clients and prospective clients on the following:

Focus Recruiting Efforts in the Right Areas

Advertise open positions in the areas where candidates are most likely to be interested. Analyze your current workforce to determine where most people live, as this will help you pinpoint areas where, comparatively, your job is stronger than other options. Additionally, consult Figure 1² to determine how large a recruiting radius to use. The law of diminishing returns comes into play, so consider the return on your investment when distributing budget dollars within your recruiting radius.

Figure 1

AT THE MOST, I AM WILLING TO TRAVEL ____ EACH WAY FOR THE RIGHT JOB.



¹Sinclair, Tara. "Labor Market Outlook 2016 - Indeed Blog." Indeed Hiring Lab | Blog. N.p., 19 Jan. 2016. Web. 11 Mar. 2016.

²Elwood Staffing. Associate Sentiment Index. 18 Mar. 2016. Raw data. Nationwide, n.p. Responses (35,763) were collected anonymously from Elwood Staffing job applicants between November 2015 and March 2016

CLOSING THE GAP

Think Strategically About Starting Wages

You have one chance to make a first impression. You need a competitive pay strategy. We define this as:

- paying at least \$2.25/hour over your local minimum wage
- paying in the upper quartile when compared to local competitors³
- offering a well-defined and attainable progressive pay schedule

Pay a Premium for Extra Skills

For positions that are inherently hard to recruit for—like those that require special certificates or highly-skilled, highly-trained workers—consider paying a premium for skill sets above and beyond your requirements, solely to ensure you can attract and retain the talent you need. For example, if you need entry-level CNC operators, but supply is low, you may need to offer higher wages to CNC operators who bring additional skills (like programming) or extra years of experience—even if they perform the exact same job as an entry-level operator. There comes a point when the cost of lost productivity due to open positions outweighs the incremental cost of paying a premium to overqualified workers. And, hey, you never know if those programming skills will come in handy!

THE TALENT MISMATCH

The United States has the highest high school and college graduation rates in *history*⁴, yet over 20% of employers say they can't find the talent they need to fill open positions⁵. What's going on? In our line of business, a few major trends are playing out, but one of the most obvious is the dearth of trades training offered in most high school settings and the resulting skills gap. Sure, the US is graduating more secondary students than ever—and seeing more enroll in post-secondary schooling—but the fact remains we're providing more and more people with education that meets less and less of our labor force needs. This puts the onus on the employer to reevaluate job requirements and cross- or up-train employees. That's not exactly an ideal situation for employers, right? Maybe it is.

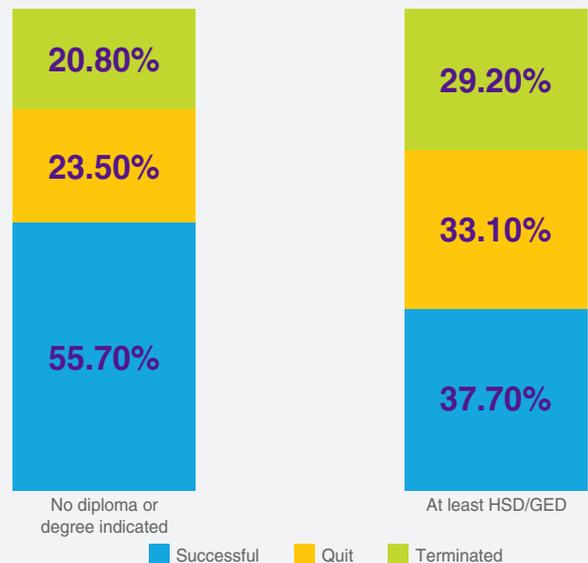
What we've found is that the absence of a high school diploma, its equivalent, or any level of post-secondary education **does not** correlate to weaker job performance. In fact, in every category of assignment ends, our associates who report lack of diploma or degree outperformed their counterparts who hold at least a high school diploma or GED.⁶ This leads us to believe that on-the-job training is just as successful—perhaps even more successful—than skills learned through formal education today. Sure, it would be great to have droves of precisely trained workers competing for your open positions every day, but that's not the world we live in. The good news is that the current state of affairs doesn't have to wreak havoc on your business.

WHAT CAN YOU DO ABOUT IT?

Revisit Job Requirements

A job description is no longer a mechanism for weeding out candidates; it is now a vehicle for casting the widest and deepest net you can. It's time to revisit outdated position descriptions and ensure each only contains bullets that are absolutely necessary to perform the job tasks. For reasons stated above, an easy requirement to revisit is

Figure 2
EDUCATION LEVEL AND ASSIGNMENT END REASONS



³For detailed wage information in your market, read our 2015 Dollars and Sense | Wage and Benefits Report at www.elwoodstaffing.com/BRC

⁴Heckman, James J., and Paul A. LaFontaine. "THE AMERICAN HIGH SCHOOL GRADUATION RATE: TRENDS AND LEVELS." The Review of Economics and Statistics. U.S. National Library of Medicine, May 2010. Web. 11 Mar. 2016. Source: Reproduced from NCES publication "Dropout Rates in the United States: 2005" (Laird et al., June 2007).

⁵Calculations revised by NCES for years 2010-2015; rates have continued to climb (<http://www.ed.gov/news/press-releases/us-high-school-graduation-rate-hits-new-record-high>).

⁶National Federation of Independent Business. "Jobs Report | NFIB." NFIB. N.p., Feb. 2016. Web. 21 Mar. 2016.

⁷Elwood Staffing. Database of All Assignment Ends. 2014. Raw data. Nationwide, n.p.

CLOSING THE GAP

that of a high school diploma or GED. If the job doesn't require a special certificate or level of training that hinges upon the employee holding a diploma, reconsider whether the lessons taught in a high school setting actually have any bearing on one's ability to perform in your unique environment. Our guess is, in many cases, they don't.

Up-train or Cross-train Employees

Continuing education is expensive, so employees value the opportunity to gain additional skills on the job to progress their careers. Often, the result is longer tenure at your company, which reaps greater returns on your investment, improved productivity, and decreased time lost due to training new employees. Though a skills gap exists on paper, many new hires or current employees are capable of being trained to perform new job duties. Implementing a formal progression or training program will also aid your recruiting and retention efforts, as job candidates and employees can see a clear path for their future. In fact, a recent survey conducted by Deloitte shows 83% of Millennial employees who plan to stick around for more than 5 years feel satisfied with their employer's commitment to professional development, versus only 53% of employees who plan to quit within the next two years⁷—indicating professional development is important for longevity.

THE SILVER LINING

As with all things in life, there is a silver lining. The Great Recession ushered in an environment where employer loyalty plummeted as purse strings tightened, and the rebound has created an environment where employees sit in the driver's seat. If you're willing to extend the proverbial olive branch and make a few changes to encourage job seekers to apply and employees to stick around, you can achieve a happy equilibrium where both parties once again have some skin in the game.

⁷Millennial Survey 2016 | Deloitte | Social Impact, Innovation." Deloitte. N.p., n.d. Web. 17 Mar. 2016.

This document was researched, analyzed, written, and prepared by Elwood Staffing®, one of the largest light industrial staffing firms in the United States. Since its founding in 1980, Elwood has attracted millions of candidates, made hundreds of thousands of placements, and served tens of thousands of clients. Each and every day, our interactions with job seekers, workers, and employers generate valuable data we continually develop into actionable insights that guide better business decisions. We love data, and we love to share our knowledge to help employers like you make informed decisions. We are committed to finding new and consistent ways of sharing the valuable insights we gain, and we hope you look to us as an advisor with the knowledge and capabilities to help you get ahead.

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