

Government, business, and closing the talent gap

BY JOHN O'LEARY AND
SUSHUMNA AGARWAL

NOT SO LONG ago, the United States' top economic concern could be summed up in three little words: Jobs, jobs, jobs. That's no longer the case. Today, there are more open positions than job seekers—a rare, if not unprecedented, occurrence.¹ Unfortunately, many of these job seekers lack needed qualifications. The new challenge can be summed up as: Skills, skills, skills.

When job seekers lack needed skills, businesses are left scrambling to fill openings. And although the current US unemployment rate of 3.8 percent is one of the lowest in the nation's history,² many workers are employed in low-wage jobs. Therefore, improving skills is important for individuals, companies, and the economy as a whole.



It should be no surprise, then, that workforce development and talent shortages remain a top concern for US government leaders. In fact, 42 of 50 state governors ranked workforce development as their top priority for state-federal efforts.³ At the federal level, in 2018, the White House issued an executive order establishing the National Council for the American Worker and the American Workforce Policy Advisory Board as forums to address workforce issues.⁴

What can government do to close the talent gap? Here are five strategies to consider:

1. **Use evidence-based strategies to improve training delivery.** State governments offer training programs to equip job seekers with employment skills, and the federal government funds many of these programs through the Workforce Innovation and Opportunity Act (WIOA), which also mandates that states have to report back on the impact. Analyzing the evidence provided in these reports offers guidance to state governments on how they could improve their workforce training efforts.

For instance, our analysis of WIOA data shows that customized training, which are programs tailored to meet the specific requirements of an employer or a group of employers,⁵ had the highest impact on employment and wages. Between 2013 and 2015, about 55 percent of the participants in customized training were employed one year after completing the program; in addition, participants earned US\$16,500 more annually than their non-participant peers.⁶

State governments can use such information to identify and scale successful training approaches and customize training by demographic.

2. **Focus on lifelong learning.** According to a 2016 survey by PayScale Inc., close to half of all employers in the United States said that college graduates are not ready for the workplace.⁷ More importantly, even if their four-year degree prepares them for their first job, new graduates will likely need reskilling throughout their career due to technology shifts. Colleges and public universities could rethink their models to help adult learners adapt. For instance, they could adopt a “subscription university” model that would allow students to dip in and out of the curriculum throughout their lifetime.⁸

Similarly, government job training programs could be made more effective for older job seekers. Today, only 29 percent of participants in WIOA programs above age 55 are employed one year after completing the program, compared with 41 percent of participants age 25–54, which suggests there could be opportunities for improvement.⁹

3. **Focus on the available jobs.** To enhance the effectiveness of workforce programs, governments can design training programs that focus more on the skills that companies are looking for—that is, specific jobs in specific industries—instead of adopting a one-size-fits-all approach.

For example, the state of Maryland’s Employment Advancement Right Now program works with the local employer community to design and, in some cases, deliver training that aims to create job-ready employees with skills that match the immediate business needs of different industries. As of June 2018, 81 percent of those trained through this program had found employment.¹⁰

4. **Consider apprenticeships for “middle-skill” jobs.** Apprenticeships in the United States have largely been restricted to mechanical trades such as plumbing, welding, and machining. However, apprenticeships can be valuable for many middle-skill jobs such as lab technicians and even newer, highly skilled roles such as computer programmers and cybercrime analysts.

A traditional four-year college degree may be necessary for some jobs, but opening up middle-skill jobs to individuals who have a two-year degree plus some relevant work experience can help companies tap into a larger pool of workers. For instance, MC2, a nonprofit in St. Louis, has been able to use apprenticeships to fill local cybersecurity positions with people from diverse backgrounds, including retirees, former teachers, and veterans.¹¹





5. **Play a matchmaker role.** With many different stakeholders in the workforce ecosystem, gaps in information-sharing and communication can reduce the effectiveness of the system. Governments can help close these gaps by more closely connecting job seekers, schools and training organizations, and employers so that all parties have access to the information they need. For example, a job search platform called *skillful.com*, launched by the Markle Foundation in collaboration with Microsoft, LinkedIn, and the state of Colorado, aligns employers and educators to help ensure that training programs provide the skills needed by Colorado employers.¹² In Singapore, the government creates “industry transformation maps” that list training courses corresponding to in-demand skills to help individuals make informed training and career choices.¹³

These strategies can help the US government close the skills gap, preparing individuals for the future of work while also ensuring that companies have access to the talent they—and the economy—need. ●

For more, read *Closing the talent gap: Five ways government and business can team up to reskill workers and Reinventing workforce development* on www.deloittereview.com.