

Researchers find little evidence to support skills gap claims

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A shortage of skilled workers is often the reason many employers say they struggle to find qualified employees to fill vacancies or expand their business. It's become such a concern that public officials in many states are looking for solutions to grow a skilled workforce to meet these needs.

However, an Iowa State University [economic analysis](#) of national and statewide employment, education and population data finds that some of the evidence used to support the [skills gap](#) debate is weak. Researchers Dave Swenson and Liesl Eathington say there are several factors contributing to hiring challenges, but a widespread lack of [skilled workers](#) is not one.

"First, when employers say there's a skills gap, what they're often really saying is they can't find workers willing to work for the pay they're willing to pay," Swenson said. "If there was a skill shortage people would be working longer hours and workers would be getting higher wages. Researchers have yet to find that evidence in several categories where people are arguing that there's a skills gap."

Additionally, the economists say there has been a long-term shift of skilled labor moving to [urban areas](#) or other states, which makes it difficult for businesses in small, rural communities to find labor. Still, many business and state leaders tend to blame the shortage on a failure of the educational system or deficiencies in the [workforce](#).

Comparing apples to oranges

Accurately measuring the skills of the workforce is difficult to do and creates a challenge in assessing a skills gap, Eathington said. Data collected by the Bureau of Labor Statistics don't offer a complete picture of the skills required for a position. As an example, Eathington explained how similar positions at two manufacturing firms – one more traditional, the other more modern – may look the

same on paper, but in reality have little in common.

"The traditional firm may still do things the old way, while the modern firm is adopting new technology. How each firm defines the same occupation and the skills needed for that job might be very, very different," Eathington said.

Simply comparing educational attainment statistics to employment data does not work to measure the skills needed by the workforce over time, she added. Using the two datasets to define a skills gap is like comparing apples to oranges.

Many studies compare certificate or degree completion statistics with the educational requirements for specific occupations, even though many of those jobs can be staffed by a range of people with apprenticeships, on-the-job training or incremental skill building within a firm. Without better metrics, and by relying only on educational completion data, on paper there appears to be a supply shortage relative to occupational demands when in reality there is no shortage, Swenson said.

Changes in workforce demand

To fully understand the forces at work, it's important to look at how recent recessions have changed the demand for workers. To provide a more in-depth look at the job loss, Eathington split middle-skills jobs into two groups – lower, middle-skills (jobs requiring a [high school diploma](#) and minimal experience) and higher, middle-skills (jobs requiring some formal education beyond high school). She found a noticeable shift before and after the recession, and the biggest job losses occurred in the lower, middle-skills jobs.

Eathington also looked at enrollment and completion of community college programs that offer training for middle-skill positions. If there was a shortage or skills gap, she would expect

enrollment in these high demand programs to increase. She found no correlation.

What she did find was that Iowa actually has more people with the education and training required for middle skills jobs than the national average given its occupational distribution. On paper, Iowa looks comparatively good.

"Understanding all these factors is important so that public officials don't overreact or try to fix a problem that doesn't exist," Eathington said. "It's taken as a given that we have an enormous backlog of unfilled skilled positions, but there really is no credible evidence that is so in Iowa."

"The term skills gap implies a deficiency in either the workforce or educational system or both. It is a sloppy term for a very complex set of issues related to employers and workers," Swenson added.

The findings of their analysis do not diminish employers' claims of hiring challenges. Swenson says rural areas are losing human capital as more people move to urban areas, but that is not a skills gap. And that means some businesses in Iowa and across the country will face some tough decisions.

"There's no evidence of market failure, social failure or any other kind of failure," Swenson said. "If employers can't find the resources to fill the need, they may need to move where more labor is available."

More information: Exploring the Skills Gap in Iowa: www.icip.iastate.edu/sites/default/files/2015-06/0Gap%20in%20Iowa.pdf

Provided by Iowa State University

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